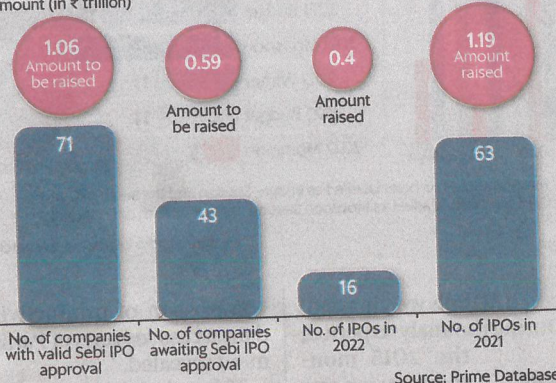


Waiting in the wings

Seventy one firms holding valid Sebi approvals are collectively looking to mobilize over ₹1 trillion via share sales.

Amount (in ₹ trillion)

mint



Source: Prime Database

SARVESH KUMAR SHARMA/MINT

Syrma share sale to offer cues for IPO fence-sitters

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The primary market will offer important cues to IPO-bound companies and investors this week.

After a dry patch of more than two months, the first initial public offering will hit the market on 12 August, with Chennai-based engineering firm Syрма SGS Technology set to test investor appetite.

Market experts are, however, unconvinced that animal spirits have returned after the stock market's sharp July rebound, and if this means a full-fledged reopening of the IPO market in the coming weeks.

The benchmark Sensex rose 9% in July as foreign portfolio investors (FPIs) turned net buyers of local stocks after nine months, amid a return of risk-on sentiment globally.

Following the turbulence caused by the Russian invasion of Ukraine at the end of February, several companies cancelled their plans to approach the IPO market because of market volatility. The last initial share sale to hit the Indian markets was chemicals firm Aether Industries Ltd, which closed on

26 May. So far this year, 16 IPOs raised a total of ₹40,311 crore, with state-run Life Insurance Corp. of India's share sale accounting for more than half of the fundraising, data from primary markets tracker Prime Database shows. The month of May witnessed eight IPOs, including LIC's.

The previous year, on the other hand, saw 63 companies raise a record ₹1.18 trillion.

Syrma SGS Technology plans to raise ₹766 crore by selling new shares. In addition, existing shareholders plan to raise around ₹74 crore by selling 3.37 million shares. The sale opens on 12 August and closes on 18 August.

Market experts are keenly watching the outcome of this share sale as it could be an indicator to others waiting in the wings.

"We are keeping our fingers crossed. If the initial couple of IPOs goes well, you could see more follow. A lot of companies are keeping their documents ready so that they can launch immediately in case the first few IPOs witness encouraging investor response," a Mumbai-based investment banker said, requesting anonymity.

Syrma's IPO to offer cues for fence-sitters

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While these are early days to take a call on whether the markets have opened up, the recent rally in the secondary markets, driven by a return of foreign institutional investors, bodes well.

"The last couple of weeks have seen FPIs returning, and the secondary market has rallied as a result. Right now, as many as 71 companies are sitting with Sebi approval, waiting for the right window of opportunity to launch their

IPO. So, you will initially see companies with an urgent requirement of funds or where there is pressure from selling shareholders; these are the

companies who would look to test the waters and launch their deals," said Pranav Haldea, managing director of Prime Database group.

"If these initial issues do well, then you can

expect more IPOs to be launched in the coming days, assuming, of course, the bullishness in the secondary market remains," he added.

Syrma SGS Technology plans to raise about ₹766 crore by selling new shares between 12 and 18 August

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