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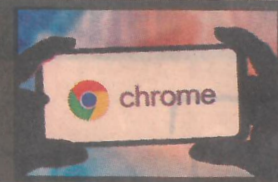
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Sebi nod for cement IPO by 2025: JSW chief Jindal



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Chrome worth \$20 bn likely if court orders sale



NEW DELHI, THURSDAY, NOVEMBER 21, 2024

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SENSEX: 77,578.38* ▲ 239.37 NIFTY: 23,518.50* ▲ 64.70 NIKKEI 225: 38,352.34 ▼ 62.09 HANG SENG: 19,705.01 ▲ 41.34 ₹/\$: 84.41* ▼ 0.02 ₹/€: 89.06* ▲ 0.12 BRENT: \$73.62 ▲ \$0.31 GOLD: ₹75,564* ▲ ₹1,096 *Prv close

I-BANKERS ADVISE WAIT & WATCH

IPOs wait for visibility as fog deepens

VIVEK KUMAR M
Mumbai, November 20

WITH THE STOCK markets going through a phase of steep correction for over a month now, many companies which had planned initial public offers (IPOs) are waiting for clarity before taking the plunge, said investment banking sources.

"We are not in favour of launching issues right now as HNI and retail money has slowed down. Even good IPOs are not getting enough subscriptions," an investment banker from a top domestic firm said.

The numbers bear out this lack of enthusiasm. Data from PRIME Database shows that 10 IPOs launched since October 1 have seen an average decline of 80% in subscription numbers and listing gains, compared to the issues launched in the first nine months of 2024.

This slowdown in both subscription and listing gains has led to a rethink from both promoters and merchant bankers. Sources said that as many as 10-12 issuances are expected to be delayed because of the uncertainty. Some of them have even completed their roadshows.

"Retail money largely comes into the primary market for listing gains. If the grey market premium is high or there is an expectation of a listing pop, retail participation is high," said Pranav Haldea, MD of PRIME Database Group.

SPEED BUMPS ON D-ST

■ As many as 10-12 issuances are expected to be delayed because of the uncertainty



■ Some of the big issues that are expected include Vishal Mega Mart (₹8,000 crore), NSDL (₹4,500 crore), Asirvad Microfinance (₹3,500 crore), and SK Finance (₹2,200 crore)

■ Domestic equities have seen consistent selling from foreign portfolio investors (FPIs) since October, which has pushed the key indices down by around 10%

■ Total 72 companies have launched their IPOs, mobilising a record ₹1.22 lakh cr in 2024 so far

In five of these 10 IPOs, the portion set aside for high net-worth individuals (HNI) was not fully subscribed. This includes the most awaited IPOs, like Hyundai Motor India and Swiggy. So was the case with the retail portion in two of these IPOs.

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IPOs wait for visibility as fog thickens

DESPITE THIS, THESE issues have managed to sail through, thanks to qualified institutional buyers (QIBs).

The average subscriptions from retail investors have come down 80% to 7.5 times for these 10 issues as against 38.1 times for earlier issues this year. Similarly, subscriptions from high net-worth individuals (HNIs) have also come down 87% to 16.6 times.

As per PRIME, 30 mainboard IPOs that plan to raise approximately ₹37,860 crore have got approval from the Securities and Exchange Board of India (Sebi) but are yet to hit the market. Some of the big issues that are expected include Vishal Mega Mart (₹8,000 crore), NSDL (₹4,500 crore), Asirvad Microfinance (₹3,500 crore), and SK Finance (₹2,200 crore).

The investment bankers said even those issuers who plan to go

ahead with the IPOs will likely have to slash the valuations in the current market set-up.

Domestic equities have seen consistent selling from foreign portfolio investors (FPIs) since October, which has pushed the key indices down by around 10% from their lifetime high levels. This has spoiled the party in the primary market as well.

"We are seeing some signs of the euphoria abating on the demand side. Issuers are taking this into cognizance and are reducing the offer size and/or the valuation," said Haldea.

A total of 72 companies have launched their IPOs and mobilised a record ₹1.22 lakh crore in the 2024 calendar year, as per the data. The data excludes Zinka Logistics Solutions and NTPC Green Energy, who have launched their IPOs but are yet to get listed.