

# Market buoyancy spurs IPO rush

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India Inc believes this is the most opportune time to go public. The sentiment is reflected in the offer documents filed with the market regulator Securities and Exchange Board of India (Sebi).

Last month alone, 19 companies submitted their draft red herring prospectus (DRHP) — the highest monthly tally since September 2021, according to data compiled by PRIME Database, a primary market tracking firm.

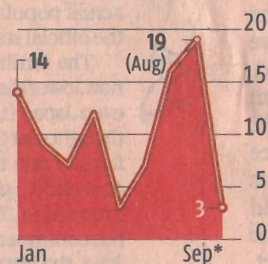
Since July, over three dozen companies from diverse sectors have filed their DRHPs. The surge in activity is driven by the market's buoyancy, which is characterised by overwhelming subscription levels for most recent IPOs and robust post-listing performance.

Experts believe more companies are in the process of filing their offer documents. "The momentum is being driven by the superlative demand seen in recent IPOs. In 2024-25 thus far, on average, IPOs have been oversubscribed by 48 times with the average gain on the listing being a staggering 35 per cent. Thus, as we have seen in the past, companies want to utilise this momentum to launch their IPOs, which explains the uptick in filings," said Pranav Haldea, Managing Director, PRIME Database.

JSW Cement, the cement arm of

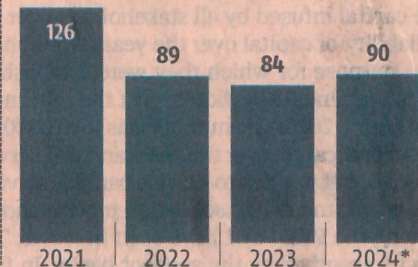


DRHPs filed in August were most since Sep '21



\*As on September 6

2024 filings tally at three-year high



Source: primedatabase.com

Sajjan Jindal's steel-to-energy JSW Group; Hero FinCorp, the financial services arm of two-wheeler maker Hero MotoCorp; logistics services provider Ecom Express and Mumbai-based real estate developer Kalpataru are among the marquee names

that have made a beeline to list. Ajay Garg, founder, Equirus, an investment bank, says there are also technical reasons behind high filings during the July-August period.

"The surge in IPO filings in August can be attributed to a techni-

cality. Most companies take time to finalise their fiscal year-end financials, which typically get processed around this time. As a result, many firms submit their documents by August," he said.

The July-August period of 2023 saw 22 filings, up from 13 filings in 2022. In 2021, there were 39 filings during this period.

"The financial statements provided in the DRHP cannot be more than six months old. It means DRHPs submitted now need to include financial statements as of March. Also, missing this deadline means filing with June numbers, which can push things by a few months," explained Pranjal Srivastava, partner-investment banking of Centrum Capital.

Typically, Sebi takes between 2-4 months to clear an offer document. Most companies that are filing their offer documents now are targeting a launch around the November-December period at the earliest.

Most players will be hoping that the secondary market and liquidity conditions continue to remain buoyant for their issues to be received well. The benchmark Nifty has gained 15 per cent so far this year, while the Nifty Midcap 100 and the Nifty Smallcap 100 indices have rallied 26 per cent each.

"Unless there is a major negative event that impacts the secondary market, we are on track for the best-ever IPO year in India," Haldea said.