

PRESS RELEASE

IPO FUNDRAISING HALVES IN FY 2022-23: primedatabase

37 Indian corporates raised ₹52,116 crore through main board IPOs in financial year 2022-23, less than half of the ₹1,11,547 crore (all-time high) mobilized by 53 IPOs in 2021-22, according to primedatabase.com, India's premier database on the primary capital market. According to Pranav Haldea, Managing Director, PRIME Database Group, ₹20,557 crore or a huge 39 per cent of the amount raised in 2022-23 was by LIC alone, without which the IPO fundraising would have been just ₹31,559 crore. To be sure though, the amount raised in 2022-23 is still the third highest ever in terms of IPO fund raise.

Overall public equity fundraising also dropped by 56 per cent to ₹76,076 crore from ₹1,73,728 crore in 2021-22.

FUND MOBILIZATION-PUBLIC MARKETS

₹Crore

Year	IPOs (incl. SME IPOs)	FPOs (incl. SME FPOs)	OFS(SE)	QIPs (incl. InvIT/ReIT-QIPs)	IPPs	InvITs/RelTs	Total Equity	Public Bonds (incl. InvIT/ReIT-Public Debt)	Total Equity + Bonds
2022-23	54,344	-	11,231	9,335	-	1,166	76,076	8,944	85,021
2021-22	1,12,512	4,314	14,530	28,532	-	13,841	1,73,728	11,710	1,85,438
2020-21	31,512	15,029	28,440	81,731	-	33,515	1,90,227	10,585	2,00,812
2019-20	20,786	35	17,326	51,216	-	2,306	91,670	15,146	1,06,816
2018-19	16,340	-	21,686	10,489	-	8,847	57,362	36,788	94,150
2017-18	83,767	12	17,431	62,520	4,668	7,283	1,75,680	5,167	1,80,848
2016-17	29,050	9	8,390	13,671	-	-	51,120	29,547	80,667
2015-16	14,811	-	19,822	14,358	-	-	48,991	33,812	82,803
2014-15	3,019	-	26,946	28,429	418	-	58,812	9,713	68,526
2013-14	1,205	7,456	6,859	9,402	4,459	-	29,381	42,383	71,764

Source: primedatabase.com

Main Board IPOs: The largest IPO in 2022-23, which was also the largest Indian IPO ever, was from Life Insurance Corp.of India. This was followed by Delhivery (₹5,235 crore) and Global Health (₹2,206 crore). The average deal size was a high ₹1,409 crore. **According to Haldea, as many as 25 out of the 37 IPOs came in just 3 months of the year (May, November and December), which shows the volatile conditions prevalent through most of the year which are not conducive for IPO activity. In fact, the fourth quarter of 2022-23 has seen the lowest amount being raised in the last 9 years.**

Only 2 out of the 37 IPOs (Delhivery & Tracxn) were from a new age technology company (NATC) (in comparison to 5 NATC IPOs raising in ₹41,733 crore in 2021-22) pointing towards the slowdown in IPOs from this sector.

The overall response from the public, according to primedatabase.com, was moderate. Of the 36[#] IPOs for which data is available presently, 11 IPOs received a mega response of more than 10 times (of which 2 IPOs more than 50 times) while 7 IPOs were oversubscribed by more than 3 times. The balance 18 IPOs were oversubscribed between 1 to 3 times. **The new HNI segment (₹2- ₹10 lakh) saw an encouraging response with 11 IPOs receiving a response of more than 10 times from this segment.**

In comparison to 2021-22, the response of retail investors also moderated. **The average number of applications from retail dropped to just 5.64 lakh, in comparison to 13.32 lakh in 2021-22 and 12.73 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).

The amount of shares applied for by retail by value (₹41,671 crore) was 20 per cent lower than the total IPO mobilisation (in comparison to being 17 per cent higher in 2021-22) showing the lower level of enthusiasm from retail during the period. The total allocation to retail, however, was ₹14,308 crore which was 28 per cent of the total IPO mobilisation (up from 20 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 9.74 per cent, in comparison to 32.59 per cent in 2021-22 and 35.68 per cent in 2020-21. Of the 36^s IPOs which have got listed thus far, 16 gave a return of over 10 per cent. DCX Systems gave a stupendous return of 49 per cent followed Harsha Engineers (47 per cent) and Electronics Mart (43 per cent). 21 of the 36 IPOs are trading above the issue price (closing price of 24th March, 2023).

Only 14 out of the 37 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 ₹7,902 crore accounted for 15 per cent of the total IPO amount. Offers for sale by private promoters at ₹6,373 crore accounted for 12 per cent of the IPO amount while offers for sale by the Govt. accounted for 40 per cent of the IPO amount. On the other hand, the amount of fresh capital raised in IPOs in 2022-23 was ₹14,034 crore.

Anchor investors collectively subscribed to 32 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 17 per cent of the issue amount with FPIs at 11 percent.** Qualified Institutional Buyers (including Anchors Investors) as a whole subscribed to 59 per cent of the total public issue amount. FPIs, on an overall basis, as anchors and QIB, subscribed to 21 per cent of the issue amount, again slightly lower than MFs at 23 per cent.

