

Braving volatility, 3 IPOs to hit market this week

Acropetal, Sudar, **Fineotex Chem** plan to raise around Rs 270 cr

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Mumbai, Feb. 20

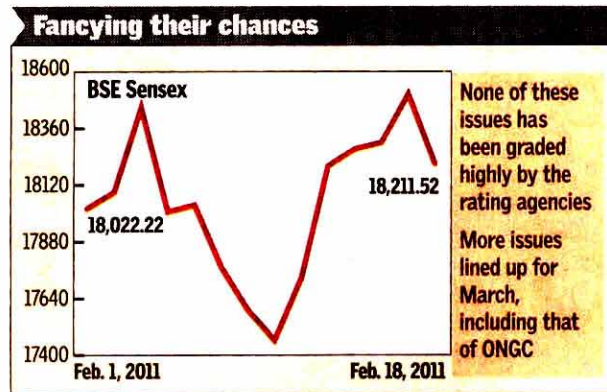
A handful of companies are braving the current choppy stock market conditions and coming out with their public issues this week.

Though very small in size, these issues are being made at a time when there have been violent swings in the capital markets and foreign institutional investors are on a selling spree.

Acropetal Technologies' Rs 170-crore initial public offering will open on Monday; and so will Sudar Garments' Rs 70-crore issue.

On February 23, Fineotex Chemicals' Rs 30-crore issue will be on offer to the public. The three issues, put together, make for a corpus of a little more than Rs 270 crore.

Mr Rajendra Kanoongo, President (merchant banking division) at Ashika Capital, said that with the stock markets doing better in the last 10 days, this seems like an oppor-



ture time to take advantage of the markets. Ashika Capital is the sole manager to garment manufacturer Sudar Garments' IPO.

In the last two weeks, the benchmark index has risen close to five per cent; even registering the largest single-session rise seen in the last nine months.

Market watchers said that it will be interesting to see the response these IPOs get given

the current market scenario.

"It is not just the secondary markets that are choppy but even the conditions in the primary markets are not very encouraging, with hardly any issues happening. The stock markets go either way with the run-up to the Budget and the futures and options expiry due next week. But being very small-sized issues, they might just pull through," said Mr Jagannadham Thunu-

guntla, Strategist and Head of Research at SMC Global.

What is interesting is that none of these issues has been graded highly by the rating agencies.

CARE has graded Fineotex's issue at 2/5, which indicates below average fundamentals. ICRA has graded Acropetal's IPO at 3/5 which indicates average fundamentals and Crisil has graded Sudar Garments' IPO at 1/5 which indicates poor fundamentals.

MORE ISSUES LINED UP

There are three more issues that are lined up for March, including ONGC's bumper follow-on offering. Marketmen say that the smaller issuers want to tap the market before ONGC's issue commences.

The other IPOs in March include those of Tara Jewels and Sanghvi Forging.

This year, so far, there have only been three primary market issuances, all of them get-

ting good response. The biggest issue was Tata Steel's Rs 3,500-crore FPO, which was subscribed 5.9 times. The smaller issues of Midvalley Entertainment and Omkar Specialty Chemicals were both subscribed a little more than four times each.

Though things are dull in the primary markets right now, analysts say that once the scenario in the secondary market gets better, more companies are likely to come out with issues.

SMC Capital, in a research report, said there are 100 public issues in the pipeline on the basis of the DRHPs filed with SEBI.

These issues are aiming to raise about Rs 50,000 crore cumulatively. And these are just the private sector companies.

Government sector companies such as SAIL, ONGC, IOC and Hindustan Copper are waiting to hit the markets with their follow-on issues.