

Making a beeline

Sterling listing day gains and falling returns from competing asset classes have lured retail investors into the soaring primary markets.

46

No. of IPOs in 2021

₹18,492 cr

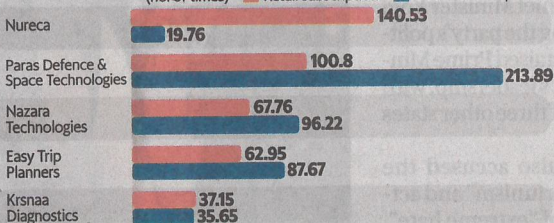
Retail capital raised

₹1,830 cr

Paytm IPO retail book

Top retail subscription IPOs in 2021

(no. of times) Retail subscription Overall subscription



Source: Prime Database, stock exchanges

SARVESH KUMAR SHARMA/MINT

IPOs set to mobilize at least ₹20,000 cr from retail investors

Swaraj Singh Dhanjal & Nasrin Sultana

MUMBAI

Retail investors are expected to plough at least ₹20,000 crore into India's red-hot primary market in 2021, lured by sterling listing day gains of recent share sales and falling returns from competing asset classes.

Companies have raised ₹18,492 crore from retail investors through initial public offerings this year, according to data from primary market tracker Prime Database and stock exchanges.

Paytm's IPO, the country's biggest yet, which opens on

Monday, alone has a retail book of ₹1,830 crore.

The substantial amount highlights the growing significance of retail investors in Indian markets since the pandemic outbreak.

Typically, retail investors crowd IPOs for quick listing day gains, a behaviour enhanced by this year's handsome gains.

Shares of companies such as Paras Defence and Space Technologies, Tatva Chintan, Indigo Paints and GR Infra-projects more than doubled on listing this year. These companies saw the retail portion of their share sale subscribed in double digits. The most highly

TURN TO PAGE 11

IPOs eye ₹20,000 crore from retail investors this year

FROM PAGE 1

subscribed retail books this year include names such as Nureca Ltd (140 times), Paras Defence (100 times), Nazara Technologies Ltd (67 times) and Easy Trip Planners Ltd (63 times).

“Retail investors will continue to participate in IPOs in a big way as more than 80-90% IPO listings and post-listing performance has been positive. I also believe the ease of applying in IPOs due to UPI, Aadhaar-based authentication, and apps launched by various brokers has been a very big driver,” said Jibi Jacob, managing director and head of equity capital markets, Edelweiss

Investment Banking.

According to another investment banker, the behaviour of retail investors has also seen a sharp departure from earlier days, when they would wait till the last day of a public offer to gauge institutional investor demand.

A strong buzz around an IPO can get its retail book subscribed within the first couple of hours of the IPO opening, he said on condition of anonymity.

Retail investors have been making their presence felt across the capital markets. A record 15.37 million demat accounts were created during April-September, according to Sebi data. This compares to 14.2 million new demat



A record 15.37 million demat a/c/s were created in Apr-Sep.

PTI

accounts in all of FY21.

According to Prime Database, the holdings of retail investors in companies listed on NSE stood at 7.13% on 30

September from 7.01% in the year-ago period.

In value terms, retail holding in companies listed on NSE reached an all-time high of ₹18.16 trillion from ₹16.18 trillion on 30 June, increasing 12.25%.

Experts believe that retail participation in IPOs will remain high in the coming weeks, on the back of a strong pipeline of technology IPOs and other consumer-facing brands.

“Given falling interest rates and negative real returns from traditional investment routes, retail investors have been flocking to the equity markets in large numbers. This trend is expected to continue for the near future, as interest rates

are likely to remain range-bound in the near future. From a sector perspective, new-age companies have been receiving a lot of interest, and this trend may continue with Paytm, Mobikwik and Oyo approaching markets in the coming days,” said Arka Mookerjee, partner-capital markets at law firm J Sagar Associates.

However, he cautioned that some of this activity is based purely on speculation and herd investing without a real understanding of sectors or potential.

“Some dampening of the animal spirits may happen if there are sharp corrections in the near future,” Mookerjee said.