

One-third of stocks listed in '17 trading below issue price

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MUMBAI: India's primary market has been the most vibrant in 2017, with companies raising a record amount, but nearly one-third of these stocks are trading below their issue price. Data from Prime Database showed that Indian companies raised a total of ₹1.39 lakh crore from the primary market in 2017, exceeding the previous high of ₹1.04 lakh crore in 2010.

Of the amount raised in 2017, ₹65,086 crore was raised by companies through 28 initial public offering (IPOs) on the main board of exchanges. Ten of these 28 companies are trading below their offer price.

The Sensex rose 0.33% to a record close of 33,685.56 points on Friday, and is up more than 25% so far this year.

"The success of an IPO depends on the response to the

Primary market's bull run

This year has been a bumper year for initial share sales, with over ₹65,000 crore raised so far

No. of IPOs trading below listing price	10
No. of IPOs with gains of 0-20%	2
No. of IPOs with gains of 20-100%	10
No. of IPOs with gains above 100%	6

Total no. of firms that have been listed since 1 Jan 2017 **28**

- CL Educate is the worst performer, trading **34.75%** lower than its offer price
- Avenue Supermarts is the best, with gains of **283.49%**

Closing price of November 2 considered to calculate returns

Graphic: Santosh Sharma/Mint

Source: Prime Database

issue, and how does it fare on the listing day. A lot depends on the mood in the market on the day of their debut, too," said Prithvi Haldea, chairman of Prime Database, a primary market tracker. Haldea says he classifies the primary market scenario in four zones—

good company at attractive price, good company at expensive price, bad company at good price, and bad company at expensive valuations.

"In that matrix, we are still in the good company-good price zone, but may be moving to good company-somewhat

higher price zone in a few pockets," said Haldea.

The 10 companies that were listed this year and are trading below their offer price are CL Educate Ltd, S Chand and Co Ltd, GTPL Hathway Ltd, Bharat Road Network Ltd, Matrimony.com Ltd, SBI Life Insurance Co Ltd, General Insurance Corp of India, Indian Energy Exchange Ltd, Security and Intelligence Services India Ltd, and Eris Lifesciences Ltd.

The stocks which more than doubled from their issue price are—Avenue Supermarts Ltd, Shankara Building Products Ltd, Salasar Techno Engineering Ltd, Central Depository Services (India) Ltd, Apex Frozen Foods Ltd and PSP Projects Ltd.

"One has to have a longer term investment horizon right now, rather than a short one," said Dharmesh Mehta, MD and CEO of Axis Capital Ltd.