

Mid- and small-cap firms drive IPO wave in 2023

RAKING IN THE MOOLAH. 57 mainboard offerings mopped up over ₹49,000 crore: Prime Database data

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After a quiet start, the year witnessed a flurry of initial public offerings (IPOs), led by mid- and small-cap companies eager to cash in on the flush of liquidity and upbeat market mood.

This year's tally of 57 mainboard offerings is the second-best in 10 years, resulting in a mop-up of over ₹49,000 crore, data from Prime Database shows. The number of new filings, at 85 (and counting), is also on the higher side.

Sixteen companies raised over ₹1,000 crore, with Mankind Pharma, Tata Technologies and JSW Infrastructure garnering over ₹10,000 crore. The average issue size was ₹867 crore, significantly lower than the

previous three years. Sixteen issues were subscribed over 50 times, with Suraj Estate Developers and Avalon Technologies seeing bids for over 100 times the shares on offer.

Fresh capital raised this year amounted to ₹20,662 crore, which is 42 per cent of the total mop-up, and the best in percentage terms in the last eight years.

"This is a positive sign," said Pranav Haldea, Managing Director, PRIME Database Group. "It indicates that the monies raised are being utilised for expansion or diversification, and not merely to give exits to existing investors."

The tide turned after Mankind Pharma, the fourth largest pharmaceutical company by domestic sales, hit the market with its ₹4,326-crore IPO in April. The rally in the secondary

It's raining IPOs

CV23 has seen the fourth-best mop-up in the last decade

	No.	Fresh capital	Offers for sale	Issue amount (₹crore)
2014	5	499	702	1,201
2015	21	6,540	7,074	13,614
2016	26	9,176	17,318	26,494
2017	36	11,680	55,468	67,147
2018	24	7,444	23,515	30,959
2019	16	2,960	9,402	12,362
2020	15	3,531	23,082	26,613
2021	63	43,329	75,394	118,723
2022	40	17,659	41,643	59,302
2023	57	20,662	28,772	49,434

Source: primedatabase.com

market and renewed interest from overseas investors further bolstered confidence, with the result that 44 companies from across sectors hit the market between August and December.

New age tech companies and those from the BFSI space, however, were largely missing in action.

MULTIPLE FACTORS

Experts attribute the increase in IPO activity to companies' eagerness to enter the market ahead of the Lok Sabha elections, coupled with strong economic activity and favourable sentiments from both domestic and foreign investors towards India. "The increased focus on profitab-

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- More than two-thirds of IPOs made over 10% on listing day
- 45 companies have given returns of over 10 per cent since listing
- 22 are up over 50 per cent; nine sitting with gains of over 100%

ility and reasonable pricing of deals sparked a strong interest in the offerings," said Mahavir Lunawat, Managing Director, Pantomath Capital Advisors.

More than two-thirds of the companies made over 10 per cent gains on listing day, as companies sobered up on valuations and left more money on the table for

investors. Eleven returned over 50 per cent but nine ended in the red on debut. All except two, however, are trading in the green, based on December 27 closing prices.

Forty-five companies have given returns of over 10 per cent, 22 are up over 50 per cent and nine are sitting with gains of over 100 per cent.

The top gainers include IREDA (212 per cent), Cyient DLM (151 per cent) and Netweb Technologies (144 per cent).

The pipeline for the coming year, too, remains robust. Twenty seven companies hold the regulatory approval to launch an offer, and another 34 are awaiting a regulatory nod for their offer documents.

Together, these could raise over ₹64,000 crore in the coming year.