

# Buoyant primary market set to boost secondary market

- **Hindustan Times (Delhi)**
- **19 Sep 2017**
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MUMBAI: The initial public offering (IPO) market in India is strengthening, with companies raising (or about to raise) nearly RS26,000 crore in funds and an even stronger pipeline in the offing.

Yet market strategists aren't too worried about attention being diverted from the secondary market, which is hovering near record high levels.

In fact, it is a surging secondary market that is encouraging many companies to hit the equity market for capital, as they eye better valuations.

In i ntra-day trading, the Sensex rose 0.73% on Monday to a high of 32,508.06 points, and closed at 32,423.76, rising 0.47%.

For the year to date, it has gained 21.77%.

Some market experts are of the opinion that this IPO rush will attract more flows into the market, because of renewed interest.

"It won't affect the markets adversely as more money will come in," Neelkanth Mishra, India equity strategist at Credit Suisse, said on Wednesday.

As many as 18 companies have hit or announced their IPO dates so far this year, with fund-raising from such IPOS totaling RS25,903.02 crore, data from primary market tracker Prime Database showed.

An additional RS46,470 crore of IPOS are lined up, data showed. Of the lot lined up, General Insurance Corp. of India, National Stock Exchange of India Ltd and HDFC Standard Life Insurance Co. Ltd are the biggest issuances and are expected to raise around RS10,000 crore each.

According to Credit Suisse, IPO issuances in FY18 are likely to be 35% higher than the peak seen in fiscal 2008.

Foreign institutional investors (FIIS) have invested a net of \$68.87 million or RS440.7 crore in Indian shares so far this fiscal year, data from National Securities Depository Ltd showed.

Domestic institutional investors (DIIS) have pumped in a net of RS46,185.44 crore in the asset class in the same period, data from BSE showed. These figures include the investments in primary market offerings as well.

According to Credit Suisse, since most IPO issuances are of financials or by way of government divestment, the immediate impact on economic growth will be limited.

"I don't think the secondary market will be impacted. We tend to believe that the money available for the market is finite, and that is not true. Any good opportunity—a good company with good price is likely to attract strong flows," said Prithvi Haldea, founder and chairman of Prime Database.

"There is still a lot of money locked in fixed deposits by retail investors. That money could also come in," added Haldea.