

IPO windfall: Investors make 41.8% gain from 38 new issues in 6 months

GEORGE MATHEW
MUMBAI, OCTOBER 6

AFTER WITNESSING huge oversubscriptions and listing at good premiums on the exchanges, investors have made bumper gains in the initial public offerings (IPO) that hit the market with an average gain 41.8 per cent from 38 IPOs in the first half of FY25 ended September 30. On the other hand, investors have become even richer in SME IPOs with an average gain of 92 per cent during the six-month period, says a study.

Propelled by strong listing performance, the average listing gain (based on closing price on listing date) increased to 34.28 per cent when compared to 28.65 per cent in the first half of 2023-24, according to a study on IPOs by Prime Database. Of the 38 IPOs which have got listed thus far, 30 IPOs gave a return of over 10 per cent.

An investor who got 200 shares at Rs 70 in Bajaj Housing Finance IPO has seen its market value more than doubling to Rs 150. As many as 30 of the 38 IPOs are trading above the issue price as on September 30. Bajaj Housing Finance gave a stupendous return of 136 per cent on listing day followed by Unicommerce Esolutions (94 per cent) and



File

Premier Energies (87 per cent). As many as 30 of the 38 IPOs are trading above the issue price (closing price of 30th September, 2024). The average gain of the 38 IPOs till September 2024 has been a huge 41.80 per cent, according to Pranav Haldea, managing director, Prime Database Group.

The BSE Sensex gained nearly 10 per cent since April 2024.

Significantly, of the 38 IPOs for which data is available presently, 35 IPOs received a mega response of more than 10 times (of which 17 IPOs more than 50 times) while two IPOs were oversubscribed by more than 3 times.

According to Haldea, investor enthusiasm can be gauged from the fact that, across categories, the average oversubscription stood at 53.72 times as against 31.25 times in the same period last year. Average retail oversubscription

stood at 33.02 times in comparison to 28.27 times last year.

Further, when compared to the first half of 2023-24, the response of retail investors increased tremendously. The average number of applications from retail more than doubled to 20.91 lakh in the first half of 2023-24, in comparison to 9.67 lakh in the same period last year. The highest number of applications from retail were received by Bajaj Housing Finance (58.66 lakh) followed by Arkade Developers (45.37 lakh) and Northern Arc (45.13 lakh).

The value of shares bid by retail investors was Rs 1.58 lakh crore, which is 211 per cent higher than the total IPO mobilisation (in comparison to being 124 per cent higher in 2023-24) again showing a much higher level of enthusiasm from retail during the period.

However, the total allocation to retail, however, was only Rs 11,976 crore which was 24 per cent of the total IPO mobilisation (slightly down from 25 per cent in 2023-24), it said. As many as 40 Indian corporates raised Rs 51,365 crore through main board IPOs in the first half of 2024-25, 95 per cent higher than the Rs 26,311 crore mobilised by 31 IPOs in the same period in 2023-24, according to Prime Database.

According to Haldea, adding the Rs 66,225 crore raised through QIPs (195 per cent higher than Rs 22,443 crore raised in the same period last year), contributed to a significant share of the overall public equity fundraising of Rs 1,56,947 crore, an increase of 102 per cent from Rs 77,744 crore raised in the first half of 2023-24.

As many as 22 out of the 40 IPOs came in just the 2 months of August and September. The highest mobilisation was from the Housing Finance sector at Rs 9,560 crore or 19 per cent of the issue amount.

The first half of 2024-25 saw huge 84 companies filing their offer document with the Securities and Exchange Board of India (Sebi) for approval (in comparison to 40 in the first half of 2023-24).

FULL REPORT ON

www.indianexpress.com