

Each issue in FY22 has seen an avg of 15.68 L retail bets, improved trading infra also helps

Strong Listing Returns Drive Retail Participation in IPOs to Record High

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Mumbai: Retail investor participation in initial public offerings (IPOs) has hit a record high in recent issues fuelled by strong listing returns, improved trading infrastructure and faster online payment systems. With investors able to punt on IPOs with a click on the mobile trading application, the retail category of issues has been flooded with bids that are many times the shares set aside for them. This augurs well for the pipeline of upcoming mega issuances including LIC.

In FY22 so far, 15.68 lakh retail investors have participated on an average in each IPO. This is 25% more than the average 12.73 lakh retail applications in FY21 and 6.88 lakh in FY20.

In 2007-08, when the IPO market witnessed frenzy, the average applications from the retail investors were 3-5 lakh, except in the case of Reliance Power and Coal India.

Retail subscription in the latest two IPOs – Zomato and Tatva Chintan Pharma – is an evidence of their voracious appetite. Both the issues saw more than 32 lakh applications each, almost 5% of the total demat accounts in India. In the case of much-awaited Zomato, the retail category was lapped up within a couple of hours of the issue last week despite mixed commentary

Rising Interest

Average applications per issue from retail investors

Year Avg Applications (lakh)

FY19 **6.13**

FY20 **6.88**

FY21 **12.73**

FY22* **15.68**

* as of date



about its prospects.

The earlier two IPOs – Clean Science and GR Infraprojects – saw 23.5 lakh and 20 lakh applications, respectively, from retail investors. IPOs of 2021 such as Indigo Paints, RailTel Corporation, MTAR Technologies, Laxmi Organic and Nazara Technologies saw more than 20 lakh applications each from retail investors, a consistent trend that was never seen before.

“The stellar performance of the recent IPOs – both in terms of lis-

ting gains and returns post-listing – will keep investor interest elevated in new offerings,” said Atul Mehra, managing director, investment banking, JM Financial.

Out of the 38 companies that have listed on the main exchanges in the past one year, 34 are trading above their IPO prices, showed data compiled by ETIG Database. 10 companies have gained over 100% from their IPO prices. Around half of these 38 companies have gained at least 50%.

Investment bankers said mobile

IPOs with highest retail participation since 2018

Company	Year	Size (₹ Cr)	No of applications from retail (lakh)
Tatva Chintan Pharma	Jul-21	500	32.50
Zomato	Jul-21	9,375	32.14
SBI Cards	Mar-20	10,341	26.95
Indigo Paints	Jan-21	1,169	25.88
MTAR Technologies	Mar-21	596	25.87
Mazagon Dock	Sep-20	444	23.56
Clean Science	Jul-21	1,547	23.50
HDFC AMC	Jul-18	2,800	23.30
Mrs. Bectors Food	Dec-20	541	22.02
GR Infraprojects	Jul-21	962	20.85
Nazara Technologies	Mar-21	583	20.83
Laxmi Organic Inds	Mar-21	600	20.81

SOURCE: primedatabase.com

trading applications, which are easy to use, have eased the process of applying for IPOs.

“Technology has dramatically reduced the barrier of entry for individual investors from participating in the primary market as now it takes just a minute to apply for an IPO,” said V Jayasankar, head of equity capital markets, Kotak Investment Banking.

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