

# Large firms gear up to test IPO waters again

Aadhar Housing, Ixigo, Asianet among firms planning to go public

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MUMBAI

Encouraged by Indian stocks' outperformance of emerging market peers, a bunch of relatively large companies is set to test investors' appetite for initial public offerings, signalling a revival in primary market activity.

Aadhar Housing Finance, travel firm Ixigo and lender Five Star Business Finance are some of the large issuers planning to approach institutional investors with the aim to tap the public markets around mid-October to November, three people aware of the development said. Collectively, these companies have plans to raise around ₹11,000 crore from their initial share sales.

The revival in the primary market comes as the benchmark Nifty reclaimed the 18,000 mark on Tuesday, the first time since April this year. The Sensex, too, is trading above 60,000. The benchmark indices have gained around 18% from their June lows.

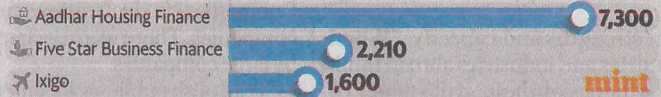
"Indian markets have been seeing a strong performance, and that has opened the window for some deals to go through. Right now, we are mainly seeing smaller issuers come to the market. The response to these deals has been encouraging and,

## STREET SIGNS

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### Companies planning to start investor road shows

IPO size (in ₹ crore)

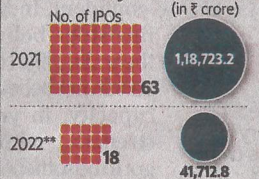


### Recent IPO performance



\*Calculated on closing price, \*\*till August

### IPO activity



Source: Sebi filings, Prime Database, Stock Exchanges

## COMEBACK TRAIL

- THE firms collectively plan to raise ₹11,000 cr via IPOs in Oct-Nov
- THE revival in primary market comes as Nifty reclaimed 18,000 mark
- THE benchmark indices have gained around 18% from their June lows

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thus, other larger companies too are now getting ready to see if they can launch their IPOs," one of the three people cited above said.

Others, such as media company Asianet Satellite Communications and car dealership Landmark Cars, too, are likely to begin investor road shows, said the people cited above, who work with investment banks.

Emails sent to Aadhar Housing Finance, Ixigo, Five Star Business

Finance, Landmark Cars and Asianet Satellite remained unanswered till press time.

Following a two-month hiatus after May, primary markets have seen three IPOs so far. Syrra SGS Technologies, the first one to hit the market, saw the shares on offer subscribed 32.6 times. The shares delivered a 42% gain on their trading debut. The Dreamfolks

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# Large companies gear up to test IPO waters after hiatus

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IPO was subscribed 56.7 times and saw a listing day gain of 42%. The third IPO—Tamilnad Mercantile Bank—was subscribed 2.8 times. Another IPO, Harsha Engineers, opens on Wednesday.

Continued buying of Indian shares by foreign institutional investors (FIIs) is also encouraging larger issuers to evaluate IPO launches.

FIIs have been net buyers of Indian equities since July, having bought over ₹64,000 crore worth of shares since then, data shows. In the six months to 30 June, FIIs sold over ₹2 trillion worth of Indian stocks. "We have seen several large block trades go through in recent weeks, whether in Zomato, Max Healthcare, Sona Comstar and several others where FIIs have shown a strong interest in buying large chunks of stock. Such block deals are usually seen as a precursor to primary market activity," the second person said.

Action in the primary market will also be driven by companies wanting to utilize the current window of opportunity before either the lapse of their Sebi approvals or the expiry of financial numbers. Sebi's approval for an IPO is valid for 12 months.

According to Sebi norms, the financial numbers for a particular quarter are valid for only 135 days and, hence, June financials (last completed quarter) of companies will be valid only till mid-November. If companies do not take advantage of the current market window, then they may see a delay in their



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ability to launch the deal as they will have to file their red herring prospectus with September-quarter financials, which may take time to prepare and, thus, the companies may miss the current market window, the second person said.

"For companies whose Sebi approvals are lapsing in November or December, this is a good opportunity to see if they can tap the markets, as investor interest has returned to IPOs. We expect

to see a good amount of action in the primary market in mid-October to mid-November," the second person said.

To be sure, many of these IPO-bound companies may have

to revise their plans in line with the current market reality.

"The reality is that investors are still cautious and, thus, valuation expectations will have to remain muted. Most companies planning launches will have to do so at valuations lower than what they expected at the time of filing IPO papers," said a third investment banker, who also spoke on condition of anonymity.