

50% IPOs plummet in a month

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HALF OF THE companies that were listed on mainboard exchanges in 2024 saw their stock prices drop from the listing day closing price within a month, as investors looking to make quick profits sold off their shares shortly after the listing.

Although the average listing day gains for Initial Public Offerings (IPOs) remained roughly the same in 2024 compared to 2023, at around 27%, data shows that the performance of these companies in the first month has deteriorated in 2024.

In 2023, the newly-listed companies gave nearly 8% returns on average on their debut day closing price in the first month. However, that has come down to 2.4% in 2024, according to the PRIME Database.

“It is a smart move to sell on listing,” said G Chokkalingam, founder of Equinomics Research. “People

QUICK PROFIT-SEEKERS DUMP SHARES



Source: PRIME Database



understand that there is no valuation comfort post the listing.”

So far in 2024, 51 companies have gotten listed on the NSE and BSE, and

42 of them have completed a month of listing as of September 12.

Among the companies that have fallen the most after the first day

include, Vibhor Steel Tubes, Capital Small Finance Bank, SRM Contractors, Popular Vehicles & Services, GPT Healthcare, etc. These stocks have fallen 12-40% in a month from their listing day close price.

An analysis of 10 biggest listing day gainers of 2024 too showed a similar trend, where half of them ended up losing their value from the listing day close price in a month.

The trend is in line with the Securities and Exchange Board of India (Sebi) study which showed that more than 50% of the shares allotted in the Initial Public Offerings (IPOs) are sold within a few days of the listing.

An investment analyst said the data does not surprise him. “Whenever the secondary market is booming, this tends to happen in the primary market. The bubble first bursts in the smallcap and midcap space in the secondary market, and then we see an impact in the primary market,” he said.