

NSE IPO a landmark event for India's primary market: Pranav Haldea

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The upcoming NSE IPO is a landmark event for India's primary capital market, says Pranav Haldea of Prime Database. He adds that sustained participation by retail investors is strengthening the country's capital-market ecosystem.

The upcoming initial public offering (IPO) of the National Stock Exchange (NSE) is a landmark event for India's primary capital market, while sustained participation by retail investors and the growing role of institutional capital are strengthening the country's capital-market ecosystem, says Pranav Haldea, Managing Director, Prime Database.

NSE IPO: A 'Landmark Event'

Speaking to ANI, Haldea said the NSE IPO has been long awaited by investors and its proposed launch marks an important development for India's primary market. "NSE IPO is of course a landmark event for primary capital market in India. It's extremely long awaited," Haldea said.

Asked about the potential impact of the NSE IPO on the valuations of other market infrastructure companies, Haldea said the valuation of NSE shares had already been reflected in the unlisted market and had been factored into the valuations of other market infrastructure institutions (MIIs). "I don't see too much of a valuation change just because of this IPO," he said.

Haldea said the other stock exchange would be the most direct comparison when assessing the IPO's implications for the market infrastructure sector. "I don't see any sea change taking place just by virtue of this IPO," he said.

Retail Investors Bolstering the Market

On the broader market environment, Haldea said domestic investors have continued to provide strong support to Indian equities despite geopolitical challenges, market volatility and foreign portfolio investor (FPI) outflows.

He said retail investors have become a key force supporting the Indian market, particularly through systematic investment plans (SIPs) into mutual funds. "The Indian market is essentially running on the shoulders of India's retail investors who have been steadfastly supporting the markets over the last couple of years," Haldea said.

He noted that the role of domestic investors has become particularly important in the context of

foreign investor outflows. According to Haldea, in earlier periods, substantial FPI exits would have resulted in a deeper market correction. However, strong domestic flows have helped provide support to the market.

Haldea said Indian investors are investing significant amounts through SIPs into mutual funds, which have emerged as important buyers in both the secondary and primary markets. He also pointed out that foreign investors continue to participate in India's IPO market even as they have been exiting the secondary market, indicating the continued appeal of India's primary capital market.

A Maturing Capital Market Ecosystem

On the debate over whether promoters are increasingly using IPOs to monetise their holdings rather than raise fresh capital, Haldea said the focus should remain on the quality of the company and the valuation at which it comes to the market. "An IPO is fundamentally about two things, the quality of the company and the valuation at which it's coming in. Whether it's fresh capital being raised or OFS is secondary," he said.

Haldea said the increasing role of angel investors, venture capital investors and private equity investors in providing growth capital has changed the path through which companies develop before entering the public market. He said these investors help businesses scale, establish governance mechanisms and reach a level of maturity that enables them to seek a public listing. This, in his view, provides greater comfort to retail investors assessing companies entering the IPO market. "This is a sign in my view of a maturing capital market ecosystem," Haldea said.

On promoters and other early investors selling stakes during an IPO, Haldea said such transactions should not automatically be viewed negatively. He noted that entrepreneurs take substantial risks in building businesses and that allowing them to realise part of their investment can also encourage future entrepreneurship.

Haldea said the more important consideration for investors is the promoter's residual stake after the IPO, particularly whether the promoter is retaining a significant holding or selling only a minority stake. He added that exits by venture capital and private equity investors at the time of an IPO are also not necessarily a negative development, as they can represent a natural stage in the evolution of a company and its ownership structure.

The comments come as India's primary capital market continues to attract attention from domestic and foreign investors, with the NSE IPO expected to be a significant milestone for the country's market infrastructure landscape. (ANI)

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