

IPO mop-up plunges 32% to ₹35,456 cr in first half of fiscal

Collection would have been much lower without the ₹20,557-cr LIC issue

Press Trust of India

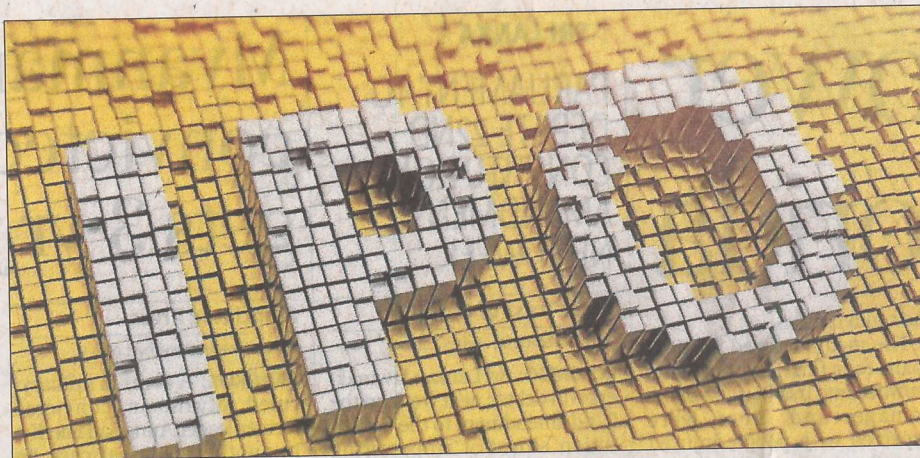
feedback@livemint.com

MUMBAI: Just 14 companies raised ₹35,456 crore through main-board primary share sales in the first half of the fiscal, down 32% from the year-ago period when 25 issues had mopped up ₹51,979 crore.

However, according to Prime Database, the initial public offering (IPO) pipeline is strong with 71 issues worth ₹1,05,000 crore having the approval of the Securities and Exchange Board of India (Sebi) and another 43 worth about ₹70,000 crore awaiting approval.

Of these 114 planned issues, as many as 10 are new-age tech companies, which are looking to raise roughly as much as ₹35,000 crore.

The overall collection would have been much lower had it not been for the ₹20,557-crore LIC issue, which constitutes as much as 58% of the total amount raised during the first half of the year, according to



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Prime Database.

The overall public equity fundraising also dropped by 55% to ₹41,919 crore from ₹92,191 crore during the period, Pranav Haldea, the managing director of Prime Database Group, said in a note on Thursday.

While the LIC issue was the largest ever in the country at ₹20,557 crore, this was followed by Delhivery (₹5,235 crore) and Rainbow Children's (₹1,581 crore).

Only one of the 14 IPOs (Delhivery) was from a new-age

technology company, clearly indicating the slowdown of issues from this sector after the disastrous issues from Paytm and a few others.

While the overall market response to issues was moderated with only four of the 14 IPOs receiving a mega response of over 10 times (with one getting more than 50 times), and three were oversubscribed by over three times. The remaining seven were oversubscribed 1-3 times.

The response of retail inves-

tors also moderated with their average number of applications dropping to 7.57 lakh in comparison to 15.56 lakh in FY22 and 12.49 lakh in FY21.

LIC got the highest number of retail applications, which stood at 32.76 lakh, followed by Harsha Engineers (23.86 lakh) and Campus Activewear (17.27 lakh).

Similarly, there was a 32% drop in the value of shares applied for by retail (₹23,880 crore), showing lower enthusiasm from retail.

The total allocation to retail was ₹9,841 crore or only 28% of the total IPO mobilisation, which is slightly up from 23% in FY22.

According to Haldea, the response was further muted by moderate listing performance. Average listing gain fell to 12% from 32% in FY22 and 42% in FY21. Of the 14 issues, Harsha Engineers gave 47% returns followed by Syрма SGS (42%) and Dreamfolks (42%). As many as 11 of the IPOs are trading above the issue price as of September 26.

Only four issues had a prior PE/VC investor who sold shares in the IPO.

Offers-for-sale (OFS) by such PE/VC investors at ₹3,349 crore accounted for just 9% of the total IPO amount and OFS by promoters at ₹2,206 crore for 6% and the fresh capital stood at ₹8,641 crore.

The first half saw 41 companies filing their offer documents in comparison to 87 last year.

Meanwhile, small and medium enterprises issues saw a huge increase in the first half with 62 issues collecting a total of as much as ₹1,078 crore, up from 30 issues that collected ₹346 crore in the year-ago period.