

Pre-IPO shares worth ₹12k cr could hit market by year end

ASHLEY COUTINHO
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STOCKS WITH ANCHOR INVESTORS AND PROMOTERS

	Market price (₹)	Issue size (₹ crore)	Lock-in period ends	Issue price (₹/share)
One 97 Comm	657	18,300	Nov 18	2,150
PB Fintech	385	5,710	Nov 15	980
FSN-E (Nykaa)	1,110	5,350	Nov 10	1,125
Delhivery	384	5,235	Nov 24	487
Sapphire Foods	1,460	2,073	Nov 18	1,180
Rainbow Children's	698	1,851	Nov 10	542
Campus Activewear	573	1,400	Nov 9	292
Fino Payments	197	1,200	Nov 12	577
Tarsons Products	801	1,023	Nov 26	662
Go Fashions	1,349	1,014	Nov 30	690



PRE-IPO INVESTORS AND promoters can potentially offload ₹20,000-25,000 crore worth of stock in November and December with the lock-in period expiring for 12-14 companies.

However, given that the current market price of many of the stocks is well below the IPO price, some promoters and private equity (PE) funds may not sell their stakes just yet. Pre-IPO investors are typically allotted shares at a discount of 25-30% to the IPO price.

Gopal Agrawal, head of investment banking at Edelweiss Financial Services, estimates of the available amount, around ₹8,000-12,000 crore worth of stock could come into the market in the next two months with many investors wanting to wait-and-watch.

"If 4-5 investors in a company want to sell at the same time and there is not enough demand from other institutional investors, that would pose a challenge. Compa-

nies which were fairly priced during the IPO stage and are now trading above the issue price may see investor exits," Agrawal said.

Pranav Haldea, managing director, Prime Database, believes it is highly unlikely that promoters would sell shares because that would be viewed negatively by the markets.

"Most of these promoters are bona fide and here for the long haul. However, in some instances, it is possible PEs and VCs may have some exit compulsions," Haldea said.

Dara Kalyaniwala, executive director, PL Capital Markets, said some investors may take advantage of the lower prices for tax

planning and sell the shares. Some pre-IPO investors and founders, who are in the money, may look to monetise their shares.

"Some investors may want to book profits to offset losses in other companies," Kalyaniwala explained.

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Market watchers point out that demand for shares of new-age technology stocks could increase if the prices fall further and valuations turn attractive. "Even the promoters may turn buyers if the prices of their companies fall sharply," said Kalyaniwala.

For issues opening from April this year, the lock-in period for all categories of pre-IPO investors has been reduced to six months from the date of their acquisition. Earlier, the lock-in for pre-IPO investors was one year. For the promoters, up to 20% of the post-issue paid-up capital must be locked in for 18 months; earlier this was three years. The lock-in requirement for allotment exceeding 20% of the post-issue paid-up capital has been reduced to 6 months. The lock-in provision for anchor investors is that 50% of shares allotted to them is locked in for 30 days and the remaining 50% is locked in for 90 days.