

# Five of eight companies list below issue price in August

Aptus Value Housing Finance, Chemplast Sanmar latest to make tepid debuts

SUNDAR SETHURAMAN  
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**F**ive out of the eight companies that debuted on the bourses in August listed at a discount. Aptus Value Housing Finance and Chemplast Sanmar, which listed on Tuesday, joined Nuvoco Vistas, Windlas Biotech, and CarTrade Tech in marking tepid debuts after their initial public offerings (IPOs).

Aptus Value Housing got listed at ₹329.95 apiece, a 6.5 per cent discount to its issue price of ₹353. The stock gained a bit during the session and ended at ₹346.50, a 1.8 per cent discount to its issue price. Chemplast Sanmar, on the other hand, listed at ₹543.9, a discount of 3 per cent to its issue price of ₹541, and ended the session at ₹534.9 apiece, a 1.13 per cent discount to its issue price.

KFC and Pizza Hut franchisee Devyani International, which rose 56 per cent on listing day, was the only stock that made a strong debut this month.

Analysts said this was a sign that investor fatigue was setting in as too many issues had hit the market in the same week. "The listing honeymoon is over. When you keep on bringing issue after issue and keep on stretching the valuations, at some point, it will snap. We had so many issues bunched together for weeks in a row.



## TEPID AUGUST

Company	Issue price	Listing price	Listing gain/loss
Devyani International	90	141	56.67
Krsnaa Diagnostics	954	1,025	7.44
Exxaro Tiles	120	126	5.00
Cartrade Tech	1,618	1,600	-1.11
Chemplast Sanmar	541	525	-2.96
Windlas Biotech	460	439	-4.57
Aptus Value Housing Finance	353	330	-6.53
Nuvoco Vistas Corporation	570	471	-17.37

Source: Prime Database & Exchanges

Issuers have killed the demand. Suppose the valuations are going to get stretched. In that case, the days of listing gains are over," said Arun Kejriwal, founder, Kejriwal Research and Investments Research.

Some analysts said the tepid listings were a consequence of the selling pressure in the broader markets.

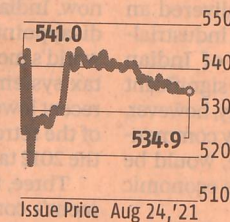
Though the benchmark indices are hovering near their all-time highs, there has been pressure in mid- and small-cap stocks this month.

"Markets are under pressure. If the market is not doing well, unless it is a unique story, chances of the stock listing with gains are slim. A lot of these companies came with valuations

### Aptus Value Housing Finance (₹)



### Chemplast Sanmar Ltd (₹)



Source: Bloomberg  
Compiled by BS Research Bureau

when the markets were at their peak, one cannot expect promoters to come at a discount when the markets are at a high. They will try to take advantage of the bull market and price issues aggressively," said Siddhartha Khemka, head of retail research, Motilal Oswal Financial Services.

Khemka added that it is unfair to judge a stock based on the listing day performance.

"Listing at a discount does not mean that the stock would not do well in the long term. The problem is when the entire market is looking at IPOs as a one-day game. A lot of good companies have listed at a discount, including the likes of Infosys. It's the long-term fundamentals that will determine the stock's fate. And just because something lists at a premium does not mean it will give returns to investors. If you are looking at listing gains, it all depends on market sentiments," Khemka said.

Experts advised retail investors to take a call on investing in IPOs after gauging sentiment and stock fundamentals. "The IPO party seems to be over for the time being. But then it is always as good as the last listing. As long as a listing story exists, one can play that. But if the conditions for listing gains do not exist, and unless you find IPOs at a good valuation, it is not worth applying," said Ambareesh Baliga, an independent markets analyst.