

'21 record run rolls on with Nykaa

41 companies have raised ₹66,974 cr via IPOs so far this year; just ₹173 cr shy of all-time high touched in 2017

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Next week, one more record will have been notched up in 2021, a year when the BSE Sensex breezed past previously unheard of levels of 50,000 and 60,000. This time, the record scaled will be for the amount of funds raised through initial public offerings (IPO).

So far in 2021, 41 firms have mopped up ₹66,974 crore through IPOs, which is just ₹173 crore shy of the all-time high of ₹67,147 crore seen in 2017. With FSN E-Commerce Ventures', or Nykaa's, ₹5,300-crore maiden offering, which opens on Thursday, the 2021 tally will cross ₹72,000 crore.

Nykaa's IPO will be the biggest since food delivery firm Zomato's landmark offering in July, which opened the floodgates for start-up offerings. Taking a cue from Zomato's success, several start-ups filed IPO documents with market regulator Securities and Exchange Board of India (Sebi).

Until last year, it was perceived that India's start-up icons would opt to list on the Nasdaq, the most-preferred venue for technology IPOs.

"Many digital technology companies have come with their IPOs, which is creating strong demand. The demand is similar to Nasdaq-style listings — similar set of investors and valuations. In 2017, the large part of fundraising was led by insurance and financial services companies. This time there is a lot more diversity," said V Jayasankar, senior executive director and head of equity capital markets, Kotak Investment Banking.

The record fundraise this year has been boosted by global liquidity as well as strong participation from domestic investors.

"The flow of liquidity in the secondary market and positive sentiments on account of good returns have rubbed off on the primary market. The steps taken by the regulator in terms of easing things for issuers have also



ILLUSTRATION: BINAY SINHA

helped the IPO boom. Unicorns coming to list shows that Indian equity markets have matured. Investors are accepting valuations that are not based on price-to-earnings or profit growth. Retail investors actively investing in IPOs is proof of equity culture spreading," said Pranjal Srivastava, partner (ECM), Centrum Capital.

Next stop ₹1 trillion

With a little over two months left in 2021, the industry has set sights on scaling ₹1 trillion in fundraise via IPOs. Investment bankers

IPO BOOM

This year's tally will surpass ₹70,000 cr with Nykaa's IPO...

Year	No. of issues	Proceeds	Avg size (₹ cr)
2017	36	67,147	1,865
2021	41	66,974	1,634
2010	64	37,535	586
2007	100	34,179	342
2018	24	30,959	1,290

1995	1,341	7,998	6
1996	1,067	4,703	4
1994	1,020	6,085	6
1993	564	3,144	6
1992	332	1,323	4

...IPO proceeds are set to top ₹1 trillion given the strong pipeline



Source: PRIME Database

say this unprecedented feat is very much on the cards with the mega offering of Paytm.

The SoftBank Group-backed digital payments firm plans to launch its ₹16,600-crore IPO next month. Its offering will break state-owned Coal India's 2010 record for largest-ever IPO at ₹15,000 crore. Policybazaar, Adani Wilmar, and Star Health are other big IPOs that are expected to hit the Street before the end of this year.

Industry players said retail participation this year has been an encouraging sign, particularly in loss-making companies.

7 firms get Sebi's nod for IPO; ESAF SFB, Sapphire Foods in list

As many as seven companies, including ESAF Small Finance Bank, Sapphire Foods India and Anand Rathi Wealth, have received capital markets regulator Sebi's nod to raise funds through initial public offerings (IPOs). In addition, PB Fintech, which operates an online insurance platform Policybazaar and credit comparison portal Paisabazaar, Paytm's parent firm One97 Communications, life sciences company Tarsons Products and HP Adhesives too received Sebi's clearance to float their IPOs. These companies, which filed their draft papers with Sebi between July and August, obtained the regulator's observations during October 18-22, an update with Sebi showed on Monday. In Sebi's parlance, the issuance of observation is equivalent to the regulator's approval. ESAF Small Finance Bank's ₹997.78-crore public issue comprises a fresh issue of equity shares worth ₹800 crore.

PTI

"The revenues of these companies tend to compound, so even if most of them are not making profits, investors can clearly see them making profits at some point in time. Retail enthusiastically investing in IPOs is an effect of Covid. People have more time to research and make informed decisions," added Jayasankar.

Srivastava said the outlook for the IPO market will remain positive as long as the secondary markets remain the way they are. "We see a lot of quality names lined up," he said.