

Investors see losses in a third of NBFC IPOs since '18

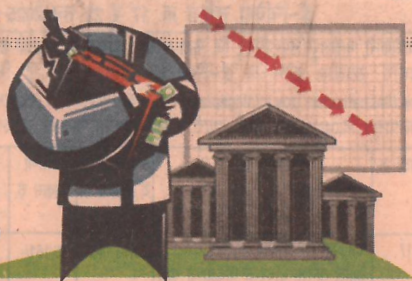


ILLUSTRATION: AJAYA MOHANTY

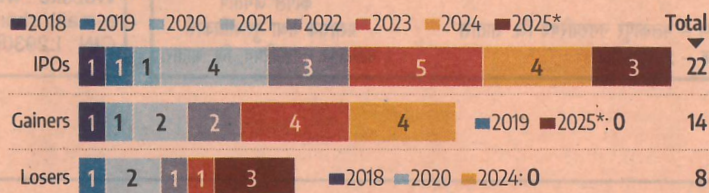
The initial public offering (IPO) of Tata Capital listed on October 13 with a marginal gain of 1.2 per cent over its offer price. By Friday (October 24), the stock had slipped 0.6 per cent below its issue price on the Bombay Stock Exchange (BSE). Since September 2018, when the non-banking finance company (NBFC) crisis began following the default by Infrastructure Leasing & Financial Services (IL&FS), 22 IPOs from the segment have hit the market. Of these, eight were trading below their issue prices on the BSE as of Friday.

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2025 so far the worst year

Apart from Tata Capital, the two other NBFC IPOs in 2025 — HDB Financial Services Ltd and Laxmi India Finance Ltd — also closed below their issue prices on Friday, down 0.8 per cent and 4.4 per cent, respectively. No other year since September 2018 has seen such weak listings, not even the crisis year itself, when Aavas Financiers Ltd tapped the market.

NBFC IPOs that hit the markets



Note: Data for 2018 since September; *Until October 13 when Tata Capital IPO got listed in the markets.
Source: primedatabase.com, BS calculations

The leaderboard

Investors in two of the five best-performing NBFC IPOs have seen gains of over 100 per cent as of Friday, while the remaining three have delivered returns of more than 300 per cent over their issue prices.

Company	IPO year	Gains*
Aavas Financiers Ltd	2018	105.5
Home First Finance Co.(India) Ltd	2021	135.5
Prudent Corporate Advisory Services Ltd	2022	332.7
Indian Railway Finance Corporation Ltd	2021	375.8
Indian Renewable Energy Development Agency Ltd	2023	379.1

*At closing on Oct 24 (Friday) compared to offer price (%)
Source: primedatabase.com, BS calculations

The laggards

In contrast, investors in four of the five worst-performing IPOs have seen losses between 40 and 71 per cent as on Friday. Only one saw losses in single digits.

Company	IPO year	Gains*
Aptus Value Housing Finance Ltd	2021	9.5
One 97 Communications Ltd	2021	40.2
Muthoot Microfin Ltd	2023	44.2
Fusion Finance Ltd	2022	50.5
Spandana Sphoorthy Financial Ltd	2019	71.0

*At closing on October 24 (Friday) compared to offer price (%)
Source: primedatabase.com, BS calculations

