

# Mkt rally gives leg-up to share sales

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Equity share sales are gathering pace, underpinned by buoyancy in the secondary market with valuations hovering around lifetime highs.

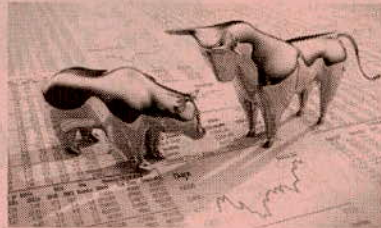
Indigo Paints, among India's top five paint companies, on Thursday announced its ₹1,170-crore initial public offering (IPO).

The announcement came a day after state-owned Indian Railway Finance Corporation (IRFC) set the dates and pricing for its ₹4,500-crore offering. Meanwhile, the government also launched a ₹2,600-crore share sale in Steel Authority India Ltd (SAIL), which saw nearly two times subscription.

Investment bankers said more IPOs, including those of Home First Finance Company, RailTel Corporation of India, Kalyan Jewellers India, Stove Kraft, and Suryoday Small Finance Bank, would be rolled out over the next three or four weeks.

The strong deal momentum comes at a time when the benchmark Sensex is just shy of the 50,000 mark. Also, investor appetite for IPOs is strong, given the impressive performance of last year's new listings.

## ANOTHER PROMISING YEAR



"After a short year-end break we are seeing deal activity gaining momentum. With valuations across the board improving, it is an opportune time to launch an IPO. Foreign portfolio investors, high networth individuals, as well as retail investors are looking forward to new deals," said an investment banker involved in one of the upcoming IPOs.

IRFC will be the first issue to hit

the markets in 2021. The issue opens on January 18. The government is looking to raise ₹1,500 crore, while the railway financing firm will issue fresh shares worth ₹3,000 crore. At the top end of the price band of ₹26, IRFC will have market capitalisation of nearly ₹27,000 crore.

Indigo Paints' IPO too will be a mix of fresh and secondary components. The Pune-based firm will raise ₹300

crore of fresh capital and existing shareholders will offload shares worth ₹870 crore. At the issue price of ₹1,490, Indigo Paints will have market cap of around ₹7,000 crore and its IPO will open on January 20.

Experts said all the issues were getting good valuations because the mid-cap and smallcap indices were trading at record levels.

Share sales by listed firms too are generating good investors. SAIL's 413-million offer for sale (OFS) received bids for nearly 750 million shares. Most bids came at ₹65.5, higher than the base price of ₹64 set by the government.

Shares of SAIL, however, dropped 10 per cent in the secondary market trade to end at ₹67.3.

"We are seeing strong investor demand for any share sale that is getting launched, whether it is an IPO, offer for sale, or large block deals," said Dharmesh Mehta, managing director and chief executive officer, DAM Capital Advisors.

In 2020, ₹26,770 crore was raised by way of IPOs, a jump of two times over the previous year. The overall equity fund raise stood at ₹1.85 trillion, the highest ever.