

Lock-in period for investors in 27 firms ends in 2 months

Some shareholders likely to book profits, others may cut losses

SIDDHANT MISHRA
Mumbai, August 17

WITH THE LOCK-IN period for anchor and other investors many initial public offerings (IPOs) set to expire in the next two months, there could be some good market action in their counters.

According to data by PRIME Database, the lock-in period for shares of 27 such companies will expire between August and November this year. These include shares held by promoters, non-promoters, and anchor investors.

Lock-in periods in IPOs are meant to ensure that the interests of investors are not compromised, by preventing excess movement and thus volatility in share prices of a firm subsequent to the IPO release.

Some of the major IPOs to have taken place since last year are LIC, Mankind Pharma and Vedant Fashions. The end of the lock-in period could see some shareholders book profits, while others may look to cut their losses and exit in case of an underwhelming performance by the stock.

"PSU stocks have only started doing well recently, but they aren't usually bought with conviction. Investors of firms like LIC could look for exit as it has done nothing to enthuse," said an equity markets analyst who did not wish to be named.

WHAT'S AT STAKE



TOP IPOs	Issue amount (₹ crore)	Change from issue price (%)	No. of shares for which lock-in ending (mn)
Life Insurance Corporation	20,557	-30.5	1,265
Mankind Pharma	4,326	69.43	286
Vedant Fashions	3,149	43.73	49
Campus Activewear	1,400	0.45	61
Fusion Micro Finance	1,104	54.93	51

BEST POST-ISSUE PERFORMERS

Kaynes Technology India	858	197.96	25
Electronics Mart India	500	123.64	223
Syrma Sgs Technology	840	109.75	103
Emudhra	413	103.54	16
Utkarsh Small Finance Bank	500	96.08	89

Note: Shares include those held by promoters, non-promoters, anchor investors; Source: PRIME Database

"We have not seen much correction in small-caps and mid-caps; there has been FII selling and valuation re-adjustment, but overall the market is still conducive for IPOs. But for companies trading well above their IPO price, investors would be waiting to book profits while the time is ripe," he added.

Of the 27 companies to have

launched their IPOs since last year, only four are trading below their offer price. LIC, the largest IPO (₹20,557 crore), is currently trading close to ₹660, down almost 31% from its offer price of ₹949. They are Tracxn Technologies, Udayshivakumar Infra and Uma Exports.

On the other hand, among the other top IPOs since last year,

Mankind Pharma (₹4,326 crore) and Vedant Fashions (₹3,149 crore) are trading 70% and 44% above their issue price, respectively.

Among the other top IPOs worth over ₹1,000 crore were Campus Activewear (₹1,400 crore), Fusion Micro Finance (₹1,104 crore) and SBFC Finance (₹1,025 crore).

However, the companies with the best post-issue performance have been Kaynes Technology, Electronics Mart India, Syrma SGS, and eMudhra, all trading over 100% from their issue price. Kaynes is trading at close to 200% over its IPO price.

"Smaller IPOs have generated higher demand, and that is where the HNI money is coming in. As a result, they are driving the prices up higher. In any market, the fundamentals decide whether the investors will stay on or book profits, and HNIs have seen value in these companies," said Deven Choksey, founder of KRChoksey Group.

He added that the overhang of dilution has aided LIC, because of which the stock is still unable to find its feet.

It remains the only one among the top IPO (of over ₹1,000 crore) to be trading below its issue price. The others — Vedant, Mankind, Fusion and SBFC — are trading well above their issue price, while Campus is trading closer to its issue price.

For promoters, the lock-in is for 18 months for 20% of the allotted shares and six months for the remainder. For anchor investors, it is 90 days for 50% of the allotted shares and 30 days for the rest. As regards other investors, the lock-in period is six months.