

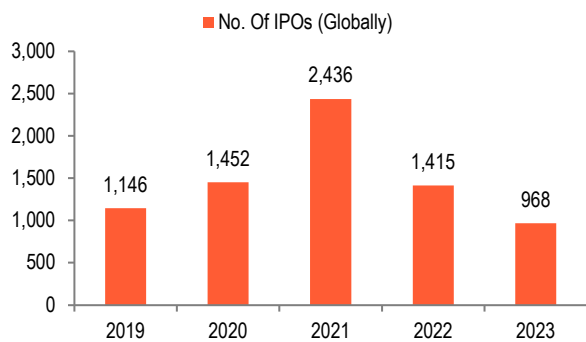
## The IPO Boom

India's economy continues to report strong growth with our estimate now being 6.5-6.6% that is much higher than its global counterparts (Global growth: 3%), and making it's a one of the top contenders in the global IPO market space. This year itself more than 150 initial public offerings (IPOs) have already been listed on the exchanges. The uncertainty in the global landscape coupled with lacklustre growth and growing geopolitical tensions, has made India a much attractive destination on the back of strong macroeconomic condition and stable political climate. The study discusses how the IPO markets have performed in the last 2-years.

### Global Market

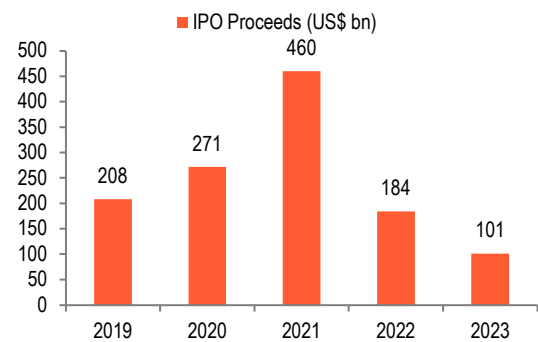
Global IPOs have been gaining momentum indicating rapid demand and growing attractiveness towards this sector. Fig 1 and 2 sheds light on the increasing number of IPOs listed across countries through the years. Furthermore, higher number of IPOs have also translated in to rising IPO proceeds in the global financial market space. For the year 2021, a total of 2436 IPOs have been listed resulting in the total proceeds of US\$460bn.

**Figure 1: Global IPO over the years**



Source: E&Y Bank of Baroda Research Note: 2023 data is Year to date

**Figure 2: Global IPO proceeds**



Source: E&Y Bank of Baroda Research Note: 2023 data is Year to date

### Domestic trend

In the last 5-years, IPO market has expanded with the number of issues almost doubling in this period. The cumulative issue size across these years have also grown from Rs 16,754 cr in the year 2018 to 1,38,894 cr in 2021-22. This implies the accelerated demand for equities and also showcases the investors' confidence in the financial market.

**Table 1: Movement of IPO market over the years**

Years	No. of issues (count)	Amount (Rs cr)
2018-19	129	16,754
2019-20	73	65,509
2020-21	74	1,02,062
2021-22	164	1,38,894
2022-23*	237	45,266

Source: RBI, Bank of Baroda | Note: \* Provisional

Table 2 presents information on the industries that have raised equity in 2022 along with the number of companies and total equity raised. The cumulative issue size for the year stood at Rs 55,638 cr with 151 companies participating across industries. Of the 93 firms with IPO listing in the year 2022, a big majority of over 76 firms have registered some listing gains. On other hand, 16 of them have been listed at discount. Industries such as insurance, edible oil, courier service and textile have been biggest contributor in terms of the issue size.

**Table 2: IPO market in 2022**

Industry	Issue Size (Rs cr)	No. of companies
<b>Grand Total</b>	<b>55,638</b>	<b>151</b>
Insurance	15,381	1
Edible Oil	7,373	3
Textile	3,222	5
Hospital & Healthcare Services	3,221	4
Courier Services	3,046	1
Finance - NBFC	3,043	3
Chemicals	2,177	5
Engineering - Industrial Equipment	2,072	4
Electronic - Components	2,021	6
Finance - Others	1,879	2
Fertilizers	1,502	1
Footwear	1,400	1
Business Support	1,308	4
Retailing	1,013	5
Others	6,981	106

Source: Ace Equity, Bank of Baroda Note: closed issues till 20<sup>th</sup> Nov 2023

### **IPO market in 2023: Story so far**

Table 3 notes in the year 2023, similar parameters like issue size and no of companies across industry has been considered for comparison. The cumulative issue size for the year so far stands at Rs 37,768 cr with over 200 companies participating across industries. Of the 96 firms with IPO listing this year 2022, over 82 firms have registered flat or at premium prices, thereby investors receiving listing gains through the subscription. On other hand, 14 of them have been listed at discount. This year, the industries that have been the biggest contributor in terms of issue size includes Pharmaceuticals, trading, port, Hospital & healthcare services and retail sector to name a few.

**Table 3: IPO market in 2023**

Industry	Issue Size	No. of companies
Grand Total	37,768	200
Pharmaceuticals & Drugs	6,990	9
Port	2,800	1
Trading	2,564	21
Cable	2,055	3
Finance - Investment	1,853	1
Hospital & Healthcare Services	1,716	8
Household & Personal Products	1,480	2
Hotel, Resort & Restaurants	1,370	1
Retailing	1,272	5
Electronic - Components	1,161	3
Finance - Others	1,025	1
Logistics	956	5
Electric Equipment	869	3
Auto Ancillary	834	1
Bank - Private	832	2
Travel Services	775	1
Engineering - Industrial Equipment	767	8
Engineering - Construction	760	4
Consumer Food	637	7
IT - Hardware	631	1
Fintech	613	2
Industrial Gases & Fuels	545	1
Construction - Real Estate	537	4
Engineering	499	4
Others	4,222	102

Source: Ace Equity, Bank of Baroda Note: closed issues till 20<sup>th</sup> Nov 2023

### **Concluding remarks**

Strong optimism in the domestic market have fueled the surge in the IPO listing in the last 2-years. Across these years, following industries have contributed the most including pharma, insurance, healthcare, edible oil and textile. Notably, large number of IPOs have also been listed at premium making this a win-win situation for investors. However, this space needs to be seen with caution as it remains to be seen if the euphoria will continue in the upcoming election year too.

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