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India IPO Frenzy Draws Retail Investors With Quick 57% Gains

- Average gain of India’s IPO debuts surpasses Asian peers
- Individuals bid for 12 times more shares than available

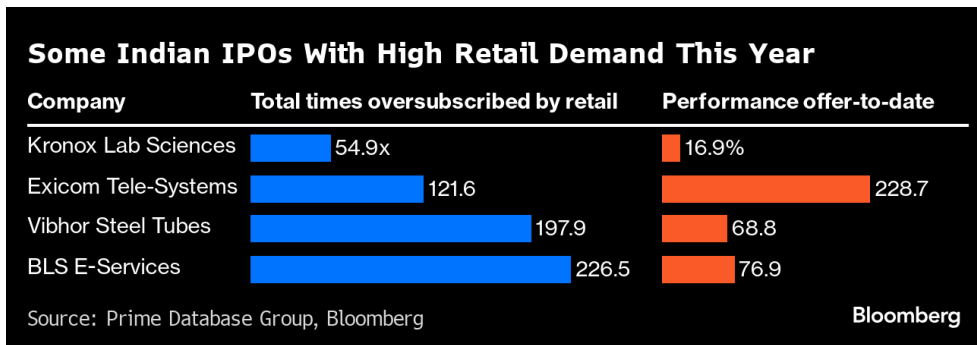
By Filipe Pacheco and Ashutosh Joshi

(Bloomberg) -- Retail investors are expected to keep piling into initial public offerings in India this year, as hefty gains for new stocks outpace the broader market and listings abroad.

Shares that began trading in India this year have delivered an average gain of about 57% since their debut, according to data compiled by Bloomberg. That compares with 32% for Asia Pacific and is more than double the global average, the data show.

At least 15 more companies are working on offerings that could materialize in coming months that could potentially raise a combined \$11 billion. Buying by retail investors has been key for the success of such sales in India, one of the hottest spots globally for IPOs in 2024 as surging valuations and good economic prospects lure issuers.

“At the moment it seems like a juggernaut that’s not going to stop anytime soon,” said Vineet Arora, who manages the Singapore-based NAV Capital Emerging Star Fund. “I talk to a lot of younger generation investors. Most of them don’t want to buy a house or real estate, an asset that one would typically invest soon after starting work. Now that money is finding its way into stock markets.”



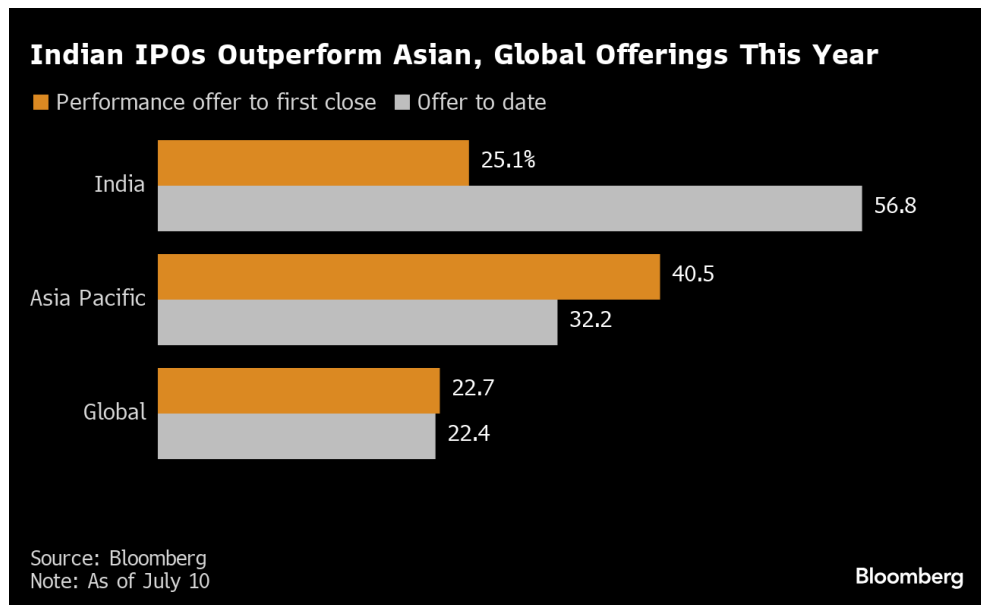
Retail investors bid for about \$10.6 billion worth of shares sold in 36 IPOs on Indian bourses this year, according to data from Prime Database Group. The amount was more than 12 times higher than the portion made available for them, the data show. All of the new share sales had their individual quotas fully filled.

Individual buying hasn’t ebbed since an increase in surveillance in the first quarter by regulators, after several small deals flopped shortly after listing. Aiming to erase what they called “malpractices,” authorities imposed measures to cool retail involvement by curbing lending to them for share purchases.

Seven IPOs that began trading in recent months attracted individual demand that surpassed the amount available by

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more than 50 times. Electric vehicles charging firm Exicom Tele-Systems was among popular offerings, with retail investors bidding for 120 times more shares than available to them. The stock has rallied almost 230% from than its IPO price.



While individual involvement isn't expected to ebb, many don't plan to keep their investments in specific stocks for long, according to Pranav Haldea, managing director at Prime Database Group.

"Most retail investors basically come in to flip and are not studying the companies or sector and financials," Haldea said. "With the kind of listing gains we are seeing now, if one is able to get allotment, there is quick money to be made," he added.

To contact the reporters on this story:

Filipe Pacheco in Hong Kong at fpacheco4@bloomberg.net;

Ashutosh Joshi in Mumbai at ajoshi86@bloomberg.net

To contact the editors responsible for this story:

Shikhar Balwani at sbalwani@bloomberg.net

Margo Towie