2022-23 saw 68 companies filing their offer document with SEBI for approval (in comparison to 144 in 2021-22) including the first 'pre-filing' case of Tata Play in December 2022. On the other hand, 37 companies looking to raise nearly ₹52,060 crore let their approval lapse in 2022-23, 12 companies looking to raise ₹10,386 crore withdrew their offer document and SEBI returned the offer document of a further 9 companies looking to raise ₹20,330 crore.

Outlook for 2023-24

The pipeline still remains strong. **54 companies proposing to raise a huge ₹76,189 crore are presently holding SEBI approval. Another 19 companies looking to raise about ₹32,940 crore are awaiting SEBI approval (Out of these 73 companies, 4 are NATCs which are looking to raise roughly ₹8,100 crore). According to Haldea though, with weakness still prevailing in the secondary market, because of a combination of domestic and foreign factors, IPO activity is likely to remain muted for the first couple of quarters. We may see some smaller sized IPOs. However, it will be a while before we see larger sized deals, especially in light of lack of sustained interest from FPIs.**

SME IPOs: Activity in this segment saw a huge increase in financial year 2022-23 with 125 SME IPOs collecting a total of ₹2,229* crore in comparison to 70 IPOs in 2021-22 which collected ₹965 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 decrease from ₹14,530 crore

raised in financial year 2021-22 to ₹11,231[^] crore raised in 2022-23. Of this, the Government's divestment accounted for ₹9,522 crore or 85 per cent of the overall amount. The largest OFS was that of Axis Bank (₹3,876 crore). OFS accounted for 15 per cent of the year's public equity markets mobilization.

QIPs: 11 companies mobilized ₹8,119[₹] crore through QIPs during financial year 2022-23. This was 72 per cent lower than ₹28,532 crore raised in 2021-22. The largest QIP of 2022-23 was from Macrotech Developers raising ₹3,547 crore, accounting for 44 per cent of the total QIP amount. QIPs were dominated by real estate and financial services companies with them accounting for 85 per cent (₹6,887 crore) of the overall amount. In addition, there was one QIP of an Infrastructure Investment Trust (InvIT) of National Highways Infra Trust of Rs.1,216 crore.

InvITs/ReITs: The amount raised through InvITs and ReITs saw a huge decrease of 92 per cent to just ₹1,166 crore from ₹13,841 crore in 2021-22.

Fresh Capital

Of the total equity mobilisation of ₹76,072 crore, fresh capital amount was ₹22,985 crore (30 percent); the remaining ₹53,087 crore being offers for sale.

Divestments

Divestment in the financial year 2022-23 was dominated by the mega IPO of LIC which contributed ₹20,557 crore of the total divestment amount of ₹31,050 crore (66 per cent) raised by the Government.

Public Offers (IPOs of LIC, Paradeep Phosphates and OFS of Axis Bank (SUUTI), HAL, IRCTC and ONGC) at ₹30,552 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 ₹5,779 crore in the financial year 2022-23, which was 77 per cent lower than ₹25,301 crore that was raised in 2021-22. The largest Rights Issue of 2022-23 was from Capri Global raising ₹1,440 crore, accounting for 25 per cent of the total Rights Issues amount. By number though, the year witnessed 12 companies using the rights route in comparison to 10 companies in 2021-22.

Public Bonds: Public bonds market also saw a decrease of 30 per cent with 32 issues raising ₹7,444 crore in comparison to 27 issues raising ₹10,710 crore last year. The largest issue was from Creditaccess Grameen raising ₹500 crore. In addition, there was one Public Debt issue of an InvIT (National Highways Infra Trust of Rs.1,500 crore).

Debt Private Placements: Amount raised through debt private placement in the financial year 2022-23 stood at ₹8,03,812 crore (as on 27th March, 2023), up 27 per cent from ₹6,34,167 crore in 2021-22. This was mobilised by 807 institutions and corporates. The highest mobilisation through debt private placements was by HDFC (₹78,415 crore) followed by NABARD (₹48,649 crore) and SBI (₹38,851 crore). In addition, there were 9 debt private placements from InvITs/ReITs raising ₹4900 crore.

Overseas Bonds: Indian companies also raised ₹1,86,873 crore through overseas borrowing (including ECBs[®]), down 52 per cent from ₹3,87,671 crore in 2021-22.

At an overall level, 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 by 10 per cent to ₹11.73 lakh crore in the financial year 2022-23 from ₹12.98 lakh crore in 2021-22.

- # Basis of Allotment of Udayshivakumar Infra not available
- \$ Udayshivakumar Infra not yet listed
Amount of SME IPO of Maiden Forgings, SOTAC Pharmaceuticals, MOS Utility, Exhicon Events Media Solutions has been calculated on basis of lower price band
- ^ Equipp Social Impact Technologies OFS amount not finalised
- \$ Sejal Glass QIP issue amount not available
- @ ECB data till January, 2023

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