

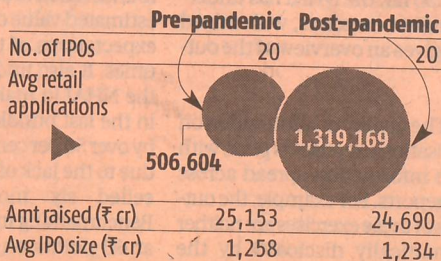
# Retail investors flood IPO Street

Flurry of activity in post-Covid era, average retail applications for 20 issues since Sept have nearly tripled

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## CROWDING THE IPO STREET

Average applications have jumped 2.6x in the post-pandemic period



Source: PRIME Database; Note: IPOs that opened until Feb 23 considered



## HIGH DEMAND

Post-pandemic IPOs that have seen highest number of retail applications

	No. of retail applications (in mn)
Indigo Paints	2.59
Mazagon Dock	2.36
Mrs. Bectors Food	2.20
Railtel	2.07
Burger King	1.97

## Easy Trip listing witnesses 160x subscription

The initial public offering (IPO) of online travel booking company Easy Trip Planners garnered 460x subscription.

The offering generated bids worth nearly ₹45,000 crore, with nearly 2 million applications.

The institutional investor portion of the IPO was subscribed 78x, while the high networth individual portion garnered 384x subscription.

At the same time, the retail portion saw subscription of 71x. Easy Trip offers services such as airline tickets, hotel bookings, and holiday packages through its online portal easymytrip.com.

The total IPO size of the company worked out to ₹510 crore, which was entirely a secondary share sale by its promoters.

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applying for IPOs these days with mobile applications has become a matter of seconds. This has made many investors apply for all IPOs impulsively.

Crowding may have become rare in the post-pandemic world, but not if you are on the IPO Street. The average number of retail investors subscribing to maiden offerings has nearly tripled in the post-pandemic world.

Consider this: the 20 initial public offerings (IPOs) that have hit the market since September have attracted an average 1.3 million applications from small investors — those investing up to ₹200,000. Meanwhile, the average applications for the 20 IPOs that preceded the lockdown in March stood at about half a million, data provided by primary market tracking firm PRIME Database shows.

So what is driving so many investors to the IPO market?

Market observers say that several factors have become together—buoyancy in the secondary market, good post-listing performance for many IPOs, and ease in account opening and applying for IPOs.

Between April and February, more than 10 million new dematerialised accounts were opened. Experts say the new crop of investors — most of whom are millennials — have taken a liking to IPOs.

"We witnessed an unprece-

dent 1 million demat accounts being added each month during the lockdown. The new investors added to higher participation in IPOs," said Sandeep Bhardwaj, CEO (retail broking) of IIFL Securities.

Barring the new IPOs, all listings this financial year have seen their shares surge on the opening day. The average first-day rise has been in excess of 40 per cent, with four stocks even doubling following their listing.

Nithin Kamath, CEO of Zerodha, India's largest brokerage, said the success of IPOs has been a boon for the broking industry.

"The most recent IPOs have done well. Usually, the trigger for people to invest in an IPO is when someone else makes money.

Historically, IPOs have facilitated the entry of new investors. We are seeing even existing investors opening new accounts for their family members to apply in IPOs and improve their chances of getting an allotment," he said.

Greater the number of applications, less the chance of getting an allotment. This is because every IPO has finite number of shares.

Further, if the number of investors rises, the issuer has to resort to lottery system to decide on who gets an allotment.

For instance, in some of the recent IPOs, only one out of every 30 applicants has got an allotment due to the high demand.

Liquidity provided by retail investors, coupled with the surge in secondary market valuations,

has emboldened companies to flock to the market with their IPOs.

This month, over half a dozen companies will launch their maiden offerings, aiming to raise a cumulative ₹12,000 crore.

Meanwhile, more companies have started approaching the regulator with their offer documents to go public.

"With valuations going through the roof, several HNIs and retail investors are sitting on cash. This is being put to use for investing in IPOs, where they see potential gains. Companies with unique business models and a good corporate governance track record are being favoured," said Prasanth Prabhakaran, managing director and CEO of YES Securities.

Industry players highlight that