

IPO momentum expected to remain strong this year

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MUMBAI: Indian companies raised a record ₹67,147 crore in 2017 through initial public offerings (IPOs), with 36 firms, including India's biggest insurers, going public. Last year's fundraising is 89% more than the previous record of ₹37,534 crore reported in 2010, data from primary market tracker Prime Database shows.

Market experts said several factors, including a resilient domestic economy and strong domestic liquidity coming into equities contributed to the buoyant market for IPOs.

"The domestic economy has remained resilient despite several big disruptions including demonetisation and the GST roll-out, and this has buoyed foreign and domestic investor sentiment," said Sumit Jalan, co-head of India Investment Banking & Capital Markets, Credit Suisse.

The supply side too has been vibrant with high-quality companies from a wide variety of sectors coming to the market.

"On the supply side, fairly high quality paper with good sponsorship backing has hit the market. Investors have reacted positively to the mix of new sectors, themes and instruments that have come to the market. Secondly, a large portion of the issuance this year has been in the form of offer for sales (OFS) in the secondary market, as sponsors took advantage

IPO boom

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Top 5 IPOs in 2017	IPO size (in ₹ crore)
General Insurance Corp. of India	11,175.8
The New India Assurance Co.	9,466.9
HDFC Standard Life Insurance Co.	8,695
SBI Life Insurance Co.	8,386.4
ICICI Lombard General Insurance Co.	5,700.9

Year-wise IPO fundraising

	No. of companies	Total IPO fundraising (in ₹ crore)
2008	37	16,904.4
2009	20	19,544
2010	64	37,534.7
2011	37	5,966.3
2012	11	6,835.3
2013	3	1,283.8
2014	5	1,200.9
2015	21	13,614.1
2016	26	26,493.8
2017	36	67,147.3

Source: Prime Database, Sebi

of the constructive market environment to monetise their holdings," Jalan added.

One of the standout features of the IPO run this year has been the number of large-sized IPOs that hit the market. The year witnessed four \$1 billion plus IPOs—General Insurance Corp. of India (₹11,175 crore), The New India Assurance Co. Ltd (₹9,466.9 crore), HDFC Standard Life Insurance Co. Ltd (₹8,695 crore) and SBI Life Insurance Co. Ltd

(₹8,364 crore). Experts say more such IPOs will come into the market in 2018. The median size of IPOs has been increasing over the past three years, with the FY17 median IPO size at ₹880 crore, indicating that firms tapping capital markets are among the larger well-established firms looking to further grow their businesses, along with providing exits to early stage investors, said Shilpa Kumar, managing director (MD), ICICI Securities.