

Business Standard

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India's primary market is set for one of its most crowded weeks, with six mainboard [initial public offerings](#) (IPOs) scheduled to open for subscription on September 9. The last time when exactly six offers opened in a day was on October 14, 1996, according to historical data from Prime Database. Meanwhile, seven IPOs had last hit Street on October 28, 1996. Between 1995 and 1996, exceptionally good years for the IPO market, there were multiple days when upwards of 10 public offerings hit Dalal Street together.

The six issues opening on Wednesday are expected to raise a combined ₹4,509 crore, significantly higher than ₹22 crore raised in a single day 30 years ago. The September 9 rush comes as the broader IPO market has picked up pace. As many as 12 mainboard IPOs are lined up between September 7 and September 11, targeting roughly ₹7,180 crore.

The six IPOs opening on September 9 are [Rentomojo](#), [Asset Reconstruction Company \(India\)](#), [Manipal Payment & Identity Solutions](#), Steamhouse India, LCC Projects and Karamtara Engineering.

Why are so many companies tapping the market?

According to Pranav Haldea, Managing Director of Prime Database, there is clearly investor demand for IPOs, since companies would otherwise find it difficult to bring issues to market.

"No one is forced to buy an [IPO](#) after all" Haldea said, pointing out that companies can gauge investor interest during roadshows. If demand is weak or valuations are considered excessive, companies can either defer their plans or revise valuations before launching. One of the biggest drivers of IPO market, he said, is the steady flow of money into mutual funds. "Mutual funds continue to attract significant amounts of capital every month, and there is obviously a limit to how much of this money they can put to work in the secondary market. There is a requirement for fresh paper to come into the market," he observed.

IPO boom at the cost of secondary market?

Unfortunately, this strong appetite for IPOs is coming largely at the cost of the secondary market, flagged analysts.

"Even FPIs have withdrawn money from the secondary market and invested it in the primary market. In relative terms, the appetite has shifted from the secondary market to the primary market," said G Chokkalingam, founder of Equinomics Research.

Additionally, investors are getting some tactical gains in many stocks on listing. Some of the recently-listed stocks like Milky Mist, ESDS Software, Tempsens Instruments among others have more than doubled IPO investors' money. Many of these stocks correct significantly after two or three months, but there are still a lot of stocks that provide an opportunity to book significant gains, said Chokkalingam.

Why the rush from companies?

Chokkalingam added that the [IPO market](#) is inherently cyclical and that companies are therefore trying to take advantage of the current window before market conditions change.

He also highlighted an important feature of the current IPO pipeline: a significant portion of issue proceeds is going towards existing shareholders/promoters through offers for sale, rather than solely towards fresh capital expenditure.

This gives promoters an additional incentive to tap the market while investor appetite remains strong. "The composition of Wednesday's IPO, with ARCIL's ₹733 crore entirely offer for sale, ₹485 crore of Manipal Payments' ₹805 crore OFS, shows existing holders monetising at prices they may not see again," said Harshal Dasani, business head at INVasset PMS.

With the NSE IPO also expected later in September, the pipeline could remain crowded. For investors, however, the sheer number of offerings makes selectivity increasingly important.