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Whoosh! Economic recovery opens IPO floodgates

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MUMBAI: India's capital markets, already in the middle of a record bull run, could get a fresh push with a string of new stock floats this year, which will revive a listless initial public offering (IPO) market amid budding signs of economic recovery.

Analysts said the range of companies seeking approval to list on stock exchanges range from construction and infrastructure majors to movie firms and dairy product chains — mirroring improved investment activity as well as greater consumption spending.

Companies are estimated raise more than ₹75,000 crore in 2015-16, using a mix of instruments including fresh stock float or IPOs, qualified institutional placements (QIPs) and selling of government share in state-owned firms, analysts told *HT*.

Equity-based fund raising in India will likely be the highest in five years, and more than the previous record of ₹72,143 crore raised in 2010-11, they added.

"Sentiment is very strong. We should see a good year for capital raising," said Pranav Haldea, MD of Prime Database, which tracks primary markets.

This week itself, five companies have filed their draft IPO

prospectus — a formal application seeking the approval of market regulator Securities and Exchange Board of India (Sebi).

These include private sector lender Catholic Syrian Bank, mid-size construction company Dilip Buildcon, container terminal operator Navkar Corp, Maharashtra-based Prabhat Dairy and precision coil spring maker MM Auto Industries. Collectively, they are targeting to raise close to ₹2,000 crore.

Sadbhav Infra, UFO Moviez and VRL Logistics are among the companies that have received Sebi's approval for an IPO over the last few months.

According to Haldea, there are

11 companies seeking to raise ₹5,010 crore, which have already received approval for an IPO from Sebi. Another 11 companies looking to raise ₹3,600 crore are awaiting regulatory nod.

"I am hoping there will be 12-15 IPOs in the next few quarters," said Dara Kalyaniwala, vice-president, investment banking at Prabhudas Lilladher.

In 2014-15, ₹58,801 crore was raised via capital markets, the highest since 2010-11, but a large part of it (₹28,429 crore) was through QIPs — preferred due to less restrictive norms. There were only eight IPOs, which collectively raised just ₹2,769 crore (see graphic).

