

IPO mop-up halves to ₹57k cr in 2022; next year may be worse

PTI

feedback@livemint.com

Meltdown in shares of Dalal Street debutants and volatility triggered by geopolitical tensions soured the sentiments for the primary markets, with fund mobilisation through initial public offerings (IPOs) halving to nearly ₹57,000 crore in 2022 and the New Year is expected to be even quieter.

The overall collection would have been much lower had it not been for the ₹20,557-crore LIC public offer, which constitutes as much as 35% of the total amount raised during the year.

Investors remained jittery throughout 2022 on recessionary fears and rising inter-



Investors remained jittery throughout 2022 on recessionary fears and rising interest rates amid soaring inflation. **MINT**

est rates amid soaring inflation.

“The year 2023 will be tough, with growth slowing down globally, we are bound to see some repercussions in India. I expect a slower or quieter market in 2023, and I suspect money garnered through

IPOs next year will be lower than or on the same level as 2022,” said Nikhil Kamath, co-founder of True Beacon and Zerodha.

Vinod Nair, Head of Research at Geojit Financial Services, also believes that the total size of IPOs in 2023 will

be muted in anticipation of a volatile stock market.

“There is a plausibility that the level of premium valuation India used to garner can reduce in 2023, affecting the pricing of IPOs. The weak performance of recent IPOs will also have a hindsight effect on the investors, reflecting weak response in the near-term,” he added.

According to data provided by Prime Database, as many as 36 companies have floated their initial public offerings (IPOs) to raise ₹56,940 crore in 2022 (till 16 December).

This figure would increase as the initial share sales of two companies -- KFin Technologies and Elin Electronics -- are set to kick-off next week to cumulatively raise ₹1,975 crore.

The fund mobilisation in 2022 was way lower than the ₹1.2 trillion raised by 63 companies in 2021, which was the best IPO year in two decades. This fundraising was driven by excessive liquidity and increased retail investor participation, which spurred a persistent euphoria in the primary market.

Before this, 15 companies collected ₹26,611 crore through initial share sales in 2020.

Like last year, the majority of the IPOs this year were through the Offer for Sale (OFS) route where existing investors, in one form or another, were offloading stake

to retail at relatively high valuations. Apart from IPOs, there was one follow-on public offer by Ruchi Soya, which mopped up ₹4,300 crore.

The exceptional year for IPOs in 2021 gave way to increased market volatility from rising geopolitical tensions, inflation and aggressive interest rate hikes, which contributed to lower fundraising from initial share sales in

The overall collection would have been much lower had it not been for the ₹20,557-crore LIC public offer

2022. In addition, the dismal performance of some IPOs listed since 2021 too affected the fund collection, said Narendra Solanki, Head-Equity Research at Anand Rathi Shares & Stock Brokers.