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## PRESS RELEASE

### IPO FUNDRAISING DROPS BY 32 PER CENT IN THE FIRST HALF OF 2022-23: primedatabase

14 Indian corporates raised ₹35,456 crore through main board IPOs in the first half (April to September) of 2022-23, according to primedatabase.com, India's premier database on the primary capital market. The amount raised is 32 per cent lower than the ₹51,979 crore raised through 25 IPOs in the corresponding period of 2021-22. ₹20,557 crore or 58 per cent of the amount was raised just in the IPO of LIC, according to Pranav Haldea, Managing Director, PRIME Database Group.

Overall public equity fundraising also dropped by 55 per cent to ₹41,919 crore from ₹92,191 crore in the corresponding period of the previous year.

#### FUND MOBILIZATION-PUBLIC MARKETS

₹Crore

Period (Apr-Sep)	IPOs (incl. SME IPOs)	FPOs (incl. SME FPOs)	OFS(SE)	QIPs (incl. InvIT/ ReIT-QIPs)	IPPs	InvITs/ ReITs	Total Equity	Public Bonds (incl. InvIT/ReIT-Public Debt)	Total Equity + Bonds
2022-23	36,535	-	1,446	3,522	-	416	41,919	3,233	45,152
2021-22	52,325	-	11,511	17,276	-	11,079	92,191	8,685	1,00,876
2020-21	7,713	15,000	12,085	51,232	-	29,715	1,15,746	1,329	1,17,075
2019-20	8,674	11	10,590	17,430	-	2,306	39,012	8,559	47,571
2018-19	13,589	-	3,822	5,596	-	3,145	26,152	27,219	53,371
2017-18	27,555	-	11,794	30,581	4,668	7,283	81,881	3,896	85,777
2016-17	17,296	-	3,907	4,318	-	-	25,521	23,893	49,414
2015-16	4,950	-	12,916	12,428	-	-	30,294	2,302	32,595
2014-15	1,017	-	2,604	20,171	418	-	24,210	5,703	29,913
2013-14	1,050	-	5,626	1,222	4,180	-	12,077	8,133	20,210
2012-13	492	-	280	872	371	-	2,015	2,217	4,232

**Main Board IPOs:** The largest IPO in this period, which was also the largest Indian IPO ever, was from Life Insurance Corp.of India for ₹20,557 crore. This was followed by Delhivery (₹5,235 crore) and Rainbow Children's (₹1,581 crore). **Only 1 out of the 14 IPOs (Delhivery) was from a new age technology company (NATC) pointing towards the slowdown in IPOs from this sector.** The average deal size was a high ₹2,533 crore.

The overall response from the public, according to primedatabase.com, was moderate. Of the 14 IPOs, 4 IPOs received a mega response of more than 10 times (of which 1 IPO more than 50 times) while 3 IPOs were oversubscribed by more than 3 times. The balance 7 IPOs were oversubscribed between 1 to 3 times. **The new HNI segment (₹2- ₹10 lakh) saw an encouraging response with 5 IPOs receiving a response of more than 10 times.**

In comparison to 2021-22, the response of retail investors also moderated. **The average number of applications from retail dropped to 7.57 lakh, in comparison to 15.56 lakh in 2021-22 and 12.49 lakh in 2020-21.** The highest number of applications from retail were received by LIC (32.76 lakhs) followed by Harsha Engineers (23.86 lakhs) and Campus Activewear (17.27 lakhs).

**According to Haldea, the amount of shares applied for by retail by value (₹23,880 crore) was 32 per cent lower than the total IPO mobilisation (in comparison to being 41 per cent higher in 2021-22) showing the lower enthusiasm from retail during the period.** The total allocation to retail was ₹9,841 crore which was 28 per cent of the total IPO mobilisation (slightly up from 23 per cent in 2021-22).

**According to Haldea, IPO response was further muted by moderate listing performance. Average listing gain (based on closing price on listing date) fell to 12 per cent, in comparison to 32 per cent in 2021-22 and 42 per cent in 2020-21.** Of the 14 IPOs, 6 gave a return of over 10 per cent. Harsha Engineers gave a stupendous return of 47 per cent followed by Syrma SGS (42 per cent) and Dreamfolks (42 per cent). 11 of the 14 IPOs are trading above the issue price (closing price of 26<sup>th</sup> September, 2022).

Only 4 out of the 14 IPOs that hit the market had a prior PE/VC investor who sold shares in the IPO. Offers for sale by such PE/VC investors at ₹3,349 crore accounted for just 9 per cent of the total IPO amount. Offers for sale by promoters at ₹2,206 crore accounted for a further 6 per cent of the IPO amount. On the other hand, the amount of fresh capital raised in IPOs in 2022-23 was ₹8,641 crore.

