

Bhavesh Shah, managing director and investment banking head at Equirus Capital, said India is witnessing true democratisation of entrepreneurship and value creation. "We are seeing some fantastic companies from the non-metropolitan cities which have scaled up nicely with their differentiated business models," he said, adding that tapping into capital markets also helps such companies attract strong management talent, which otherwise is restricted to the metros.

The trend of companies in small cities tapping the IPO route to raise growth capital is likely to continue. According to primedata-base.com, 19 companies are planning to raise nearly Rs 7,100 crore in the second half of 2025. This includes Rayzon Solar from Surat, Kumar Arch Tech from Udaipur, Parames Biotech from Devrapalli, Excelsoft Technologies from Mysuru, and Bharat Coking Coal from Dhanbad.

Experts, however, caution investors to tread carefully, as these IPOs could emerge as comparatively riskier bets. "The degree of scrutiny by analysts and the media is far lower for companies based in smaller cities compared to those in metros, where most analysts and media houses are concentrated," Shankar Sharma, veteran investor and founder of GQuant Investech, told ET.

"The valuation game can be highly seductive for promoters of these companies."

INDIA'S IPO MAP GETS A MAKEOVER

As D St Buzzes, Small-city Promoters Enter the Chat

Cos from small cities have raised ₹8,120 cr this year, which is nearly 15% of total funding; it was 4.2% in 2021

Sachin Kumar

ET Intelligence Group: Initial public offerings (IPOs) are no longer the domain of companies in India's major cities with a rising trend of firms

from Tier II and III cities venturing into the primary market in recent years, showed data compiled by ETIG.

In 2021, 14 companies from the smaller cities raised ₹5,465 crore through public issues, comprising 4.2% of total IPO funds raised that year. In 2024, the IPO tally climbed to 37 and the amount raised shot up nearly eightfold to ₹43,316 crore or 27% of the value of total IPOs. This calendar year so far, 22 firms from smaller cities have raised ₹8,120 crore or nearly 15% of total funding through IPOs.

Some of these cities include Ratlam, Kanpur, Vapi, Sangli, and Tirunelveli.

While some of these companies are regional heavyweights in their sectors,

others have expanded to overseas markets. For instance, Visakhapatnam-based Manoj Vaibhav Gems N Jewellers caters to Andhra Pradesh and Telangana, while Shreenath Paper from Aurangabad supplies to clients in Maharashtra, Gujarat, and Madhya Pradesh. On the other hand, Agra-based HMA Agro Industries exports food products to several countries, while Umbergaon, Gujarat-based Doms Industries supplies its stationary products in domestic market as well as overseas.

A stock market listing not only brings in a new set of investors but also paves the way for greater transparency by exposing these firms to industry best practices.

Riskier Bets 14

Share in total

	No. of IPOs (%)	Amount raised (%)
2021	14.4	4.2
2022	14.3	3.9
2023	20.5	17.3
2024	23.4	26.8
2025*	24.4	14.4

Bharat Inc Hits the St

* Till July 2025
Source: Capitaline

