

# Unlisted shares too join the bull run; prices spurt sharply

**HIGH RETURNS.** IPO prospects, valuation lower than listed peers, robust financials are key draws

**Ashley Coutinho**  
Mumbai

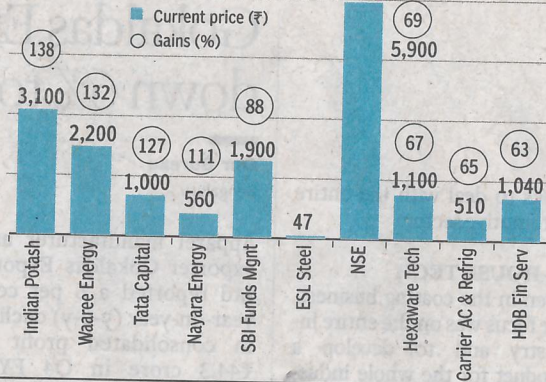
It's not just the listed entities that are riding the bull. The buoyant investor mood has percolated also to unlisted shares, many of which are enjoying their moment in the sun.

In the last six months, Indian Potash, Waaree Energy, Tata Capital, Nayara Energy and SBI Funds Management have gained over 100 per cent. NSE's stock price has spurted 69 per cent to ₹5,900. Other notable gainers in the past year include Axles India (up 220 per cent), Orbis Financial Services (211 per cent), Manjushree Technopack (210 per cent) and Utkarsh CoreInvest (114 per cent).

## EYE ON IPOs

Primex 40 — an index that tracks the performance of top 40 unlisted companies across sectors and market capitalisations — delivered 49 per cent returns during this period, compared with 20 per cent gains logged by Nifty 500 Multi-cap 50:25:25.

Top unlisted stocks over past six months



Source: Wealth Wisdom India

Investors typically load up on unlisted shares in anticipation of an initial public offering (IPO) over the next 10-12 months. Waaree Energies, for instance, filed its draft prospectus for an IPO in December and is hoping to raise over ₹3,500 crore. Similarly, Tata Capital, an upper-layer NBFC and a subsidiary of Tata Sons, is reportedly preparing for an IPO to fall in line with RBI regulations.

But share prices can drop if an IPO is delayed. Shares of

Oravel Stays slipped sharply after it withdrew its draft prospectus earlier this month.

"The fortunes of these stocks are mainly linked to the companies' intention to tap the market for an IPO in the near future. Investors may also flock to an unlisted company if its valuations are lower than the peers trading in the listed space," said Umesh Chandra Paliwal, Co-founder, UnlistedZone.

Robust financials and corporate actions can also act as boosters. Recently, the NSE

surged after it recommended a 4:1 bonus and a ₹90 per share dividend.

## MANY RED-FLAGS

Unlisted shares are traded offline through select brokers and bought by high-net worth individuals, retail investors and family offices.

According to experts, the unlisted space is susceptible to fraud and investors need to buy shares from authorised brokers with a reliable track record. "There have been instances of investors paying the money but shares not getting transferred to their account," said a research analyst.

Investors need to be careful about valuations and avoid overpaying for the shares as there may be several imponderables on the road to listing, said Deepak Jasani, Head, Retail Research, HDFC Securities.

In the past six months, 48 companies have raised over ₹45,000 crore by way of IPOs. Another 20 firms have SEBI approval to raise ₹13,000 crore, while 36 are waiting for the regulator's nod to raise another ₹42,000 crore.