

Hungry IPOs carve out a hefty slice of MF liquidity

Groww, Lenskart, Pine Labs among 25 buys served up in November

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The ongoing flurry of initial public offerings (IPOs) is absorbing a sizeable portion of mutual fund (MF) liquidity. In November, six primary market issuances accounted for more than ₹13,000 crore of net equity investments by MFs. Groww led the inflows, attracting roughly ₹4,200 crore. Lenskart Solutions, Pine Labs, Physics Wallah, Tenneco Clean Air, and Emmvee Photovoltaic Power also ranked among the top 25 stocks most purchased by MFs during the month, each drawing over ₹1,000 crore, according to an analysis by Nuvama Alternative & Quantitative Research.

Data from the Securities and Exchange Board of India shows that net equity investments by MFs reached ₹43,500 crore in November.

The growing MF appetite for IPOs, combined with strong demand from other investor segments, has supported record issuances. More than 100 mainboard IPOs have launched this year, marking the highest number in 25 years.

"The primary market activity reflects strong



A hefty helping of new-age listings

Funds feed the top picks, led by Groww and Lenskart

Stock	Estimated investment (₹ crore)*
Groww	4,200
Lenskart Solutions	2,500
Pine Labs	2,300
Physics Wallah	1,700
Tenneco Clean Air	1,400
Emmvee Photovoltaic Power	1,000

*in November; includes equity, exchange-traded funds, Equity-Linked Savings Scheme, and equity-oriented hybrid funds
Source: Nuvama Alternative & Quantitative Research

demand, largely driven by retail inflows into MFs. With valuations in the secondary market remaining elevated, much of this liquidity has moved into primary issuances," said Pranav Haldea, managing director

of Prime Database group.

Om Ghawalkar, market analyst at Share.Market, echoed this view. "The IPO market's strength has been anchored by a domestic liquidity supercycle. Continuous MF inflows created a

deep reservoir of capital ready for deployment, acting as a strong backstop for new issuances despite global market volatility," he said.

Demand in the primary market is especially strong for consumer technology (consumertech) and new-age businesses, which now account for 20 per cent of recent IPOs. "Twenty per cent of IPO demand comes from consumertech and new-age sectors, a share that could rise above 30 per cent over the next five years. At least 20 startups with private market valuations running into hundreds of millions of dollars are preparing to tap the markets," said Abhinav Bharti, India head of equity capital markets at JPMorgan.

In the secondary market, Eternal led the MF buy list, with fund managers investing ₹4,500 crore in the food and grocery delivery company in November. ICICI Bank, ITC, Mphasis, and HDFC Bank completed the top five. Conversely, MFs trimmed their exposure to public-sector banks and pharmaceutical stocks. State Bank of India, Reliance, Canara Bank, Lupin, and Sun Pharma were the most sold stocks last month.