

December sets IPO record with 11 companies raising ₹8,000 cr

► SECOND-BEST DECEMBER FOR IPOs SINCE 1996

► 6 FIRMS CONCLUDE FUNDRAISING WITH TWO WEDNESDAY DEBUTS

SUNDAR SETHURAMAN
Mumbai, 20 December

SIZZLING MONTH

Eleven companies have launched their initial public offerings (IPOs) in December 2023, making this month the second-best December for public offerings since 1996. Collectively, they are raising ₹8,182.7 crore this month. In December 2021, 11 companies raised ₹9,534 crore. However, excluding December 2021, this month marks the best December for IPOs since 1996.

Six companies have already completed their fundraising process, with two being listed on Wednesday.

Stationery products firm DOMS Industries and home financier India Shelter Finance Corporation (IndiaShelter) debuted on the bourses on Wednesday.

DOMS Industries ended the session at ₹1,331, 68.5 per cent above its issue price, and IndiaShelter ended the session at ₹543.5, 10.2 per cent above its issue price.

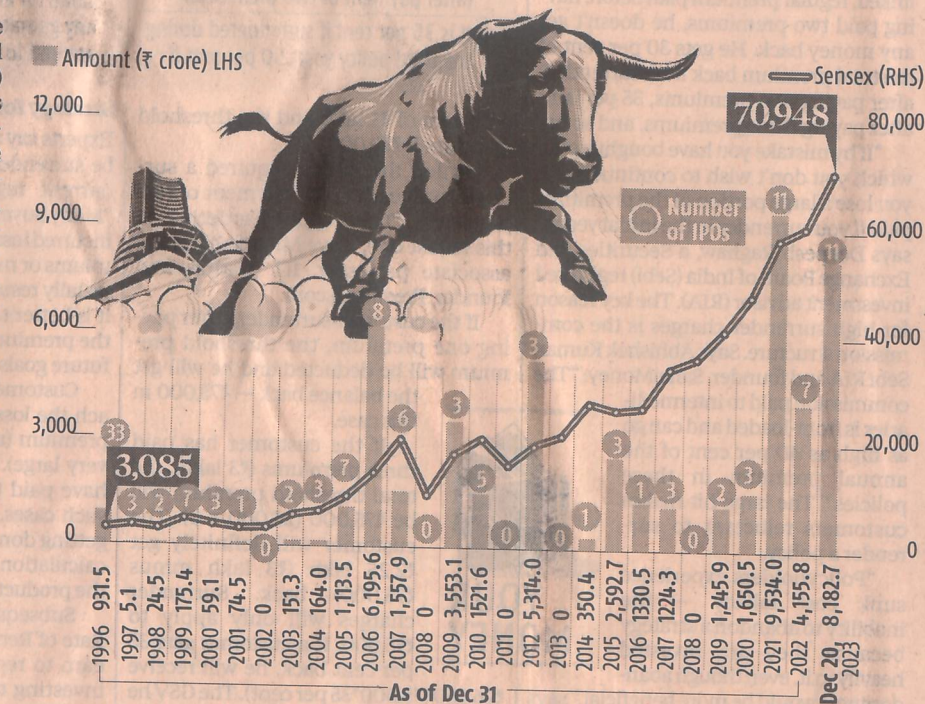
The IPOs of Happy Forgings, RBZ Jewellers, and Credo Brands Marketing will conclude on Thursday.

The IPO of Azad Engineering is open to subscription from Wednesday, and the issue of Innova Capital will begin on Thursday.

This IPO rush has also broken the jinx seen in December preceding a general election year. There were no IPOs in December of 2008, 2013, and 2018, while 2003 saw two IPOs.

There were no IPOs in the first half of December amidst uncertainty surrounding state polls and the outcome of the US Federal Reserve's (Fed's) monetary policy decision.

However, the Fed's signal that rate cuts are on the anvil



Data until December 20 Source: PRIME Database, Bloomberg

ILLUSTRATION: AJAY MOHANTY

Muthoot Microfin booked 11.52x, Suraj Estate 15.65x

The initial public offering (IPO) of Muthoot Microfin, the microfinance subsidiary of Muthoot Pappachan group, received 11.52 times subscription on the closing day of bidding on Wednesday. Meanwhile, the initial share sale of Suraj Estate Developers fetched 15.65 times subscription on the last day of bidding on Wednesday.

Motisons Jewellers a huge hit; gets subscribed 159.61x

Motisons Jewellers' IPO was subscribed a whopping 159.61 times on the last day of share sale on Wednesday. Meanwhile, the IPO of RBZ Jewellers attracted 7.13x subscription on Wednesday, the day two of bidding. The ₹100-crore initial share sale received bids for 56,365,650 shares against 7,900,000 shares on offer.

Azad Engineering booked 3.30x on first day of bidding

The IPO of Azad Engineering got subscribed 3.30 times on the first day of bidding on Wednesday. IPO of Credo Brands Marketing, which owns denim brand Mufti, got subscribed 6.94 times on the second day of the offer on Wednesday. The initial share sale of auto components maker Happy Forgings received 7.46 times subscription on the second day offer on Wednesday.

and are slated to begin next year buoyed investors. Some central bank officials hinted at a 75-basis point rate cut next year — more than the markets had priced in.

The ruling Bharatiya Janata Party's win in three of five Assembly elections made the political outlook favourable by raising hopes for policy and regime continuity after next year's general elections.

Both events led to an uptick in foreign portfolio investor (FPI) flows this month. In December, FPIs have been net buyers (buying-selling) of equities worth ₹56,617 crore, according to data from the National Securities Depository.

Moreover, companies are

in a rush to complete their IPOs before the last week of December, and FPI flows could moderate due to the holiday season.

Bankers said companies are trying to tap into equity rally this month. So far in December, the S&P BSE Sensex has risen 5.3 per cent, the best last month of the year since December 2020. Some of the IPOs this month are of companies where private equity (PE) investors and promoters are selling stake.

Inox CVA's IPO, the largest listing this month, is a pure offer-for-sale issue, with promoters selling stake.

Meanwhile, IndiaShelter's IPO will see many PE players offloading their stake. Happy

Forgings and Muthoot Microfin will mix primary and secondary share sales.

"It is the favourable markets that are driving the December launches. There is a lot of enthusiasm and positive momentum in the markets. PE and promoters got their paperwork done and got the approvals. There are also a lot of blood deals in the market. The momentum is the strongest we have seen recently," said Pranjal Srivastava, partner-investment banking, Centrum Capital.

The pipeline for the next month looks strong, with close to a dozen lined up to hit the markets.