Inspira- Journal of Modern Management & Entrepreneurship (JMME)
(A National Multidisciplinary bi-lingual Quarterly Double Blind Open Access Peer Reviewed Refereed Journal)
ISSN : 2231–167X (Print), Impact Factor: (Cosmos: 7.866 & I2OR: 5.675) Volume 16, No. 04, October-December, 2026, pp. 77-82

Pre - and Post - Listing Performance of the SME IPOS on the NSE Emerge Platform: A Comparative Study

Guneet Kaur[1] & Dr. Rupali Dilip Taru[2*]

[1]Student, Bharati Vidyapeeth (Deemed to be University), Department of Management Studies, Navi Mumbai – India.
[2]Assistant Professor, Bharati Vidyapeeth (Deemed to be University), Department of Management Studies, Navi Mumbai – India.

[*]Corresponding Author: rupali.taru@bharatividyapeeth.edu

Citation: *Kaur, G. & Taru, R. (2026). Pre - and Post - Listing Performance of the SME IPOS on the NSE Emerge Platform: A Comparative Study. Journal of Modern Management & Entrepreneurship, 16(04), 77–82. https://doi.org/10.62823/JMME/16.04.9726*

ABSTRACT

Background and Objective: This learning aims to determine whether Grey Market Premiums (GMPs) can be used as an accurate indicator for predicting long term value in stocks or whether they are influenced by short term speculation amongst Small and Medium Enterprises (SMEs) when listing on the NSE Emerge. Methodology: Using quantitative methods, secondary data was used to analyse 15 SME Initial Public Offers (IPOs). The research looks at the short term performance of the IPOs from listing day to 12 months post listing. Key Findings: Listing Day Premium: Pre-listing indicators were found to be accurate indicators for the short term under-pricing. Those with high GMPs had positive returns of up to +425% and those with low or negative GMPs had negative listing prices of -18.75%. Hype: Due to the fear of missing out (FOMO) and high retail participation (average of 641x in 2023), retail investors often take informal GMPs as a guaranteed indicator. Reversion: Within the 1-12 month period, there was a reversion in sentiment which caused significant losses. Conclusion: Although there is lots of artificial hype before listing causing them to have explosive short term performance, Institutional factors such as Corporate Governance, Scalability and Quality of Earnings are the real drivers of long term wealth creation.

Keywords: *SME IPO, NSE Emerge, Grey Market Premium (GMP), Under-pricing, Behavioural Finance, Retail Investors, Return Reversals, Market Sentiment.*

Introduction

Small and Medium Enterprises (SMEs) form the backbone of the Indian Economy. They drive industrial output, boost exports, and help in employment generation. Historically, these emerging businesses faced major barriers, hardships, when seeking long term capital growth, relying primarily on high-cost debt or private equity injections. To bridge this funding gap, the Securities and Exchange Board of India (SEBI) facilitated the launch of dedicated capital market platforms for smaller entities, leading to the creating of the NSE emerge platform by the National Stock Exchange of India (NSE) in 2012.

The NSE emerge platform serves as a dedicated mechanism by the National Stock Exchange of India for small and medium enterprises along with startups to access capital markets, offering a direct route into the capital markets. Its listing process is simpler than the main -board entry, which helps firms gain liquidity while keeping both the costs and the compliance burden lower.

Copyright © 2026 by Author's and Licensed by Inspira. This is an open access article distributed under the Creative Commons Attribution License which permits unrestricted use, distribution, and reproduction in any medium, provided the original work properly cited.

NSE Emerge Capital Flow Cycle

[Pre Market Phase]

