

# PRIVATISATION SIGNALS FOR IPOs

The primary market eyes disinvestment to gain momentum

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**P**RIMARY market issues may take a course back, with the equity market bouncing back in late November as a softening of oil prices and strengthening domestic currencies.

A slew of initial public offerings (IPOs) are waiting on the sidelines to tap the market at an opportune time. Among them are popular names like Lada Developers, Mangem Dock Shipyards, Nazara Technolabs, Bharat Hatch, Anand Kashi Wash Management, PNB Mobile, Adia India, Mica Bazaar, Akshay Education and Menopace Healthcare.

This apart, disinvestment related public issues (DIPs) and offer for sale (OFS) of government-owned companies are also being eyed for listing the primary market in the remaining months of the current fiscal, as close to Rs 48,000 crore of the government's disinvestment target is yet to be realised.

The over-riding market concern is on the just concluded CSE ETF Earlier Fund Offer (EFO), which was oversubscribed 3.5 times at Rs 27,300 crore, has renewed hopes in the primary market.

Sundep Sikka, executive director and CEO, Reliance Mutual Fund, which is managing the CSE ETF on behalf of the Government of India, said this was the "largest ever follow-on fund raising" by the government this year through its disinvestment programme. Prior to this issue, the government could raise only Rs 15,247.11 crore against the current fiscal's disinvestment target of Rs 30,000 crore, partly because of adverse market conditions. The govern-

## DISINVESTMENT RECORD



ment still has to disinvest PSU shares worth its 47,792.80 crore to reach the target.

While market conditions have not allowed big IPOs either Mocha banks say more than a dozen companies which have received the Securities and Exchange Board of India's approval

are holding back their IPO launches due to market uncertainty.

The primary market activity was quite robust until the end of September when the market cooled. Smaller companies were raising capital from the market until the

primary market activity came to a halt from October onwards. Investor as market volatility heightened and the fiscal issues, too, acted as a deterrent.

Still 25 initial public offerings lay the market so far this calendar year while in the small and medium enterprises (SME) category 133 companies have got listed on the SME platform of BSE and NSX. SME IPOs raised close to Rs 2,200 crore this calendar year, which is 20 per cent more compared to last year.

The primary market is expected to be back in action soon, with the secondary market bouncing back and foreign portfolio investors turning net buyers in November.

Moreover, good inflows into domestic mutual funds may help the primary market to launch back.

Regd. Bank now inflows of Rs 1,262.92 crore in October, despite the sharp correction in the equity market, with the Nifty up 0.6% in the last six

months this calendar year. October equity mutual fund inflows were the highest in the financial year, topping May's inflow of Rs 11,350 crore. Investors pumped in Rs 7,285 crore through systematic investment plans (SIPs) in equity funds, an all-time monthly high. This was Rs 258 crore more than September's Rs 7,027 crore.

November equity mutual fund inflows date to be followed this month will show if the fund inflows are intact. Domestic inflows are critical for the primary as well as the secondary markets, as domestic funds are now a much bigger stabilising factor for the market than foreign portfolio investors, whose investments have been erratic over the last one year.

Volume-wise, the biggest push factor for the primary market in the remaining four months of this fiscal will undoubtedly be the government's disinvestment programme, with

nearly 50,000 crore remaining to be scooped up. Last fiscal, the government had succeeded in disinvestment target for the first time. It had collected Rs 1,00,036.91 crore against the target of Rs 1 lakh crore. A similar feat this year looks unlikely in this year as the market conditions have turned volatile.

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government issued a preliminary information memorandum (PIM) for acquisition of interest (EAI) in Air India in March this year, no bids were received.

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