

Fundraising via IPOs smaller in 2022 but pipeline strong

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A CLUTCH OF 40 companies raised close to ₹59,412 crore from main board initial public offerings (IPOs) in 2022, data from Prime Database showed. The amount was half the ₹1.19 trillion — an all-time high — raised by 63 offerings in 2021. Last year, Life Insurance Corporation alone mopped up ₹20,557 crore — 35% of the amount raised.

According to Pranav Haldea, managing director, PRIME Database, the momentum seen in the last two months of 2022 is likely to continue, at least for the smaller-sized IPOs. “However, it may be a while before we see larger sized deals, given the absence of sustained interest by foreign portfolio investors,” Haldea said.

The IPO pipeline remains strong. According to Prime Database, 54 companies proposing to raise ₹84,000 crore have the regulator’s approval. Another 33 looking to raise close to ₹57,000 crore are awaiting approval. Of these 87 firms, eight are new-age tech firms, looking to raise roughly ₹29,000 crore.

Lakshmi Iyer, CEO (Investment Advisory), Kotak Investment Advisors, said the markets have been volatile, given the global headwinds. Resultantly, the markets saw some valuation adjustments in certain sectors, while the gap between buyers’ expectations and company’s ask, also widened.

Jyoti Prakash Gadia, MD,

NEGATIVE INVESTMENT STANCE ON GLOBAL HEADWINDS

	IPOs*	FPOs*	OFS(SE)	QIPs	InvITs/ ReITs	Total equity
2020	26,772	15,024	20,901	84,501	29,715	1,76,914
2021	1,19,469	29	22,912	41,997	17,641	2,02,048
2022	61,286	4,314	11,269	12,960	1,166	90,995

*incl. SME; **incl. InvIT/ReIT-QIPs

Source: Prime Database

Top 5 IPOs gainers in 2022

	Offer price (₹)	Amount raised (₹ cr)	% chg
Adani Wilmar	230	3,600	169
Hariom Pipe Industries	153	130	133
Venus Pipes & Tubes	326	165	118
Veranda Learning Solutions	137	200	78
Vedant Fashions	866	3,119	56

Top 5 IPOs losers in 2022

	Offer price (₹)	Amount raised (₹ cr)	% chg
AGS Transact Technologies	175	680	63
Delhivery	487	5,235	31
Uma Exports	68	60	30
Abans Holdings	270	346	27.7
Life Insurance Corp of India	949	20,557	27.5

Resurgent India, a merchant bank, said that apart from global inflationary trends, geopolitical tensions had resulted in a negative investment stance. “Even the US, there was a substantial decline in IPOs during 2022. The limited IPOs we had last year had been planned earlier,” he said. According to Gadia, the convincing Purchasing Managers’ Index data, GST collections and inflation, along with an expected progressive Budget, is likely to encourage fresh investments — both by way of fresh equity induction by promoters and IPOs. Healthcare, pharma and fintech sectors in particular are sectors in which

fresh IPOs are likely.

Deepak Jasani, head of Retail Research, HDFC Securities, observed that in 2020 and 2021, the US markets, including Nasdaq, were doing well and promoters could justify high valuations of tech stocks. “Once the US markets topped out, IPOs started to list at a discount. This led to promoters postponing their IPOs,” he said.

He added that while IPOs will hit the markets, given investors would want an exit and companies would want growth capital, the timing will depend on the recent performance of secondary markets.

There were some large IPOs

in 2022, including those of Delhivery (₹5,235 crore) and Adani Wilmar (₹3,600 crore). The average size of an IPO was ₹1,485 crore. However, Delhivery and LIC were trading down 31.1% and 27.5%, respectively, at the end of the year. Adani Wilmar, on the other hand, was trading at a premium of 169% to its offer price. While 2021 saw seven IPOs of new-age tech companies, in 2022, raising ₹42,826 crore, there was just the one by Delhivery. One97 Communications, which raised ₹18,300 crore from its IPO in 2021, was trading 75% below its offer price, as of the end of 2022.