

Fundraising through IPOs halves in FY23

ASHLEY COUTINHO
Mumbai, March 30

INDIAN CORPORATES HAVE raised ₹52,116 crore through main board initial public offerings (IPOs) in financial year 2022-23. This is less than half of the ₹1.11 trillion mobilised by 53 IPOs in the previous year, which was an all-time high, data from primedatabase.com showed.

Despite the year-on-year drop, the amount raised in 2022-23 is still the third-highest ever in terms of IPO fundraise. About 39% of this amount or ₹20,557 crore was garnered by LIC, without which the IPO fundraising would have been just ₹31,559 crore.

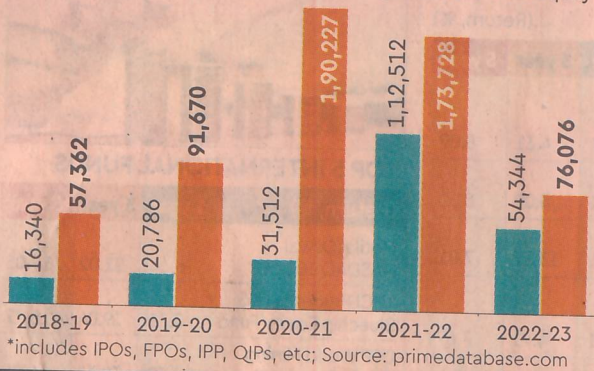
LIC's public offering was also the largest Indian IPO ever. Other large issues that hit the market this fiscal include Delhivery (₹5,235 crore) and Global Health (₹2,206 crore). The average deal size was on the higher side at ₹1,409 crore.

According to Prime Database, as many as 25 of the 37 IPOs came in just three months (May, November and December), which shows the volatile conditions prevalent through most of the year. In fact, the fourth quarter of 2022-23 saw the lowest amount being raised in the last nine years.

Only two out of the 37 IPOs (Delhivery & Tracxn) were from new-age technology companies (NATC). The previous fiscal had seen five NATC IPOs raising ₹41,733 crore. Of the 36 IPOs for which data are available, 11 IPOs were subscribed more than 10 times (two IPOs more than 50 times), while seven IPOs were oversubscribed by more than 3 times. The balance 18 IPOs were oversubscribed 1-3 times. The new HNI segment (₹2-10 lakh) saw an encouraging response with 11 IPOs receiving a

TAKING A HIT

Fund mobilisation (₹ cr) ■ IPOs (including SMEs) ■ Total equity*



response of more than 10 times from this segment.

The response of retail investors has moderated from previous years. The average number of applications from retail dropped to 564,000 from 1.33 million in 2021-22 and 1.27 million in 2020-21.

The highest number of 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 (₹41,671 crore) was 20% lower than the total IPO mobilisation (it was 17% higher in 2021-22).

The total allocation to retail, however, was ₹14,308 crore which was 28% of the total IPO mobilisation (up from 20% in 2021-22).

According to Pranav Haldea, managing director, Prime Database, the IPO response was further muted by moderate listing performance. Average listing gain (based on closing price on listing date) fell to 9.74%, compared with 32.59% in 2021-22 and 35.68% in 2020-21. Of the 36 IPOs which have got listed thus far, 16 gave a return of over 10%. DCX Systems gave the most returns (49%) followed by

Harsha Engineers (47%) and Electronics Mart (43%). Twenty-one of the 36 IPOs are trading above the issue price (from the closing price of March 24, 2023).

Only 14 out of the 37 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 ₹7,902 crore accounted for 15% of the total IPO amount. Offers for sale by private promoters at ₹6,373 crore accounted for 12% of the IPO amount, while offers for sale by the government accounted for 40% of the IPO amount. On the other hand, the amount of fresh capital raised in IPOs in 2022-23 was ₹14,034 crore.

Anchor investors collectively subscribed to 32% of the total public issue amount. Domestic mutual funds played a more dominant role than FPIs as anchor investors with their subscription amounting to 17% of the issue amount with FPIs at 11%. Qualified institutional buyers (including anchors investors) as a whole subscribed to 59% of the total public issue amount.

FPIs, on an overall basis, as anchors and QIB, subscribed to 21% of the issue amount, again slightly lower than MFs at 23%.