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Bumper debuts

Sigachi Industries shares soared nearly fourfold on Monday, making it one of the best listings since 2000.

Company (listing date)	Issue price (in ₹)	Closing price on listing day (in ₹)	% gain
Melstar IT (9 Mar 2000)	72	355.00	393.06
Burnpur Cement (3 Jan 2008)	12	46.35	286.25
Sigachi Industries (15 Nov 2007)	163	603.75	270.40
FCS Software Solutions (21 Sep 2005)	50	179.10	258.20
Everonn Systems India (1 Aug 2007)	140	478.45	241.75
Saksoft (9 May 2005)	30	100.80	236.00

Source: primedatabase.com

SARVESH KUMAR SHARMA/MINT

Policybazaar parent makes steady debut, Sigachi soars 270%

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Three companies made trading debuts on Monday as India Inc. continued its scramble to capitalize on a booming primary market this year.

Sigachi Industries made a bumper debut, with its shares soaring nearly fourfold. However, PB Fintech Ltd, the parent of Policybazaar, made a comparatively modest listing gain while shares of SJS Enterprises saw a muted investor response.

Led by abundant liquidity, Indian markets have outper-

formed peers so far this year, with foreign institutional investors pumping around \$6.2 billion into equities. Domestic institutional investors were net buyers of shares worth ₹42,657.76 crore.

Sigachi listed at ₹575 per share, a 253% premium over its ₹163 issue price. The stock closed at ₹603.75, a 270% gain, making it one of the best listings since 2000.

The ₹125.43 crore initial public offering was subscribed 102 times. The company plans to use the IPO proceeds to fund expansion of production capacity for microcrystalline

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Sigachi soars 270%, Policybazaar parent makes steady debut

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cellulose at its plants in Dahej and Jhagadia in Gujarat to manufacture Croscarmellose Sodium at Kurnool and for general corporate purposes.

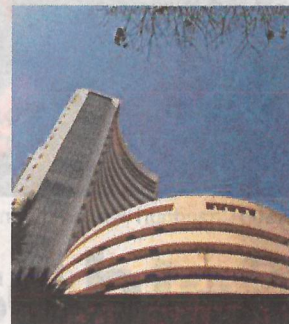
Parth Nyati, founder, Tradingo, an online brokerage, said the Sigachi IPO was valued at 16 times FY21 earnings with no listed peer. Over the long run, if domestic demand for microcrystalline cellulose is sustained, the company's expansion programme post the IPO will provide earnings growth momentum, Nyati said.

Sigachi makes microcrystalline cellulose, widely used as an excipient, the inactive ingredient which gives the medicine its form, in the pharmaceutical industry. It also has applications in the food, nutraceuticals and cosmetic industries.

"At the upper end of the IPO price band, Sigachi Industries is offered at a price to earnings (PE) of 15.1 times its trailing 12 months' earnings, with a market capitalization of ₹501.1 crore. Given that the company is one of the leading manufacturers of microcrystalline cellulose in India with over 30 years

of experience, pan India and international market presence, experienced management team and investment-led future growth with high RoNW (return on net worth) of 32% in FY21 and a reasonable valuation," Ronak Kotecha, an analyst at Anand Rathi, said ahead of the IPO.

Meanwhile, PB Fintech listed at ₹1,150, a 17.3% premium over its issue price of ₹980 apiece.



PB Fintech listed at ₹1,150, a 17.3% premium over its issue price of ₹980 apiece. REUTERS

The stock closed at ₹1,202.30 on the NSE. The ₹5,625 crore IPO was subscribed 16.59 times. PB Fintech aimed to use the funds for marketing expenditure, offline expansion, strategic investments, acquisitions and overseas expansion.

Sneha Poddar, an analyst at Motilal Oswal Financial Services Ltd, said the issue was "valued at 46.3 times FY22 market cap and sales on a post-issue and annualized basis, which seems expensive compared to global peers."

She, however, added that Policybazaar losses were narrowing while Paisabazaar has turned profitable. "In the current environment, the market is liking such niche emerging platform stories, which is well placed to tap the high growth digital/online penetration in insurance/consumer credit market," Poddar said.

Meanwhile, SJS Enterprises made a tepid debut with shares listing at ₹542, the same value as its issue price, before closing 5.87% lower at ₹510.20. The ₹800 crore issue was subscribed 1.59 times.

Indian markets have outperformed peers so far this year, with FII's pumping around \$6.2 billion into equities