

Retail IPO applications fall over 50% in H1FY23

Firms raised a total of ₹36,535 cr in the period, 30.2% less than ₹52,325 cr last yr

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Mumbai, 29 September

Initial public offerings (IPO) have attracted less retail attention than before amid increased market volatility.

There were 757,000 applications for the average IPO in the first six months of the 2022-23 financial year (FY23), according to data compiled by tracker Prime Database. This is 51.3 per cent lower than the 1.6 million average applications seen during the first half (H1) of FY22.

A retail investor is one who bids for not more than ₹200,000 worth of shares in an IPO.

Companies raised a total of ₹36,535 crore through IPOs in H1FY23. This is a 30.2 per cent drop over the ₹52,325 crore raised during the same period last year. The movement is seen to be broadly representative of market performance as the S&P BSE Sensex has dropped around 9 per cent from its October 2021 all-time high of 62245.4.

Retail investors applied for ₹23,880 crore worth of shares during the six-month period, or 32 per cent lower than before. Poorer listing gains may be one reason.

The average listing gain in IPOs has been 12 per cent so far this year compared to 32 per cent in FY22 and 42 per cent in FY21. Only six out of the 14 IPOs gave double-digit returns and three were trading below their issue price in the last week of September.

Pranav Haldea, managing director, Prime Database Group, in a statement, suggested that fewer companies may choose to come out with an IPO during such uncertain times. Many may even choose to let regulatory approvals lapse and reapply at a more opportune time.

There are currently 71 companies with regulatory approvals. The Securities and Exchange Board of India (Sebi) has already given the nod for these companies to collectively sell shares worth ₹1.05 trillion. There are another 43 companies who are awaiting Sebi approval. They are looking to raise ₹70,000 crore.

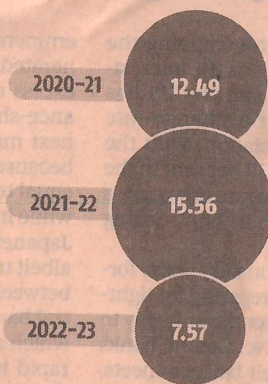
Among the 114 companies waiting in



ILLUSTRATION: BINAY SINHA

Lower participation

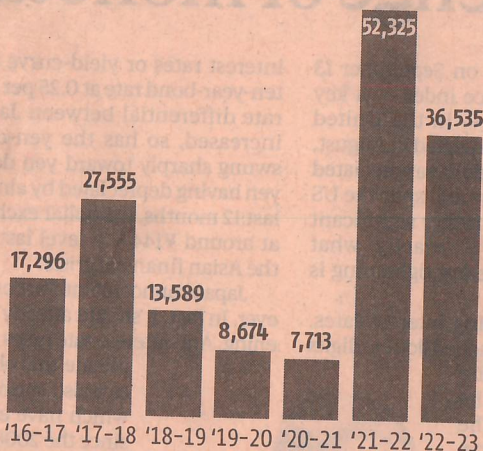
Avg no. of retail applications (in 100,000)



Note: Based on Prime study which looked at half-yearly data (April-September) for all Fys

Fall in IPO fundraising

IPO: Apr-Sep (amount raised in ₹ cr)



Note: Includes small and medium enterprise (SME) segment initial public offers (IPOs)

Source: primedatabase.com

The average listing gain in IPOs has been 12 per cent so far this year compared to 32% in FY22 and 42% in FY21

the wings, including those with approval and those awaiting it, are ten new-age technology companies or startups. They are looking to raise around ₹35,000 crore. Only one such company (logistics firm Delhivery) managed to raise money in H1.

A new sub-segment for high networth individuals, who bid for more than ₹2 lakh worth of shares, but not more than ₹10 lakh, had oversub-

scription of over ten times in five IPOs, according to Prime.

The total equity fund-raising, including IPOs and other avenues, was down 54.5 per cent to ₹41,919 crore. Public bond issuances also declined 62.8 per cent to ₹3,233 crore. Overall fund-raising across equity and debt from the public markets was down 55.2 per cent to ₹45,152 crore.

Debt private placements also saw a decline to ₹2.86 trillion shows data as of September 26. It was ₹3.13 trillion during the same period last year.