

SME IPOs thrive in 2023 as super-rich, family offices scoop up shares

PTI

feedback@livemint.com

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Strong participation of family offices as well as high-net-worth individuals (HNIs), adequate market liquidity, and optimistic investor sentiment have amplified interest in small and medium enterprise (SME) IPOs, with 139 such firms garnering ₹3,540 crore through initial share sales in 2023 so far.

This was higher than 109 companies that raised ₹1,875 crore through initial public offerings (IPOs) in entire 2022, according to data provided by

primedatabase.com.

Looking ahead, the fundraising environment for SME IPOs is anticipated to remain favourable, experts said.

"The primary determinants include the growth potential of specific sectors, market liquidity levels, investor sentiment, and potential regulatory changes. The robust fundraising momentum is expected to persist, buoyed by the convergence of these influential factors," Abhishek Jain, head of Research at Arihant Capital Markets Ltd, told PTI.

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SME and NSE Emerge—and raised ₹3,540 crore this year (till 20 October). In addition, the maiden public issues of two more SMEs—Paragon Fine and

Speciality Chemical, and On Door Concepts—will open next week.

These companies that came out with their maiden public

issue belong to a wide range of sectors like IT, FMCG, automotive components, pharma, infrastructure, advertising, and hospitality.

These firms have mobilized funds for expansion plans, support working capital requirements, and retire debt.

The remarkable surge in SME fundraising through IPOs in 2023 can be attributed to the participation of family offices and HNIs that injected substantial capital into the SME

market, Jain said.

"Some reasons for the whopping growth in fundraising are the upward movement in the markets, the liquidity has been

good, and businesses are scaling up. As a result, there is a huge demand for capital. And many companies are taking advantage of these favourable market conditions to raise capital

from the public market," Himanshu Kohli, co-founder of Client Associates, said.

Also, there is a lot of demand

for offers for sale because investors who had invested in those companies before are considering unlocking value and wish to exit through this route right now, he added.

Among months, September saw the highest number of 37 SMEs hitting the capital market. The largest issue this year was Spectrum Talent Management which mobilized ₹105 crore, followed by CFF Fluid Control which mopped up ₹86 crore.

Stock exchanges BSE and NSE launched SME platforms in 2012 becoming the only two bourses to offer such a segment in the country.

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