

AVERAGE LISTING GAIN DOWN TO 12%

IPO mop-up falls 32% in H1, muted response from retail

FE BUREAU
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FOURTEEN COMPANIES RAISED ₹35,456 crore through main-board initial public offerings (IPOs) during the first half of 2022-23, 32% lower than ₹51,979 crore raised through 25 IPOs in the corresponding period last year, figures collated by primedatabase.com show. Of this, ₹20,557 crore, or 58% of the amount, was raised from the LIC IPO.

Overall public equity fundraising dropped 55% to ₹41,919 crore from ₹92,191 crore in the year-ago period.

Delhivery (₹5,235 crore) and Rainbow Children's (₹1,581 crore) were the other two large IPOs in H1. Only one (Delhivery) of the 14 IPOs was from a new-age technology company, indicating a slowdown in IPOs from this sector. The average deal size was ₹2,533 crore.

The overall response from the public, according to primedatabase.com, was moderate. Of the 14 IPOs, four issues got subscribed more than 10 times, while 3 IPOs were oversubscribed by more than 3 times. The remaining seven IPOs were oversubscribed between 1 and 3 times. The new HNI segment saw an encouraging response, with 5 IPOs receiving response of more than 10 times.

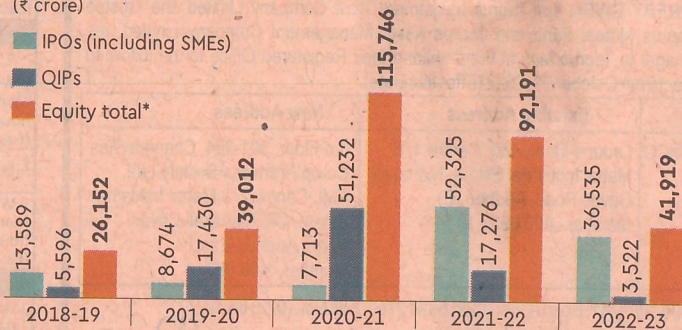
The response of retail investors was subdued. The average number of applications from retail dropped to 0.75 million, compared with 1.55 million in 2021-22 and 1.24 million in 2020-21. The highest number of



FUNDRAISING IN PUBLIC MARKETS

(₹ crore)

■ IPOs (including SMEs)
■ QIPs
■ Equity total*



*Includes IPOs, FPOs, OFS, QIPs, InvITs/ReITs

Source: primedatabase.com

applications from retail were received by LIC (3.27 million), followed by Harsha Engineers (2.38 million) and Campus Activewear (1.72 million).

The amount of shares applied for by retail by value was ₹23,880 crore, 32% lower than the total IPO mobilisation, showing lower enthusiasm

from retail during the period. The total allocation to retail was ₹9,841 crore, which was 28% of the total IPO mobilisation. The average listing gain fell to 12% in the first half from 32% in 2021-22 and 42% in 2020-21. Of the 14 IPOs, six gave returns of over 10%. Eleven of the 14 IPOs were

trading above issue prices as of September 26.

Only 4 out of the 14 IPOs that hit the market had a prior PE/VC investor who sold shares in the IPO. Offers for sale by such PE/VC investors at ₹3,349 crore accounted for just 9% of the total IPO amount. Offers for sale by promoters at ₹2,206 crore accounted for a further 6% of the IPO amount. On the other hand, the amount of fresh capital raised in IPOs was ₹8,641 crore in 2022-23.

Anchor investors collectively subscribed to 31% of the total public issue amount. Domestic mutual funds played a more dominant role than FPIs as anchor investors, with their subscription amounting to 18% of the issue amount, followed by FPIs at 10%.

Qualified institutional buyers (including anchors investors) as a whole subscribed to 57% of the total public issue amount. FPIs, on an overall basis, as anchors and QIB, subscribed to 17% of the issue amount, much lower than MFs at 25%.

The first half of FY23 saw 41 companies filing their offer documents with Sebi for approval, compared with 87 last year. "IPO activity will be impacted by volatility in the secondary market, mainly because of recessionary fears and rising interest rates. 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 IPOs in a volatile market," said Pranav Haldea, MD of PRIME Database Group.