

192 Paytm IPO muted at 1.9x subscription

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India's largest initial public offering (IPO) by digital payments major Paytm's parent company One97 Communications received a lukewarm response from investors, garnering just 1.9 times subscription. Nearly 80 per cent of the bids in the IPO came from overseas investors.

The institutional investor portion of the issue was subscribed 2.8 times; the wealthy investor portion saw just 24 per cent subscription; and the retail part was subscribed 1.7 times. Domestic institutions, including mutual funds, placed bids worth just ₹155 crore, the data provided by the stock exchanges showed on Wednesday.

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Response to Paytm has been the most muted among start-up IPOs

	Size (₹ cr)	Subscription (x)
Paytm	18,300	1.9
Zomato	9,375	38.3
PolicyBazaar	5,625	16.6
Nykaa	5,352	81.8

Performance of largest-ever IPOs

	Size (₹ cr)	Subscription (x)
Paytm	18,300	1.9
Coal India	15,200	15.1
GIC	11,257	1.3
SBI Cards	10,341	19.1
Reliance Power	10,123	69.6

Sources: Prime Database; Exchanges

self-fulfilling inflationary expectations as seen in the Reserve Bank of India's (RBI's) inflation survey," the DEA observed.

Paytm IPO...

The response to Ant Group-backed Paytm's IPO was in contrast to other start-up IPOs. For instance, the IPOs of Zomato and PolicyBazaar were subscribed 38 times and 82 times, respectively.

The price band for the Paytm IPO was set at ₹2,080-2,150 per share. At the top end, the company is valued at ₹1.39 trillion.

Market experts said domestic investors shunned the IPO as a high-risk bet. Most brokerages had advised their clients to subscribe to the IPO with a long-term view.

"The company exhibits substantial growth in user base and gross merchandise value (GMV) since its inception within the fintech sector. Moreover, the business is scalable due to high convenience of digital banking," Canara Bank Securities had said in a note advising its clients to "subscribe for the long term".

Through the IPO, Paytm raised ₹8,300 crore in fresh capital, and the remaining ₹10,000 crore was an offer for sale.