- **Subscription Multipliers (RII/NII/QIB)**
  - RII - In financial markets, a **Retail Individual Investor (RII)** refers to a non-professional market participant who trades securities for personal accounts rather than on behalf of some institution.
  - NII - (NII) **Non-Institutional Investor** refers to individual investors or corporate entities that do not fall under the category of Qualified Institutional Buyers, playing a significant role in the subscription dynamics of SME IPOs. It measures the demand ratio for shares allocated to high-net-worth individuals and corporate entities during an IPO.
  - QIB - In primary equity markets, **Qualified Institutional Buyers (QIBs)** represent heavily regulated and professional financial institutions such as mutual funds, insurance companies, and foreign portfolio investors that participate in IPOs.
- **Grey Market Premium (GMP**): The GMP market is an informal market where investors are willing to pay a certain premium for the shares before they are actually listed on the NSE platform. This is a key indicator of the expected performance of the stock on listing day. Sentiment Based Demand Discovery: This refers to a mechanism in equity markets that determines the pricing and bidding activity of an asset (typically in primary markets) based on behavioural biases, herd mentality and media influenced (may include FOMO) forces.
- **[Post-Listing Phase]**
  - **Listing Day Opening Price**: The **listing day opening price** represents the initial equilibrium price established through pre-open auctions when a newly public firm begins secondary market trading. (The percentage difference between the listing-day opening price and the offer price is commonly used to calculate the initial return, or "underpricing," and may reflect prevailing market sentiment, information asymmetry, and short-term speculative demand.)
  - **Short - term Return Window - (1-3 months)**: the short-term return window often measured across intervals ranging from the initial listing date to ninety trading days post-IPO serves as a critical analytical frame. Researchers utilize this window to capture immediate price corrections, sentiment-driven momentum along with analyzing whether the company is taking off or it was just a FOMO instant for the investors.
  - **Long - term Return Window (6-12 months)**: the long-term return window often measured across intervals spanning six to twelve months—is utilized to evaluate the fundamental performance and sustained valuation of securities, thereby helping distinguish sustained firm performance from temporary investor sentiment, IPO pricing anomalies, and short-term liquidity shock.

Short term return window is never enough to analyze a market performance and its numbers, whether they are going to be profitable in the long run or just an initial prospect of sweetness

Recently, the SME market has witnessed unimaginable retail participation, marked by extreme subscription multipliers and a soaring initial listing day pop. This study provides a systematic evaluation of these entities by comparing their pre-market financial foundations and valuation multiples against subsequent post-listing volatility and long-term price performance across specific time periods (short term & long term). The aim is to work out whether the enthusiasm investors show in the primary market reflects lasting value creation or whether it is simply the excitement that tends to surround young equity markets. The Myth vs Reality angle, whether Grey Market Premium (GMP) is a predictive genius or a retail trap. Accordingly, the analysis situates first-day returns, examined in prior comparisons of SME IPOs, within a broader assessment of post-listing performance. Furthermore, this investigation critically examines the extent to which listing-day premiums predict what follows: the operational stability and the depth of liquidity these younger firms go on to achieve.

Literature Review

Grey Market Premium (GMP) is seen as the gospel by Retail Investors. However, since it is not regulated, the initial sentiments created by GMP can be manipulated by merchant bankers to create artificial demand which allows companies with little operational history to be oversubscribed (Gupta & Khan, 2025). This poses the issue of the initial interest of the company not actually being sustainable. Research shows that despite having less regulation on them, most of these companies do not have sustainable momentum after listing (Dhamija & Arora, 2017). This is often due to these companies not having consistent financial growth (Verma et al., 2021). Evidence shows that many SMEs show substantial underpricing at listing with their average being 26.78%. However, this does not mean they will be successful afterwards as there is often a decline in operational performance (Amrutha & Natarajan, 2025) (Joshi, 2025). This shows the risk of investing based on speculation. Nearly half of SME stocks show a correction in price after the listing date (Biswas & Joshi, 2023) (Ghosh et al., 2024). This is often due to most investors investing based on the gains made from listing rather than the fundamentals of the company itself (Mittal, 2025) (Purushotham& Sethia, 2024). This can be seen in emerging markets where high GMPs are often a good indicator of the companies first day aftermarket price (Cornelli et al., 2006) (Shetty et al., 2023). The fear of missing out plays a huge part in the mentality of investors investing in oversubscribed stocks 100x. This creates a herding effect where the retail investors are not investing based on financial factors but based on signals given to them by external factors such as prestigious underwriters. They often fail to realise that high demand does not usually correlate to long term profitability. (Aneesha et al., 2024).

Research Objectives

- To evaluate pre-market valuation of SME IPOs on NSE platform.
- To analyse the performance of SME IPOs by measuring initial listing gain
- To investigate the relationship between pre-market variables and post listing performance outcomes.

