

IPOs get boost from secondary mkt surge

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AS THE SECONDARY market continues to make new highs, there has been a rising interest among retail investors in the primary market as well.

For example, HMA Agro Industries, one of the largest exporters of frozen buffalo meat products, listed on the stock exchanges at a 7% premium over its issue price. The IPO of jewellery retailer Senco Gold was subscribed 2.68 times on the second day of the issue on Wednesday.

In the past couple of weeks, IPOs of drone maker ideaForge Technology and electronic manufacturing services company Cyient DLM, which closed for subscription on June 30, received overwhelming response from investors on the final day of bidding. The retail category was subscribed 49.2 times in Cyient DLM and 74.82 times in ideaForge. Both the IPOs will list on the exchanges on July 10.

According to analysts, the surge in the secondary market has led to an increased retail participation in the primary market. "When markets are moving up, we see participation from everywhere. Retail investors who were reluctant to put money six months back are returning to the market. The IPOs which closed recently garnered good responses because of strong fundamentals. Although the sizes of the issues were modest, they were well-



RETAIL BOOST

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■ Listing gains a key reason behind increased retail participation

■ Listing gain frees up capital faster to apply or invest in new opportunities

■ Tata Technologies one of most awaited IPOs. 43 firms receive Sebi go-ahead



represented, given the current market theme of defence", said Rajesh Agarwal, head of research, AUM Capital.

Experts also see listing gains as a reason behind increased retail participation. According to Bhavik Thakkar, CEO of Abans Investment

Managers, while equity is not a short-term investment, a lot of people invest in IPOs for listing gains. From their perspective, it frees up capital faster to apply or invest in new opportunities.

"Retail investors primarily look at IPOs for listing gains and not as a long-term investment. When the secondary market is doing well, chances of listing gain are quite high, and thus you see greater participation from retail," said Pranav Haldea, managing director at Prime Database Group.

As long as the secondary market remains buoyant, we will continue to see IPOs being launched. The pipeline remains strong, Pranav added.

According to data provided by Prime Database Group, 43 companies have received Sebi's approval to launch IPOs, but are yet to announce dates. Ebixcash, Yatra and Sai Silk Kalamandir are a few of them. One of the most awaited is Tata Technologies. A subsidiary of Tata Motors, Tata Technologies filed IPO papers with Sebi in March 2023. It will be the first public issue from Tata Group nearly after two decades with an offer for sale of up to 95.71 million shares by three existing promoters and shareholders.

PKH Ventures has, meanwhile, withdrawn its ₹379.35-crore IPO due to poor response from institutional investors. The issue, which was open for bidding between June 30 and July 4, was subscribed 65% at the end of the bidding process.