

IPO Frenzy: 35 Cos may Raise ₹80,000 Cr in Q3

Likely to exceed the previous full-year record of ₹67,147 crore raised by 36 companies in 2017

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Mumbai: A flood of initial public offerings (IPOs) is set to hit the market between October and December.

As many as 35 companies are planning to raise a record ₹80,000 crore in the third quarter if the market remains stable, bankers said. In comparison, the previous record for a calendar year was in 2017 when 36 companies raised ₹67,147 crore.

Paytm, Aadhar Housing Finance, Star Health & Allied Insurance, Policybazaar, Emcure Pharma, Adani Wilmar, and Nykaa are among those planning to raise between ₹4,000 crore and ₹16,600 crore in IPOs. Paradeep Phosphates, Vedant Fashions, CMS Infosystems, and Northern Arc are also expected to tap the market to raise ₹2,000-2,500 crore in the December quarter, according to banking sources.

About 14 companies, including Paradeep Phosphates, Go Airlines, Ruchi Soya Industries, Arohan Financial Services, Utkarsh Small Finance and Fincare Small

TOP IPOs EXPECTED IN Q3	
Tentative Issue Size (₹ Cr)	
Paytm	16,600
Aadhar Housing Fin	7,300
Star Health	7,000
Policybazaar	6,000
Emcure Pharma	5,000
Adani Wilmar	4,500
Nykaa	4,000
Paradeep Phosphates	2,500
Vedant Fashions	2,500
CMS Infosystems	2,000
MobiKwik	1,900
Northern Arc	1,800
MedPlus	1,600

So far this year, 42 cos have hit the primary market, raising a record ₹69,676 crore

Finance, have already received approval from capital markets regulator, Securities and Exchange Board of India (Sebi), to raise around ₹22,000 crore, while a further 64 companies have filed their draft red herring prospectuses.

Market participants said they were not worried about more money being funnelled into the primary market or diverted from the secondary market, which is hovering near record-high levels.

FPI Inflows in IPOs This Year >>> 6



DALAL STREET OUTLOOK US Bond Yield, RBI Policy Stance to Drive Sentiment

The direction of US bonds may continue to drive sentiment in the stock market, which has been under pressure of late on the recent rise in yields. Analysts said expectations of RBI signalling a start of normalisation of liquidity measures in the next policy meet will also keep traders nervous. >>> 5

FPI Inflows

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"With the kind of issues lined up, investors — including institutions — would deploy fresh money into IPOs rather than chasing the same listed stocks, and in fact, it would stop fuelling the asset bubble in the secondary market," said V Jayashankar, head of equity capital markets, Kotak Investment Banking.

"Though there is a lot of liquidity in the market, investors will likely pick and choose from a large pool of companies that are planning to hit the primary market in the next few months," he added.

Policybazaar and Nykaa are expected to launch their IPOs this month to raise ₹6,000 crore and ₹4,000 crore, respectively. Chennai-based standalone health insurance company Star Health also plans to launch its ₹7,000 crore IPO later this month.

MobiKwik, Paradeep Phosphates, CMS Infosystems, Northern Arc, Sapphire Foods, and Tarsons Products may also launch their IPOs in October, while digital payments firm Paytm expects to list in November. The homegrown fintech firm, backed by China's Ant Group and Japan's SoftBank, has filed for a ₹16,600 crore IPO that will likely be the largest ever in India. It is pending regulatory approval.

"The IPO euphoria is likely to continue in the coming months with ample liquidity, which could come from all sections of investors, including domestic and fore-

ign institutions," said Dharmesh Mehta, managing director and chief executive of DAM Capital. "However, every issue may not get a good response," Mehta cautioned.

So far this year, 42 companies have hit the primary market, raising a record ₹69,676 crore, data from primary markets tracker Prime Database showed.

Foreign portfolio investors (FPIs), which have invested a net ₹38,000 crore, contributed to nearly 55% of the funds raised in the IPOs so far in 2021.

Out of 24 IPOs listed since April 1, 18 are trading above their offer price, while only six have seen negative returns.

Paras Defence, Ami Organics, Tatva Chintan Pharma, GR Infra-projects, Clean Science and Macro-tech Developers have in fact doubled from their initial offer price.

Fund managers said the IPO rush will attract more inflow into the capital markets because of renewed interest from investors.

"Any new company with good business and a reasonable price will likely attract strong flows from mutual funds, insurance companies, FPIs, and even from retail," said Gopal Agrawal, fund manager at HDFC Mutual Fund, adding that a strong IPO pipeline does not, however, have any material impact on the stock market because the MF industry is already witnessing significant inflows through Systematic Investment Plans and new funds.