Research Hypothesis

- **Null Hypothesis -** There is no significant difference between pre-market investor subscription demand and long-term post listing price performance of SME IPOs on NSE platform
- **Alternative Hypothesis -** There is a significant difference between pre-market investor subscription demand and long-term post listing price performance of SME IPOs on NSE platform

Scope and Limitation

- Restricted to NSE Emerge Platform (SME segment in India over the chosen 5 years time frame
- Excludes qualitative factors like promoter background or management quality and market volatility during specific micro event that could skew the results.

Research Questions

- Do Pre-Market Indicators accurately forecast post-listing price performance, or do they merely reflect short-term speculative hype?
- Does applying for an SME IPO based on Grey Market Premium generate real wealth, or just listing-day lottery tickets?

Data Analysis

Evidence shows that premarket indicators can accurately forecast opening day underpricing, but they primarily capture transient sentiment rather than long term stable performance as these initial inflated price levels often results in long term price reversal. It can also be backed up by various experienced writers in the below literature review summary which shows that not all SME IPOs have consistent returns in their long-term performance as their initial listing day premiums.



In the absence of post-issue price stabilization mechanisms, fixed-price equity offerings exhibit speculative bubble dynamics that vary systematically according to the characteristics of the listing platform. Grey Market prices, the initial enthusiasm often leads to regulatory classification of the companies as speculative assets. High underpricing and abnormal 3–6-month returns increase the probability of the company to get flagged on specific trading platforms. An analysis of 270 Indian IPOs demonstrated an 83.7% accuracy rate and a Spearman correlation coefficient of 0.886 between GMP and listing-day returns, confirming its utility as a short-term predictor for retail traders seeking initial gains.

Grey Market prices (GMP) remain informal, used for manipulation of prices and false demand signaling. The extreme search interest and trading of SME IPOs in India around GMP urges them to run behind fast listing gains like a lottery ticket rather than a fundamental investment.

Evidence on Wealth Horizons

Investment Horizon	Outcome from GMP strategy
Listing Day	High Initial Gains
1 - 6 months	Severe Drawdowns
1 year and beyond	Return Reversal

Furthermore, empirical tests find institutional investors to make allocation decisions on NSE platform with their evaluation framework being different than retail investors. While Retail investors' primary driver is listing day gains, grey market price and the hype surrounding the IPO with their holding period scaling from few days to few weeks and their key concern being winning share allotment.

On the other hand, institutional investors focus on fundamental growth and multi-year valuation extending to years with their key concern being business scalability and corporate governance. Thus, the risk tolerance of the retails investors is comparatively higher as they are driven by FOMO while institutional investors carry a lower risk as they are backed up by margin of safety and downside protection.

Below is a research-ready sample of **15 SME IPOs listed on NSE Emerge/NSE SME** that had completed at least 12 months of trading by 2 October 2026. The sample is deliberately divided into relatively high-GMP and low/flat/negative-GMP cases.

Factors Affecting SME IPO 'S Listing

- **Issue Size**- When the company issues its IPO. The size of the IPO affects its listing price. So, the company may have to face a lot of problems in filling the entire base size of itself. In case it is less subscribed than the minimum quantity, it will ultimately result in less listing gain on its issue lot.
- **Company's Financial Position**-The financial position of all the companies affects the listing price of its IPO. If the company has a good position investor will invest good money in it. So, we can say that this factor also affects the listing price significantly.
- **Price Band**- The shares of the IPO are listed on bidding basis; we call that range the price band. If the company keeps its price band high, less investment is to likely occur is comparison to a low-price band. Thus, we can say the price band also affects the listing.
- **GMP**- GMP is an informal market. If the IPO price is not doing great in according to GMP then in turn it may also affect the listing. If the GMP is considered to be good then investors may invest more. (especially individual investors)
- **Time**- Time is also considered as one of the important factors while listing an SME. If the IPO of a company is getting listed when the market is not doing well or it is a bearish market, its listing price will be affected.

