

# Market value of 57 IPOs in 2023 up 870%, 52 trading at premium

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INVESTORS WHO put money in initial public offerings (IPOs) in 2023 have seen handsome appreciation in their investments after listing of shares on the stock exchanges. The market value of 57 IPOs listed in the last 12 months has shot up to Rs 479,656 crore, translating to an 870 per cent spurt in investor wealth as these companies raised only Rs 49,434 crore from the market through the IPOs.

This means investors, mainly promoters and institutional investors, have seen an overall appreciation of Rs 430,000 crore in their wealth from these IPOs.

Of the 57 companies listed on the stock exchanges in the last 12 months, share prices of only five companies are trading at a discount. Others have gained up to 236 per cent.

According to Pranav Haldea, Managing Director, PRIME Database Group, overall public equity fundraising increased by 59 per cent to Rs 1,44,283 crore in 2023 from Rs 90,886 crore in 2022. Of the 57 IPOs, 41 IPOs received a mega response of more than 10 times (of which 16 IPOs were subscribed by more than 50 times) while nine IPOs were oversubscribed by more than three times. The balance seven IPOs were oversubscribed between 1 to 3 times, he said.

The market capitalisation of Tata Technologies is now Rs 47,378 crore while they raised Rs 3,042 crore through the IPO. Its

## TOP GAINERS

Company	IPO price#	Amount raised*	Market price#	%Gain	Market cap
Motison Jewellers	55	151	223.81	236.33	2,203
IREDA	32	2,150	111	221.25	29,834
Signature Global	385	730	1,132.10	191.35	15,907
Netweb Tech	500	631	1,455.70	165.87	8,161
Cyient DLM	265	592	669.65	149.83	5,310
Utkarsh SFB	25	500	62.77	132.68	6,894
Tata Tech	500	3,042	1,167.90	132.66	47,378
Senco Gold	317	405	795.40	132.11	6,179
Mankind Pharma	1,080	4,326	2,221	99.12	88,970
JSW Infra	119	2,800	211.85	80.84	44,488

\* Rs crore, # Rs per share

shares were at Rs 1,167.90 on January 12 as against the IPO price of Rs 500 per share. Indian Renewable Energy Development Agency's market capitalisation is at Rs 29,834 crore as against the IPO size of Rs 2,150 crore. Its share price was Rs 111 on January 12 as against the IPO price of Rs 32. Mankind Pharma's investor wealth is now Rs 88,970 crore as against the IPO size of 4,326 crore from the IPO price of Rs 1,080. Its share price shot up to Rs 2,221.

While promoters and institutional investors hold a lion's share of this gain through the listing, retail investors who have stayed invested have witnessed significant value appreciation. A retail investor who got 10 shares of Tata Tech shelled out Rs 5,000 in the IPO, and is now sitting on a gain of over Rs 6,000 as the market value of his 10 shares has gone up to Rs 11,679.

The good returns have led to huge oversubscriptions in most

IPOs. Learning from the past experience, issuers didn't opt for overpricing. "The IPO frenzy of the past few months has not stopped. Big names are flocking to the market, attracting the attention of business enthusiasts," said Mahavir Lunawat, Managing Director, Pantomath Capital Advisors IPOs in recent times have transcended mere financial transactions, grabbing the attention of investors across the board and are no longer confined to just seasoned equity investors, he said. The IPO market was vibrant in 2023, following the bullish trend in the secondary market. 57 IPOs came to the market for subscription to raise funds worth Rs 49,434 crore against 40 IPOs last year (total issue size of Rs 64,000 crore).

Going ahead, the pipeline remains strong with sharp increase expected in new-age tech IPOs including Ola Electric, Swiggy and Mobikwik.

Why is the IPO market vibrant? The benchmark indices Sensex and Nifty gained around 18.74 per cent and 20.03 per cent during the calendar year 2023. As the performance of the IPO market is also linked to the stock market, IPOs have also done well, analysts say.

"Most IPOs last year were profitable for investors, as they were well-priced (buyers' market). The year 2023 was robust for the overall equity capital market (ECM), and the momentum is expected to continue over the next 12-24 months. Last year, we saw the advent of local investors, including mutual funds, insurance companies, family offices and retail entering the market," said S Ramesh, Managing Director and CEO of Kotak Investment Banking.

Moreover, GDP growth in the first half of FY24 stood at 7.7 per cent led by a robust print in manufacturing and investment sec-

tors. This led to the Reserve Bank of India revising its gross domestic product (GDP) forecast upwards to 7 per cent for FY24. Such optimistic expectations for real GDP growth have boosted the market. Even other high-frequency data points (GST collections, automobile sales, power demand and PMI data) witnessed robust growth. On the other hand, the first half of FY24 corporate earnings ended on a buoyant note with Nifty companies delivering 30 per cent YoY profit growth, according to a Motilal Oswal report.

The confidence of the investors regarding political continuity post 2024 Lok Sabha elections has received a big boost, it said, adding, "this augurs well for macro and policy momentum for India, which, at the moment, is seeing the highest growth among major economies (both GDP as well as corporate earnings)."

Kotak Investment Banking's Ramesh said this year fundraising activity may temporarily slow down due to the elections in India and the US, but the IPO momentum is unlikely to stop. While 2023 was the year of mid-cap IPOs with an average deal size of Rs 750-800 crore, this year, the average IPO size is expected to return to Rs 1,500 crore.

"We expect a diversified set of companies to hit the market this year, including larger financial and tech services, manufacturers, and infra companies going public. Additionally, new-age tech listings will happen in the next 12-24 months," Ramesh said.