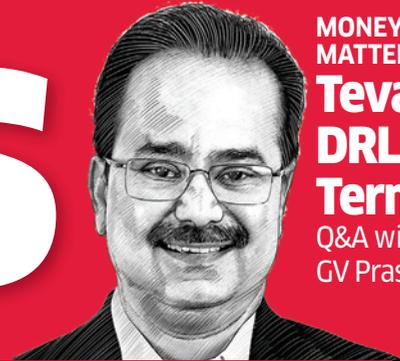


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COS WITH LISTING PLANS witness brisk activity as wealthy investors mop up their shares ahead of stock market debuts

Investors Buy Heavily into Unlisted Stocks

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Mumbai: The bullish frenzy on Dalal Street is rubbing off on stock prices of companies that are not yet listed. L&T Infotech, BSE, and RBL Bank among others, which have plans for listing, are seeing brisk activity as wealthy investors mop up their shares ahead of stock market debuts. Many of these shares have surged 25-40% in the last six months in the unofficial market, according to brokers who arrange such deals.

For instance, L&T Infotech, which was trading at ₹700-750 about three months ago, has risen to ₹825-900 after it secured regulatory approval for an initial public offering (IPO).

Similarly, RBL (formerly Ratnakar Bank), which is also looking to list, is trading at ₹220 against ₹175-200 six months ago.

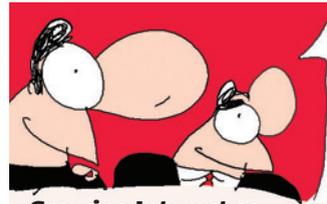
Brokers said there is strong demand for companies that are planning IPOs. "These are well-established companies with sound promoters. Activity picks up as the IPO comes closer, as investors are assured of easy liquidity after that," said Sandeep Ginodia, director, Altius Investech, a firm that spots such opportunities.

Typically, investors hold such shares for a year after the IPO— as

pre-issue capital is locked in for one year from the date of the public issue—and then sell them in the secondary market, benefiting from the tax-free status of the capital gains as well.

Brokers said BSE, which is firming up plans for an IPO, has seen an increase in demand of late. BSE shares have risen to ₹320-350 from about ₹250-275 some months ago.

Strong demand in recent IPOs meant there weren't enough shares to go around, another reason for the heightened activity in the unlisted space. "Heavy oversubscription in recent IPOs like Thyrocare Technologies, Ujjivan Financial, Alkem Labs resulted in poor allotment, leaving many HNIs (high net-worth investors) disappointed," said



Growing Interest as IPOs Come Closer

Company Name	Current Price (₹)	Price (₹)*
L&T Infotech	825-900	700-750
BSE	320-350	250-275
RBL Bank	200-220	175-200

*6 months back

Narottam Dharavat, a Mumbai-based broker who deals in unlisted shares. "Many of them believe they would be better off buying a good company before the IPO."

In recent months, the HNI portion of Thyrocare Technologies was subscribed 225 times, Ujjivan Financial 135 times and Alkem Labs 129 times, leading to minuscule allotments for such investors.

Those looking for such stock tell their brokers, who then approach employees with stock options or early-stage investors for possible deals.

In the recent past, stocks of unlisted companies such as ICICI Prudential Life Insurance, HDFC Standard Life and UTI Mutual Fund have seen strong demand among investors.

Golden Cross Hints Nifty's In for a Bull Run

The Nifty has formed a 'Golden Cross' on technical charts, which is a bullish indicator that confirms strength in long-term market trend. 'Golden Cross' is formed on charts when a stock or index's 50-day, or short-term, moving average crosses above its 200-day moving average. ET brings a list of 10 stocks that have shown 'Golden Cross' with bullish trends and the crossover has been accompanied by strong trading volumes.

—Biswajit Baruah



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