

IPO issuances in H1FY24 hit 16-year high, raise ₹26K cr

Rally in small and midcap funds leads to a spurt in activity

SAMIE MODAK & SUNDAR SETHURAMAN
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ILLUSTRATION: BINAY SINHA

The number of initial public offerings (IPOs) launched during the first half of 2023-24 (H1FY24) was the highest since 2007-08. As many as 31 mainboard IPOs raised a cumulative ₹26,272 crore in this period, according to Prime Database. During the April-September 2007 bull run, 48 IPOs totalling ₹21,243 crore were launched.

The number of deals in H1FY24 was 2.2 times that of the same period of the last fiscal year, but the amount raised was 26 per cent lower. In H1FY23, IPOs worth ₹35,456 crore were launched, with LIC's ₹21,000 crore offer boosting the tally. H1FY24 was off to a slow start with just 10 IPOs getting launched in the first four months. However, the momentum gathered pace in the past two months as the benchmark Nifty and the broader-market Nifty Midcap100 and Nifty Smallcap100 indices made new lifetime highs.

The volatility in the markets between December 2022 and March 2023 amid rate hike fears and the US banking crisis had thwarted several companies' listing plans. However, a sharp rebound in the markets from their March lows, coupled with ample liquidity from both foreign as well as domestic investors, boosted primary market activity.

"For India and our markets, the stars aligned well. Micro, macro and geopolitical factors were seen favouring India. Since April, we have also had robust participation from FPIs, which



DOUBLING DOWN

Number of IPOs this year was more than double of that of same period last year

	H1FY23		H1FY24	
	No. of IPOs	Amt raised (₹ cr)	No. of IPOs	Amt raised (₹ cr)
Apr	2	2,981	2	5,191
May	8	29,511	-	-
Jun	-	-	4	2,246
Jul	-	-	4	2,223
Aug	2	1,402	7	4,759
Sep	2	1,563	14	11,854
Total	14	35,456	31	26,272

IN THE GREEN

All large-sized transactions made money for investors

Five biggest	Issue size (₹ cr)	IPO price (₹)	Latest close (₹)	Change (%)
Mankind Pharma	4,326	1,080	1,795	66
Nexus Select REIT	3,200	100	124	24
RR Kabel	1,965	1,035	1,400	35
Concord Biotech	1,551	741	1,084	46
Samhi Hotels	1,370	126	150	19

Sources: PRIME database, Bloomberg

was not the case in the preceding 18 months. This has turned the sentiment in favour of doing transactions," said Ajay Saraf, head of investment banking and institutional equity at ICICI Securities.

During H1FY24, foreign portfolio investors (FPIs) pumped ₹1.41 trillion into domestic stocks. Domestic mutual funds invested over ₹50,000 crore. The Nifty Midcap100 and Nifty Smallcap100 indices surged 35 per

cent and 45 per cent, respectively, in this period. Most of this liquidity also chased new stocks that entered the market through the IPO route.

Also, encouraging post-listing performance kept the momentum strong. Barring one or two companies, all the IPOs that got listed during the first half of the current financial year made money for investors. Experts said issuers were more rational with the IPO pricing.

"Investors are becoming increasingly discerning and are driving fair pricing for IPOs. The hype surrounding IPOs is relatively lower compared to previous years, resulting in more accurate valuations," said Pranjal Srivastava, partner (investment banking) at Centrum Capital.

"IPO pricing has become more moderate compared to 2021. As pricing is more rational and reasonable, investors are making money post-listing. Also, most IPOs that are happening are at a significant discount to their listed peers. That is also supporting the post-issue performance," added Saraf.

Most of the IPOs this fiscal year have been from companies in the smallcap space. Further, activity was seen across sectors, with the traditional manufacturing sector particularly finding more favour.

Experts say while the outlook for the IPO market remains positive, the spike in volatility seen during the past fortnight, if persists, can weigh on further issuances. The Nifty and the Sensex have come off by more than 3 per cent from their lifetime highs, made on September 15. Market players say primary market activity could slow as the general elections approach.

"Next 12 months' activity will be robust. But the market will be careful around large events. One such event will be the next year's general elections. Typically, before an election, there is volatility in the market, which isn't too conducive for deal making. But from now to December, the outlook appears robust," said Saraf.