Anchor investors collectively subscribed to 31 per cent of the total public issue amount. **Domestic Mutual Funds played a more dominant role than FPIs as anchor investors, with their subscription amounting to 18 per cent of the issue amount followed by FPIs at 10 per cent.**

Qualified Institutional Buyers (including Anchors Investors) as a whole subscribed to 57 per cent of the total public issue amount. **FPIs, on an overall basis, as anchors and QIB, subscribed to 17 per cent of the issue amount, again much lower than MFs at 25 per cent.**

The first half of current financial year 2022-23 saw **41 companies filing their offer document with SEBI for approval, in comparison to 87 last year.**

#### **Outlook for second half of 2022-23**

The pipeline continues to remain strong. **71 companies proposing to raise a huge ₹1,05,000 crore are presently holding SEBI approval. Another 43 companies looking to raise about ₹70,000 crore are awaiting SEBI approval.** Out of these 114 companies, 10 are NATCs which are looking to raise roughly ₹35,000 crore.

**However, according to Haldea, IPO activity will be impacted by the volatility in the secondary market, mainly because of recessionary fears and rising interest rates. IPO is a once in a lifetime event for a company and, as seen several times in the past, companies would prefer to let their approval lapse rather than launching their IPO in a volatile market.**

**SME IPOs: Activity in this segment saw a huge increase in the first half of the current financial year with 62 SME IPOs collecting a total of ₹1,078<sup>#</sup> crore in comparison to 30 IPOs in the same period in 2021-22 which collected ₹346 crore.** The largest SME IPO was of Rachana Infrastructure (₹72 crore).

**OFS (SE): According to primedatabase.com, Offers for Sale through Stock Exchanges (OFS), which is for dilution of promoters' holdings, saw a huge decrease, from ₹11,511 crore raised in the first half of 2021-22 to just ₹1,446<sup>##</sup> crore raised in the same period in 2022-23.** Of this, the Government's divestment accounted for just ₹33 crore or 2 per cent of the overall amount. The largest OFS was that of GR Infraprojects (₹855 crore). OFS accounted for just 3 per cent of the period's public equity markets mobilisation.

**QIPs: 6 companies mobilized ₹3,522 crore through QIPs during the first half of the current financial year 2022-23. This was 80 per cent lower than ₹17,276 crore raised in the corresponding period of previous year.** The largest QIP of 2022-23 was from AU Small Finance Bank raising ₹2,000 crore, accounting for 57 per cent of the total QIP amount.

QIPs were dominated by financial services and real estate companies with them accounting for 94 per cent (₹3,340 crore) of the overall amount.

**InvITs/ReITs:** The amount raised through InvITs and ReITs saw a huge decrease of 96 per cent to ₹416 crore (1 InvIT issue of Highways Infrastructure Trust) from ₹11,079 crore in the corresponding period of 2021-22.

### **Fresh Capital**

Of the total equity mobilisation of ₹41,919 crore, fresh capital amount was ₹13,550 crore (32 percent); the remaining ₹28,360 crore being offers for sale.

### **Divestments**

**Divestment in the first half of current financial year 2022-23 was dominated by the mega IPO of LIC which contributed ₹20,557 crore of the total divestment amount of ₹21,560 crore (95 per cent) raised by the Government.**

Public Offers (IPOs of LIC, Paradeep Phosphates and OFS of ONGC (Offer to Employees) at ₹21,062 crore (98 per cent) were the most used mode followed by Buyback (GAIL) at ₹498 crore (2 per cent).

**Rights Issues:** Mobilisation of resources through rights issues, according to primedatabase.com, stood at just ₹868 crore in the first half of current financial year 2022-23, which was 20 per cent lower than ₹1,080 crore that was raised in the corresponding period of 2021-22. The largest Rights Issue of 2022-23 was from Asian Granito raising ₹441 crore, accounting for a huge 51 per cent of the total Rights Issues amount. By number, the year witnessed 3 companies using the rights route in comparison to 4 companies in the corresponding period of previous year.

**Public Bonds:** Public bonds market also saw a huge decrease of 58 per cent with 15 issues raising ₹3,233 crore\* in comparison to 16 issues raising ₹7,685 crore last year. The largest issue was from Navi Finserv raising ₹496 crore.

**Debt Private Placements:** Amount raised through debt private placement in the first half year of current financial year 2022-23 stood at ₹2,86,363 crore (as on 26<sup>th</sup> September, 2022), down 29 per cent from ₹3,12,623 crore in the corresponding period of 2021-22. This was mobilised by 438 institutions and corporates. The highest mobilisation through debt private placements was by HDFC (₹37,861 crore) followed by SIDBI (₹17,405 crore) and LIC Housing Finance (₹14,960 crore).

**Overseas Bonds:** Indian companies also raised ₹40,066 crore through overseas borrowing (including ECBs<sup>^</sup>), down 63 per cent from ₹1,09,427 crore in 2021-22.

**Overall fund raising by Indian corporates, through equity and debt, in India and abroad, covering IPOs, FPOs, OFS (SE), Rights, QIP, InvITs/ReITs, preferential issues, Public Debt, Debt Private Placement, Overseas Bonds, ECB and FCCB, dropped to ₹4.15 lakh crore in the first half of 2022-23 from ₹6.21 lakh crore in the same period in 2021-22.**

# Amount of SME IPOs of Annapurna Swadisht, Concord Control Systems, Cyber Media Research & Services, Frog Cellsat, Insolation Energy and Swastik Pipe has been calculated on basis of lower price band

## Marsons OFS amount not finalised  
KLM Axiva Finvest, Indiabulls Housing Finance and Ugro Capital Debt Public Issue base issue amount considered

^ ECB data till July, 2022