

Merchant banker registrations at highest level since FY2000

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Merchant banker registrations hit 26-year high amid IPO boom

Registered merchant banker numbers are rising amid record activity in the primary or initial public offering (IPO) market in recent years. There are now a total of 244 merchant bankers registered with the Securities and Exchange Board of India (Sebi). This is the highest since the 1999-2000 (FY2000). There were four more additions in the first two months of the ongoing year, according to a *Business Standard* analysis of collated regulatory data.

SACHIN P MAMPATTA reports

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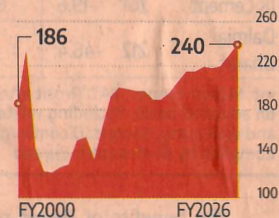
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Merchant bankers help companies sell securities to the public in return for a fee. The IPO market, where companies typically sell shares to the public for the first time, raised a record ₹1.8 trillion in FY26 through 112 different companies on the mainboard of the stock exchanges.

There were 254 small and medium enterprises (SMEs), which raised nearly another ₹11,000 crore — also a record. There have been nine mainboard IPOs in FY27 so far, which raised ₹3,794 crore as of June. There were also 45 SME IPOs which raised ₹1,887 crore as of June in FY27.

Highest since 2000 dotcom boom

Number of registered merchant bankers



Sources: Sebi, primedatabase.com

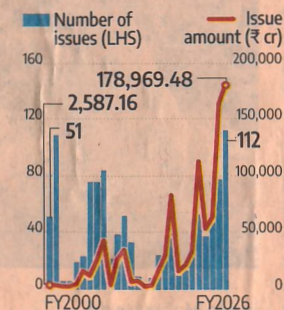
"One of the biggest reasons for the tremendous increase in companies wanting to go for an IPO in the last 3-4 years is what I call the net-worth creation effect," said Pranav Haldea, managing director (MD)

at Prime Database. Earlier most traditional, family-owned businesses were reluctant to dilute equity.

However, having seen the personal wealth of their peers who went for an exchange listing rise significantly has led them to seek similar gains, said Haldea. This phenomenon is especially at play in Tier II and III cities.

The momentum for listings across the country has become more widespread as a result,

Surge in IPO activity



and more local entities may be signing up as merchant bankers to help local companies with regulatory requirements for listing on stock exchanges.

Some of the new registrations have a correspondence address in places outside major metros, including Jaipur in Rajasthan, Ahmedabad in Gujarat, and Bhubaneswar in Odisha, show regulatory disclosures.

A number of the new players coming in are primarily handling issues in the SME space, agreed Pavan Kumar Vijay, founder of Delhi-based merchant banker Corporate Professionals. While the current number of registrations appear high when compared to the last few years, the persistence of the IPO boom may see

room for even more players to come in, in a rise reminiscent of the 1990s, according to him.

"It is because of IPO activity...with IPOs going up, new registrations are likely to continue," Vijay said.

There is also migration happening within the segment.

"Merchant bankers who used to operate only in the SME space have moved to the mainboard," said Haldea.

This comes even as the pool for investment banking fees has expanded. The average annual aggregate lead manager fees for the five years ending in FY19, the period before the pandemic stock market boom, was around ₹400 crore. It has averaged ₹2,500 crore in the five years ending FY26; and exceeded ₹4,300 crore in FY26, shows data from primedatabase.com.

Interestingly, this boom does not mark the peak of merchant banking activity in terms of the number of players. Regulatory data shows that there were 1,163 registered merchant bankers in FY97. But numbers had dropped nearly 90 per cent to 123 only seven years later in FY04.

The growth in merchant banking registrations had coincided with an IPO boom in the mid-1990s which peaked with 1,334 IPOs in FY96.

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