

IPO activity likely to be subdued in first half of FY24'

Our Bureau

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Activity in the primary capital markets is expected to remain subdued in the first couple of quarters in FY24 due to market uncertainty and other domestic and global factors, said Prime Database.

The prevailing weakness in the secondary markets that hit initial public offerings in FY23 is likely to persist for some time, the report said, adding that small-sized IPOs could be floated, but "it will be a while before we see larger sized deals, especially in light of lack

of sustained interest from FPIs".

The pipeline for the next fiscal year, which starts on Saturday, looked strong with 54 companies having SEBI approval to raise ₹76,189 crore.

Nineteen other companies looking to raise about ₹32,940 crore are awaiting SEBI approval.

Raising of funds via IPOs halved in FY23 from a year ago due to market volatility, moderate listing gains and investor fatigue, said Prime Database, adding it was still the third-highest year for IPO fund-raising over the last decade. A little more than ₹52,000 crore



was raised on the mainboard by 37 companies, compared to the ₹1.1-lakh crore raised a year ago by 53 companies. Of the total raised this year, Life Insurance Corporation accounted for ₹20,557 crore.

Spooked by the volatile market conditions several companies such as Fab India

and Joyalukkas decided not to go ahead with their IPOs. Of the 68 companies that filed draft offer documents with SEBI, 37 companies let their approvals lapse during the year, while 12 companies withdrew their offer documents. Together, the last two categories accounted for over ₹62,000 crore worth of potential fundraising. On an overall basis, total funds raised through the issue of equity fell 56 per cent on year in FY23 to ₹76,076 crore. Apart from LIC, other large IPOs in the year were that of Delhivery, which raised ₹5,235 crore, and Global Health, which raised ₹2,206

crore. The average deal size was ₹1,409 crore.

As many as 25 out of the 37 IPOs were bunched up in May, November and December when the markets were the least volatile. The current quarter that ends on Friday has seen the lowest amount being raised in the last nine years.

According to Prime Database, the overall response from the public was moderate. Of the 36 IPOs for which data is available, 11 received a mega response of more than 10 times, while seven were oversubscribed by more than three times.