

FPIs accounted for 55% of IPO mop-up in 2020

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Foreign portfolio investors (FPIs) contributed more than domestic institutional investors (DIIs) as anchor investors in initial public offerings of 2020.

FPIs' share of investments for the year stood at ₹4,206 crore, 55 per cent of total ₹7,720 crore mopped up last year, the data from PRIME Database showed.

But, four of the top five anchor investors — ICICI Prudential MF (₹426 crore), Aditya Birla Sun Life MF (₹363 crore), the Government of Singapore (₹326 crore), HDFC Mutual Fund (₹294 crore) and Axis MF (₹280 crore) — were mutual funds. The top 15 foreign investors contributed ₹2,084 crore, against ₹2,824 crore contributed by top 15 Indian anchors.

The Indian anchor list was dominated by mutual funds, with just one insurance firm HDFC Life Insurance in the top 15; it contributed ₹109 crore. Some of the top foreign anchors included Goldman Sachs (₹213 crore), Nomura Funds Ireland (₹199 crore), Pioneer Investment Fund (₹187 crore) and Govt. Pension Fund Global (₹164 crore).

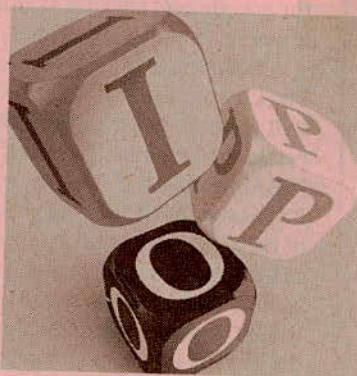
The top five IPOs by way of anchor investment last year were SBI Cards & Payment Services (₹2,768 crore), Gland Pharma (₹1,944 crore), Computer Age Management Services (₹666 crore), UTI Asset Management (₹645 crore), and Burger King India (₹364 crore).

Domestic anchors have contributed more than foreigners only twice in the past — in 2018 and 2014. In 2018, the share of domestic investment stood at ₹4,045 crore, a 52 per cent share; in 2014, the share was 63 per cent, albeit on a lower scale as the IPO activity was subdued that year, with total anchor book of ₹265 crore.

The anchor book in the last IPO cycle of 2009 and 2010 was driven mainly by foreign players, with domestic players investing merely 11 per cent of the Rs 1,674-crore anchor portion.

"FPIs' investments as anchors in 2020 mirrors the bullish trend that we have seen in the secondary market. DIIs have also invested a significant amount as anchors through mutual funds but total contribution could have been impacted somewhat owing to the outflows that equity schemes witnessed in the second half of the year," said Pranav Haldea, managing director, PRIME Database.

The trend of a higher DII participation has picked up in the last three years, driven by mutual funds flush with money from monthly inflows into equity schemes. Equity schemes started seeing outflows last year from June



INVESTMENT BY ANCHOR INVESTORS IN IPOs

	Indian	Foreign	Total (₹ cr)
2009	215	1,459	1,674
2010	1,004	1311	2,316
2011	87	332	419
2012	161	855	1,016
2013	69	194	263
2014	168	98	266
2015	1,772	2,124	3,896
2016	3,943	3,984	7,928
2017	5,728	6,895	12,623
2018	4,045	3,792	7,837
2019	1,674	2,625	4,298
2020	3,515	4,206	7,721

LEADERBOARD

	(₹ cr)
ICICI Prudential MF	426
Aditya Birla Sun Life MF	364
Govt. of Singapore (managed by GIC PTE)	327
HDFC MF	295
AXIS MF	280

Source: primedatabase.com

onwards but monthly inflows through systematic investment plans (SIPs) continued to remain at ₹7,800-8,000 crore.

According to experts, IPOs provide an opportunity to be part of companies that are not represented in the market. Anchor investment allows the buyer to get a fixed allotment at a fixed price without an impact cost. This is not so in the open market and the allotment can reduce to the extent the issue is oversubscribed.

Anchors are institutional investors who subscribe to an issue a day before its public opening. They pay an upfront amount and hold shares for at least a month to boost investor confidence.

The Securities and Exchange Board of India introduced the concept of anchor investors in IPOs in 2009. The companies opting for a public share sale prefer marquee names as anchors, say experts.