IPO History

Company Name	Listing Date	Cut-off / Issue Price (in ₹)	Lot Size (in Shares)	Estimated Premarket GMP (in ₹)	Listing Price (in ₹)	Listing Day Return (%)
Trident Techlabs	29-Dec-2023	35	4,000	65	183.75	425%
Goyal Salt	11-Oct-2023	38	3,000	50	136.10	258.16%
Sungarner Energies	31-Aug-2023	83	1,600	90	262.35	216.08%
Basilic Fly Studio	11-Sep-2023	97	1,200	145	284.55	193.35%
Oriana Power	11-Aug-2023	118	1,000	100	317.10	168.73%
Anlon Technology Solutions	10-Jan-2023	100	1,200	90	263.65	163.65%
CPS Shapers	07-Sep-2023	185	800	130	472.50	155.41%
Spectrum Talent Management	22-Jun-2023	173	800	-12	155	-10.40%
Saroja Pharma Industries	13-Sep-2023	84	1,600	-15	68.25	-18.75%
SunrestLifescience	20-Nov-2023	84	1,600	0	79.80	-5.00%
Baba Food Processing	15-Nov-2023	76	1,600	0	72.20	-5.00%
Micropro Software Solutions	10-Nov-2023	81	1,600	0	80.00	-1.23%
Mangalam Alloys	04-Oct-2023	80	1,600	0	76.00	-5.00%
Auro Impex & Chemicals	23-May-2023	78	1,600	1	78	0.00%
Cell Point (India)	28-Jun-2023	100	1,200	0	100	0.00%

The high-GMP group had listing returns ranging from 155% to 258%, whereas the low negative GMP group listed at a discount of about 3% to 19%.

GMP estimates did not exactly predict the final listing premium. They only reflected informal market expectations which can always differ from the actual opening price. Investor Gain explicitly warns that GMP is based on market perception and should not be used alone.

Goyal Salt, Trident Techlabs and Sungarner Energies combined strong estimated GMPs with large listing gains, but Spectrum Talent and Saroja Pharma had negative GMP indications and opened below their issue prices. This supports using GMP as a sentiment indicator rather than using it alone as a measure.

Extreme Subscription percent induces herd behaviour amongst investors especially individual investors rather than doing difficult analysis of each company due to the want of earning more or even FOMO

- An analysis of 506 Indian SME IPOs between 2021 and 2024 revealed that retail subscription levels rose from 323 times in 2022 to 641 times in 2023, mostly pushed by hypothetical grey market premiums (GMP).

Research Methodology

For consistency, the table uses the final publicly reported or widely quoted GMP close to listing. “Listing Day Return” is calculated as ({Listing Price} - {Issue Price}) / {Issue Price} times 100. Historical IPO databases frequently report listing returns using the listing/opening price. GMP should not be treated as a reliable investment signal. Approached quantitative and empirical approach, with nature of studies being descriptive and analytical. Study entirely relies on Secondary Quantitative data. History of IPOs taken from sites like NSE SEBI, money control, IPOs controletc. Sample technique is strictly secondary data.

Conclusion

- Long term price reversals which is the hype trap where pre market excitement fails and multi-year performance crashes, GMP ceases to be only helpful in short term, institutional buyer never use GMP as their measure to evaluate the IPOS for their long term profits.
- Hypothesis Result – We reject the Null Hypothesis. There is a significant difference between pre-market investor subscription demand and long-term post listing price performance of SME IPOs on NSE platform.

References

1. Arora, N., & Singh, B. (2020). Do prestigious underwriters shape the performance of SME IPOs in India? *Global Business Review*, 21(5), 1234–1253. *Global Business Review*
2. Dhamija, S., & Arora, R. K. (2017). Initial and after-market performance of SME IPOs in India. *Global Business Review*, 18(6). https://doi.org/10.1177/0972150917713081
3. Siwach, P., Kumar, R. P., & Gupta, V. (2024). Looking beyond initial boost: Examining the long-term performance of small business IPOs. *Indian Journal of Finance*, 18(12). https://doi.org/10.17010/ijf/2024/v18i12/174665
4. Singh, A. K., & Anand, A. (2020). A study on listing day price performance of BSE SME IPOs and its determinants. *Indian Journal of Finance*, 14(5–7). https://doi.org/10.17010/ijf/2020/v14i5-7/153324
5. Dey, S. K. (2019). Assessment of financial performance of SMEs listed in NSE Emerge and BSE SME. *Siddhant: A Journal of Decision Making*, 19(4), 240–248.

   https://doi.org/10.5958/2231-0657.2019.00029.6
6. Ritter, J. R. (1991). The long-run performance of initial public offerings. *The Journal of Finance*, 46(1), 3–27. https://doi.org/10.1111/j.1540-6261.1991.tb03743.x
7. National Stock Exchange of India Limited. (2025). Integrated annual report 2024–25. NSE. *Access annual report*.

❑❑❑