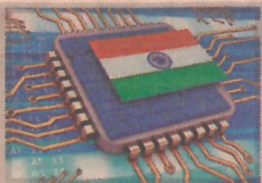


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## Small investors want more IPO shares, get less

VIVEK KUMAR M  
Mumbai, September 29

AT A TIME when applications from small investors for shares in initial public offerings (IPOs) have been skyrocketing, their share in allocations has actually fallen by more than 25%.

Data from the National Stock Exchange (NSE) shows that retail investors have received a share of 19.6% in IPO share allocations as compared to 26.2% in FY24, with some of the bigger offerings allocating a larger share to qualified institutional buyers (QIBs).

According to Pranav Haldea, MD of PRIME Database Group, said the allocation for retail was lower as "in the last 4-5 months, we have had more tech companies coming to the market."

According to the Securities and Exchange Board of India (Sebi) regulations, issuers can allot a minimum of 35% of their IPO shares to retail investors only if they meet certain eligibility criteria, including net tangible assets of at least ₹3 crore and a net worth of at least ₹1 crore in each of the preceding three years, and an average operating profit of ₹15 crore during the preceding three years.

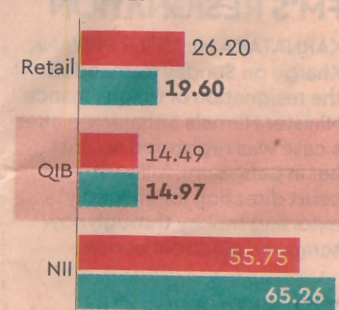
If a company does not meet these criteria, then it has to allot a minimum of 75% of the IPO shares to QIBs, a maximum of 15% to non-institutional investors and 10% to retail investors.

Of the 26 companies that came to the primary market till August this year, 17 companies met Sebi's



### FALLING ALLOCATIONS

IPO allocation in % on mainboard  
■ FY24 ■ FY25



Source: NSE

eligibility criteria. However, they only accounted for 39% of the total IPO consideration, according to NSE data. As a result, the share of QIBs in the IPO allocation has risen to 65.3% so far in FY25 as against 55.8% in FY24, the data showed.

Between April and August, these 26 companies mobilised ₹36,197 crore through their IPOs.

Continued on Page 13



## Small IPO investors...

THE SCALES COULD tilt in favour of small investors since the robust primary market pipeline has several traditional companies such as Hyundai India and Afcons Infrastructure. "We also have a lot of traditional companies in the pipeline. So, the allocation to retail should rise," Haldea said. "The surge that we have seen in demat accounts has majorly come on the back of retail investors. So, the current regulation does reduce the opportunity for retail investors.... There is scope to relax these norms and increase the flexibility," said Naveen Vyas, executive director and fund manager at Microsec Wealth Management.

Sunny Agrawal, head of fundamental equity research at SBICAPS Securities, said, "Most new retail investors have seen a one-way rally. If we have 150-160 million demat accounts today, more than 100 million of these have not seen a big downfall. So, on one hand the regulator is right.