

IPO fundraising drops 32% in H1 as investors turn wary

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BENGALURU

Fundraising through initial public offerings (IPOs) fell by 32% to ₹35,456 crore in the first half of this financial year, according to a report, underscoring volatility in the stock markets and fears of a global recession.

Companies had raised ₹51,979 crore in the same period last year, showed the report by Prime Database, which tracks India's capital market.

On a positive note, the IPO pipeline in the second half appears strong, with 71 companies securing approval from the Securities and Exchange Board of India (Sebi) to raise a total of ₹1.05 trillion. Another 43 companies, who are looking to raise about ₹70,000 crore, are also awaiting approval from the capital market regulator, the report said.

However, primary market activity will continue to be impacted by the volatility in the secondary market, mainly due to recessionary fears and rising interest rates, said Pranav Haldea, managing director, Prime Database Group.

Between April and September this year (IHFY23), 14 companies debuted on the stock market, compared to 25 in the year-earlier period. The average deal size stood at ₹2,533 crore during the period.

Of the 14, four IPOs were oversubscribed more than 10 times, and three were oversubscribed more than three times. The rest were oversubscribed between one and three times.

While the response from high net worth individuals (₹2-10 lakh) was encouraging, retail investors saw a moderate



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response. The average number of applications from retail fell to 757,000 in IHFY23, from about 1.55 million a year earlier and about 1.25 million in IHFY21.

"The overall response from the public was moderate," Prime Database

said.

Life Insurance Corporation of India, which got listed in May in the country's largest-ever IPO, raised about 58% (or ₹20,557 crore) of the total capital in the first half. This was followed by Delhivery and Rainbow Children's Medicare, who raised ₹5,235 crore, and ₹1,581 crore respectively.

"Only 1 out of the 14 IPOs (Delhivery) was from a new age technology company (NATC) pointing towards the slowdown in IPOs from this sector," said Prime Database.

Meanwhile, only 10 of 114 companies that are expected to make

public listings in the fiscal second half are NATCs. The 10 companies are looking to collectively raise ₹35,000 crore.

"IPO is a once in a lifetime event for a company and, as seen several times in the past, companies would prefer to let their approval lapse rather than launching their IPO in a volatile market," said Prime Database.

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