

11 firms make mkt debut at discount post IPO since Jan

IPO frenzy and high stock valuations have prompted many companies to list at a discount

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THE RUSH TO cash in on the initial public offering (IPO) frenzy and high stock valuations have led to many companies listing at a discount this year. Of the 36 companies that raised funds through IPOs since January, 11 listed at a discount.

A discounted listing is when a stock ends below the issue price on market debut.

Kerala-based Kalyan Jewellers topped the charts with its share price closing lower by 13.45% on the first day of the listing. Chemplast Sanmar was at the bottom pecking order with a 1.13% discount.

"The IPO price of most of the companies, which went public recently, was at high valuations, which will be difficult to sustain in the long-run. Further, most IPOs were highly-oversubscribed with the leveraged participation, which led to quick profit booking or unfolding of leveraged position," Mahesh Singhi, managing director at global investment banking firm Singhi Advisors said.

"When these shares come in for listing, they began to trade at discounted prices, resulting in retail investors missing out on listing gains. A solace to the investors who subscribed to the IPOs is that most of the companies are now trading above the IPO price, but this won't remain the same in future," Singhi said.

Windlas Biotech (discount of 11.59%), Suryoday Small Finance Bank (9.44%), Cartrade Tech (7.29%), Nuvoco Vistas Corp (6.79%), Anupam Rasayan India (5.24%) and Macrotech Developers (4.70%) were among others with discounted listing this year. Of the total 11, five of the discounted listing, including Windlas Biotech and

Companies debuted on bourses with discounts to IPO price in 2021 (till August 30, 2021)

Opening date	Offer price (₹)	Issue amount (₹ cr)	Listing Date	On listing		% gain/loss close price on listing v/s offer price
				open price	close price (₹)	
Indian Railway Finance Corp January 18, 2021	26.00	4,633.38	January 29, 2021	25.00	24.85	-4.42
Anupam Rasayan India March 12, 2021	555.00	760.00	March 24, 2021	534.70	525.90	-5.24
Craftsman Automation March 15, 2021	1,490.00	823.70	March 25, 2021	1,350.00	1,433.00	-3.83
Kalyan Jewellers India March 16, 2021	87.00	1,174.82	March 26, 2021	73.90	75.30	-13.45
Suryoday Small Fin Bank March 17, 2021	305.00	580.84	March 26, 2021	293.00	276.20	-9.44
Macrotech Developers April 7, 2021	486.00	2,500.00	April 19, 2021	439.00	463.15	-4.70
Windlas Biotech August 4, 2021	460.00	401.54	August 16, 2021	439.00	406.70	-11.59
Nuvoco Vistas Corp. August 9, 2021	570.00	5,000.00	August 23, 2021	471.00	531.30	-6.79
Cartrade Tech August 9, 2021	1,618.00	2,998.51	August 20, 2021	1,600.00	1,500.10	-7.29
Chemplast Sanmar August 10, 2021	541.00	3,850.00	August 24, 2021	525.00	534.90	-1.13
Aptus Value Housing Fin India August 10, 2021	353.00	2,780.05	August 24, 2021	329.95	346.50	-1.84

Source: primedatabase.com

Aptus Value Housing Finance India, were in September (See Table).

"The weak listing of the last few IPOs can be attributed to the weakness in the broader markets at the time of their listing. Most IPO-bound companies belong to the small and midcap space where there was weakness in the early part of August. As an IPO cycle moves on, valuations tend to get more expensive," Pranav Haldea, managing director at Prime Database Group, said.

"I don't see the discounted listing of a few companies to halt the primary market. There is a healthy pipeline of IPOs, and if the pricing is attractive and the secondary market continues to remain bullish, we expect to see good demand and listing," Haldea said.

The number of discounted listings this

year is on the higher side compared with 2020, when 14 companies launched IPO, of which four companies debuted with discounts. These firms were SBI Cards & Payment Services, Angel Broking, UTI Asset Management Company and Equitas Small Finance Bank.

IPOs in 2021

Riding on the boom in the stock markets, companies raised about ₹47,722 crore so far this fiscal, compared with ₹31,128 crore in the last fiscal.

With another 15-20 companies, such as Seven Islands Shipping, Arohan Financial Services, Paras Defence & Space Technologies and Shriram Properties, in the pipeline, this fiscal is expected to be another good year for IPOs.