

Syrma sets stage for IPO market revival

Strong response to share sale raises hopes of more firms tapping market

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Several companies waiting out the market volatility to go public have found hope in the robust investor response to the ₹840 crore initial public offering of Syрма SGS Technology Ltd, the first such sale to hit the markets since May.

The Syрма SGS share sale, which closed on Thursday, was subscribed 32 times, with the portion of the share sale reserved for institutional investors receiving 87.56 times subscription, while the portion reserved for non-institutional investors was subscribed 17.5 times and retail investors portion was subscribed 5.53 times.

The strong response has raised hopes that more companies will be able to tap the market in the coming days. Already, Dreamfolks, an airport service aggregator, has announced its plans to launch its IPO on 24 August.

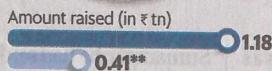
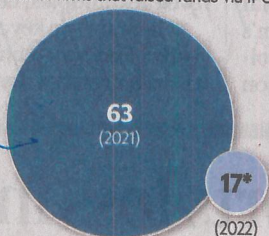
"The investor response to Syрма IPO is an encouraging sign. There is one more IPO that has already announced its launch date. So yes, we may see a few more deal launches in the coming quarter," said Prashant Rao, director and head equity capital markets, Anand Rathi Investment Banking. "There are many large IPOs that have been postponed. Hence, there is a healthy

PRIMARY PARADE

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IPO landscape

No. of firms that raised funds via IPO



* Till date, ** LIC alone raised ₹0.21 tn

Syрма SGS share subscription



Source: Mint research, Prime Database

WINDOW OF OPPORTUNITY

RALLY in stocks and return of FIIs have raised hopes of more IPOs

DREAMFOLKS, an airport service firm, plans to launch IPO on 24 August

INVESTORS have been wary of IPOs amid volatility and pricing issues

SARVESH KUMAR SHARMA/MINT

pipeline of companies that will hit the markets when the window of opportunity does open up for them."

After a record-breaking 2021, which saw 63 firms raise ₹1.18 trillion via IPOs, the primary markets in 2022 have so far seen only 17 firms raising over ₹41,000 crore, largely on the back of Life Insurance Corp. of India's IPO, which raised ₹21,000 crore in the country's largest such sale, data from primary markets

tracker Prime Database shows.

The rally in Indian indices since hitting their June lows and the return of foreign institutional investors (FIIs) have created a window of opportunity for more deal launches.

"Indices over the last month or so have performed well. Additionally, FIIs turned net buyers last month after nearly nine months of outflows.

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FIIs turned net buyers of Indian stocks last month. MINT

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With the momentum building, you may see a few deal launches happening for companies that have strong fundamentals, good outlook and reasonable pricing of IPOs," Rao said.

However, Rao cautioned that the initial set of IPOs coming to the market would need to deliver healthy returns to ensure a broader recovery of primary markets. "Investors have been wary of new issuances due to volatility and certain past issuances facing pricing performance. So, the issues that get launched now need to provide healthy returns," he said.

In an 18 August interview, Debasish Purohit, co-head of India investment banking at Bank of America, said the bank is seeing momentum return to the equity capital markets, adding that quick-to-market products such as block trades or QIPs (qualified institutional placement) will see a revival first before IPOs. "There are signs of life back after an almost three-month hiatus. Having printed four trades (deals) in a week, we feel very encouraged by the reversal in fund flows, return of FIIs into equity transactions and a bout of market stability," Purohit said.