

Firms get second shot at IPO jackpot

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Buoyancy in the primary markets has thrown a lifeline for companies that were unable to successfully launch an initial public offering (IPO) on their first attempt.

So far this calendar year, 14 companies have refiled their draft red herring prospectus (DRHP) and half a dozen companies have successfully listed.

Companies that successfully listed this year after their DRHPs lapsed include Northern Arc Capital, Aadhar Housing Finance, Allied Blenders and Distillers, Godavari Biorefineries and Le Travenues Technology.

There are a few companies that have revived their listing plans after several years and some are looking to list after going private.



DOUBLE TAP

Firms listed after refiling DRHPs

	Previous approval lapsed in	Refiling	Listing
Aadhar Housing Finance	May 2023	Feb 2024	May 2024
Allied Blenders & Distillers	Dec 2023	Jan 2024	July 2024
Godavari Biorefineries	Nov 2022	June 2024	Oct 2024
Northern Arc Capital	Sep 2022	Jan 2024	Sep 2024
Le Travenues	Aug 2021	Feb 2024	Jun 2024

Source: PRIME Database

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Market buoyancy boosts success rate of companies

Mumbai-based real estate developer Kalpataru refiled its DRHP in August this year, 11 years after its offer document had lapsed.

Acme Solar Holdings also filed its DRHP after five years.

Similarly, Amanta Healthcare filed its offer documents after more than a decade.

Hexaware Technologies, which delisted from the bourses in November 2020, filed its DRHP in September.

Investment bankers said buoyant markets, improved valuations and wider acceptance for companies across sectors is underpinning these filings.

So far in 2024, 68 firms have raised over ₹1 trillion through IPOs. This is only the second time after 2021 that

the IPO mopup has breached ₹1 trillion.

Firms like Aadhar Housing Finance, Allied Blenders, Le Travenues Technology, and One Mobikwik Systems, had to cut their issue sizes.

But that's not the case with everyone.

Some have kept their previous sizes intact, while there are also examples of companies revising upwards their issue sizes.

Acme Solar Holdings, Godavari Biorefineries, and Kalpataru have revised their issue sizes upwards, while Avanse Financial Services has stuck to its previous issue size.

A DRHP is a preliminary document filed before an IPO and contains necessary details such as the number of shares being offered, financial

results, and risk factors.

A company has to launch its IPO within a year from the date of the final observations.

"Every transaction will have a particular reason why it did not go through in the past. Structurally strong businesses will have strong traction whether they are filing for the first time or refiling. Investors are open to looking at new ideas in a buoyant market," said Munish Aggarwal, managing director and head of equity capital markets of Equirus.

"The strong sentiment also reflects the market's ability to absorb new papers. When the market is doing good and investors are making money, their ability to look at new ideas is always higher. In the past two years, there are only

a handful of few transactions that have not happened," Aggarwal elaborated.

Going forward, investment bankers expect the IPO market to remain robust and more companies to try their luck at listing.

This includes firms whose DRHPs were returned by the Securities and Exchange Board of India (Sebi) due to regulatory issues.

"IPOs of fundamentally strong businesses have gone through. The only issues that have not gone through are where the regulator wanted some changes in the document. Technical rejections

have less to do with the end-user market, business, or equity market," said Aggarwal.

Pranjal Srivastava, partner of investment banking at Centrum Capital, said more firms would look forward to the listing.

"There are also firms who have filed their DRHPs for the third time. There is some backlog of firms that are looking to be listed. The recent correction is temporary. Moreover, filings will continue as it takes at least two months to get Sebi observations after filing the DRHP," Srivastava added.