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'Grey Market Enters a Dry Spell'

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NO TAKERS FOR UNOFFICIALLY TRADED SHARES OF IPO-BOUND COMPANIES

Grey Market Enters a Dry Spell

Investors stay away from risky bets as markets turn jittery after Brexit vote

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Mumbai: Stocks traded on the bourses have remained resilient to the uncertainty sparked by Britain's decision to exit the European Union, but traders in the grey market have no such luck. Unofficially traded shares of IPO-bound companies including Mahanagar Gas, Quess Corp

and L&T Infotech, which were thriving till last week, are suddenly finding no takers as investors are shying away from taking risks with global market sentiment turning jittery.

In the grey market, shares are traded ahead of their listing and punters settle trades by delivering shares when the company lists on bourses. A large number of punters who buy from this unregulated market, subscribe to IPOs and settle their positions.

Till Thursday, the market for pre-IPO dealings was buoyant with investors placing aggressive bids in these public issues. But, a crash in global markets on Friday and Monday forced brokers to call off these bets.

"Nobody is willing to go long as



of now," said a Mumbai-based dealer. "There is nervousness among punters as the global financial scenario looks vitiated and India cannot be an exception for long. Those dealing in IPOs prior to their listing fear losses if stocks list at a discount."

Before results for Brexit vote were out, Mahanagar Gas was quoting at a premium of ₹150 over its issue price of ₹421. Similarly, there was 15-20% premium for the IPO of Quess Corp at the upper end of the price band of ₹317. L&T InfoTech also showed signs of picking up.

The premium for Mahanagar Gas has now crashed by little over 50%, while no rates are being offered for the other two companies, grey market players say.