

PAYTM IPO: WHAT GMP (GREY MARKET PREMIUM) REFLECTS AFTER CLOSURE OF SUBSCRIPTION

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Capital Market & SEBI

One97-owned [Paytm IPO](#) (initial public offering) got subscribed 189 per cent in three days bidding from 8th to 10th November 2021. The public issue worth 18,300 crore was received 'not so encouraging' response from the bidders and that having its impact on the grey market as well. Shares of Paytm are available at a premium of 30 in the grey market today, which reflects par listing of the Paytm IPO.

Paytm IPO GMP

According to market observers, Paytm IPO grey market premium (GMP) today is 30, and it has remained unchanged from its yesterday's evening grey market premium. They said that on yesterday morning, Paytm IPO grey market price was 55 and it went down to 30 as there wasn't much improvement in the response from bidders in regard to the public issue. They said that Paytm IPO GMP came down from 130 levels to 30 in just one week that reflects par listing of the public issue.

What this GMP mean?

Market observers maintained that grey market premium reflects listing gain expected by the grey market. Paytm IPO GMP today is 30, which simply means that grey market is expecting Paytm IPO listing at around 2180 (2150 + 30), which is almost at par with the Paytm IPO price band of 2080 to 2150 per equity share.

However, stock market experts maintained that grey market is not the only criteria to guess about the listing gain in regard to a particular public issue. They advised investors to look at the financials of the company as it gives concrete picture of the business.

Speaking on the fundamentals of Paytm; Saurabh Joshi, Research Analyst at Marwadi Shares and Finance Limited said, "Considering the TTM (June 2021) Sales of 31,420 million on the post-issue basis, the company is going to list at a Market Cap/Sales of 44.36 with a market cap of 13,93,788 mn. There are no listed companies in India whose business is comparable with that of the company's business."

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