

IN CONTRAST, FOREIGN FUNDS SOLD OVER \$13 BN IN EQUITIES

At \$11.5 billion, FPIs' primary market buys top 2021 record

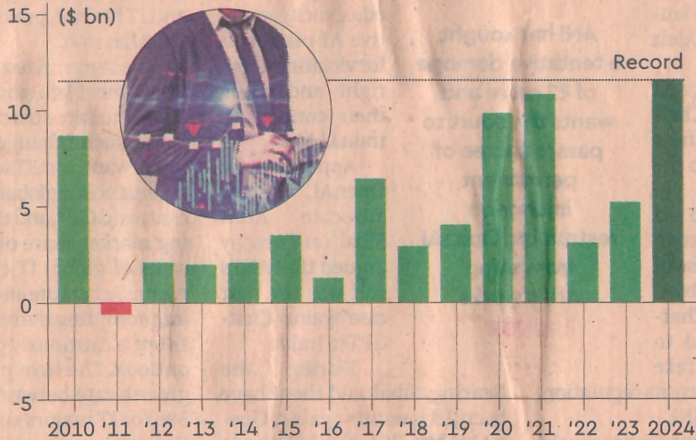
\$28.4 bn raised so far, more than twice the capital raised in 2023

CHIRANJIVI CHAKRABORTY
November 19

FOREIGN INVESTORS ARE pulling record sums from equities since October and piling into initial public offerings (IPOs) in search for better returns. Their primary market purchases, including IPOs and preferential share sales, hit \$11.5 billion this year, surpassing the previous record in 2021, according to data published by Central Depository Services. In contrast, global funds have sold over \$13 billion on the exchanges, helping send Nifty 50 into correction.

"Foreign investors are investing in new papers since they have the ability to generate returns at a much faster pace," said Deven Choksey, MD at DRChoksey FinServ. "Selling in the secondary market, meanwhile, is dri-

IN SEARCH FOR BETTER RETURNS



Source: CDSL, NSDL/Bloomberg; Note: 2024 data as of Nov. 17

ven by expensive valuations."

The country has become a hotspot for dealmaking, with companies raising a record \$28.4 billion from the primary market this year,

according to data compiled by primedatabase.com for Bloomberg. That's more than twice the capital raised in 2023. Enthusiasm for new listings has carried over to their

post-listing performance, with IPOs having risen by an average of 24% on their first trading day this year, the data show. The Nifty has fallen more than 10% since its September peak but still trades near 20 times its 12-month forward earnings, among the most expensive in the world.

Still, some big-ticket IPOs have struggled. Hyundai Motor India saw its \$3.3-billion offering — the country's largest ever — list at a discount, with retail investors avoiding the IPO amid concern over valuation and growth. Shares of Ola Electric Mobility are trading below their IPO price, after almost doubling in value in the first six sessions since listing in early August.

"Our clients think now is a great time to get into India," said Mike Sell, head of global emerging market equities at London-based Alquity Investment Management. The investment case for India remains "absolutely undimmed" for strategic investors despite the recent selloff, he said.

— BLOOMBERG