

A large chunk of foreign flows into India has moved from the secondary to the primary end of the market

FPIs Join IPO Rush, Invest ₹46,000 cr in '21

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Mumbai: Have foreign funds really had enough of India—at least for the moment—and are hunting for growth stories in other parts of the planet? Or is it that they remain wedded to Mumbai as ever, albeit focused on another segment of the market?

At first glance, FPI involvement in India's secondary markets has lately been uncharacteristically circumspect. But data from the primary market show that FPIs are very much in the driver's seat, investing more than ₹46,000 crore into the primary market in 2021. By comparison, their net investment in listed stocks seems more in the order of chump change—at ₹2,200 crore.

So, the stats lend a very different perspective to the narrative about FPIs selling in recent months, with several global brokerages downgra-

ding India equities. As shown by these figures, a good chunk of FPI flows has moved from the secondary to the primary end of the market.

Three significant public issues—One97 Communications (Paytm), PB

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Fintech (PolicyBazaar), and FSN eCommerce Venture (Nykaa)—together attracted more than \$2 billion from FPIs, according to bankers. They invested ₹1,570 crore in Nykaa, and ₹1,412 crore in PB Fintech

while the final figure of the Paytm allotment is yet to come.

FPIs' investment in Zomato was nearly ₹2,800 crore while in Aptus Value Housing it was ₹1,100 crore. They pumped in ₹900 crore in Chemplast Sanmar. Macrotech Developers' ₹4,000-crore institutional placement on Monday was sold out within a few

FPI Investment in Recent IPOs

(Fig in ₹ Cr)

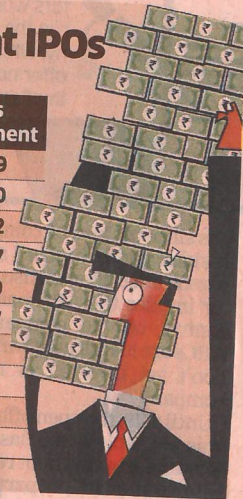
IPO	Issue Amount	FPIs Investment
Zomato	9,375	2,759
FSN E-Commerce	5,350	1,570
PB Fintech	5,710	1,412
Aptus Value Housing	2,780	1,127
Chemplast Sanmar	3,850	899
Fino Payments Bank	1,200	707
Vijaya Diagnostic Centre	1,894	655
Glenmark Life Sciences	1,514	578
Nuvoco Vistas Corp.	5,000	536
Devyani International	1,838	528

Source : primedatabase.com

hours of opening, with the majority of the investors being FPIs, according to bankers.

"FPIs can deploy large funds at a fix-

ed price in one go in the primary market, whereas in the secondary market, it's not possible," said Ravi Sardana, an investment banker. "Also, a



stock is usually priced conservatively in the primary market, whereas the secondary market is currently overpriced."

The MSCI India index has rallied 33% this year compared with marginally negative returns for the MSCI Emerging Market index. The Nifty index is currently trading at a price-to-earnings ratio of 24.25 times one-year forward earnings compared with a five-year average of 20.45.

Five global broking firms—Nomura, UBS, Morgan Stanley, CLSA, and Goldman Sachs—have sounded circumspect about the prospects of Indian equities in the past two months, due largely to expensive valuations.

Meanwhile, 52 companies have raised ₹1.08 lakh crore from the initial public offering this calendar year compared with ₹26,600 crore raised by 15 companies last year. Another ₹40,000 crore was raised by Indian corporates this year through qualified institutional placements.