

# Large offerings can end up as duds, post listing

## Performance of large IPOs

	Issue size (₹ cr)	Times subscribed	Gain/loss (%)	
			On listing	One year post listing
LIC	20,557	2.05	-7.75	-39.93
One 97 Communications	18,300	1.48	-27.25	-74.59
Coal India	15,199	15.14	39.73	33.06
General Insurance Corp. of India	11,257	1.31	-4.56	-31.10
Sbi Cards & Payment Services	10,341	19.09	-9.51	35.38
Reliance Power	10,123	69.59	-17.22	-63.47
New India Assurance	9,586	1.14	-9.37	-44.79
Zomato	9,375	22.57	65.59	-29.41
DLF	9,188	3.23	8.58	-21.04
HDFC Standard Life Insurance	8,695	4.47	18.71	35.41

Source: primedatabase.com

### Ashley Coutinho

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Hyundai Motor India's initial public offering (IPO) will be the biggest till date, eclipsing the previous record set by state insurer LIC in 2022. Large offerings, however, have not fared all that well historically.

Six of the top 10 offerings in terms of issue size were subscribed less than five times overall on the final day of the IPO.

Coal India, SBI Cards, Reliance Power and Zomato got sizeable support from qualified institutional buyers and high networth individuals.

Barring Reliance Power and Zomato, however, all other issuances saw a dismal response from retail investors.

Six companies ended with negative returns on listing day, and seven were trading in the red one year after listing.

### WORST DEBUTS

Paytm parent One 97 Communications and Reliance Power, whose IPO was subscribed about 70 times, were the worst debutants among the pack.

Both these companies were also the worst performers one year post listing,

slipping 75 per cent and 63 per cent, respectively. The former is still trading about 70 per cent below its offer price.

While Paytm has been dogged with regulatory issues, Reliance Power's business failed to take off with almost no assets and cash flow to show for months after listing.

LIC, which raised over ₹20,000 crore in 2022, also made a dismal debut and tanked over 7 per cent post listing.

The share price has remained subdued ever since and it is trading just a little over 2 per cent over its offer price of ₹949 currently.

### "TIMING IMPORTANT"

"Large offerings have to be timed to ensure there is enough appetite across institutional and wealthy investors. That typically happens at or near the top of the market cycle when several issues have already hit the market and given good returns.

"Aggressive pricing is another reason why some of the large offerings do not do well post listing.

Whether a similar thing will play out this time remains to be seen," said Deepak Jasani, Head - Retail Research, HDFC Securities.