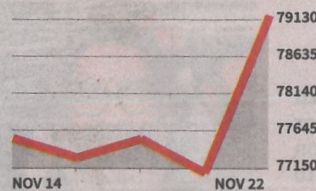


the hindu businessline

SENSEX 79117.11 (+1536.80)

IN FOCUS



	Week's close	Week's change
Nifty 50	23907.25	+374.55
P/E Ratio (Sensex)	22.60	+0.44
US Dollar (in ₹)	84.44	+0.04
Gold Std 10 gm (in ₹)	77475.00	+4031
Silver 1 kg (in ₹)	90850.00	+3747



TOO LITTLE.

COP29 ended with a \$300-billion climate deal, which is less than a quarter of the developing nations' demand for \$1.3 t **p10**

POWER STRUGGLE.

BJP MLAs push for Fadnavis as Maharashtra CM, while Shinde's supporters want him back **p2**

BENGALURU - CHENNAI - COIMBATORE - HUBBALLI - HYDERABAD - KOCHI - KOLKATA - MADURAI - MALAPPURAM - MANGALURU - MUMBAI - NOIDA - THIRUVANANTHAPURAM - TIRUCHIRAPALLI - TIRUPATI - VIJAYAWADA - VISAKHAPATNAM

RNI No. UPENG/2022/86886

Investors pull back from IPOs amid declining grey market premiums

WANING INTEREST. Last 8 offerings were, on average, subscribed 1.98 times against 49.5x for the previous 65 IPOs this year with muted response from wealthy, retail investors

Ashley Coutinho
Mumbai

The frenzy in the IPO market among individual investors seems to be ebbing amid a volatile secondary market, lofty valuations and lower grey market premiums.

The last eight offerings were, on average, subscribed 1.98 times against 49.5x for the previous 65 IPOs that came this year. Several issues saw a muted response from wealthy and retail investors.

The recently-concluded NTPC Green Energy IPO got subscribed 2.55 times overall, with the category for non-institutional investors (NII) seeing bids for less than the shares on offer.

Recent IPOs where the NII quota remained under-subscribed include Hyundai Motor India, Acme Solar Holdings, Swiggy, Niva Bupa Health Insurance and Zinka Logistics, according to PRIME Database, a primary market tracker.

All told, the portion for wealthy investors has remained under-subscribed in

Losing momentum

Times subscribed (x)

	NII's	Retail
Deepak Builders & Engineers India	81.74	38.95
Waaree Energies	64.65	11.06
Godavari Biorefineries	0.89	1.68
Afcons Infrastructure	5.23	0.94
Sagility India	1.88	3.98
Acme Solar Holdings	0.95	3.12
Swiggy	0.39	1.06
Niva Bupa Health Insurance	0.70	2.77
Zinka Logistics Solutions	0.23	1.60
NTPC Green Energy	0.85	3.59

Source: primedatabase.com

six of the last 10 issues while eight out of the last 10 issues saw a retail subscription of less than 4x against the average of 37x for the past 64 issues.

AVERAGE RETURNS

What's more, the last 10 companies that listed on the bourses have given average returns of 6 per cent on listing day versus 33 per cent given by the previous 61 firms that listed this year.

Hyundai Motor India, Acme Solar Holdings, Deepak Builders & Engineers, Godavari Biorefineries

and Sagility India ended in the red on debut. "Retail and HNI investors primarily come in for listing gains, which are reflected in the grey market premiums, which have come off in the last couple of months owing to the volatility seen in the secondary market," said Pranav Haldea, MD, Prime Database.

A recent SEBI study showed that 54 per cent of IPO shares allotted to retail investors were sold within a week. "Investors have been apprehensive about the kind of money they will make in

the IPOs in a falling market," said Deepak Jasani, Head-Retail Research, HDFC Securities.

Experts believe that the uptick in the market until late September had led promoters and bankers to believe that investors would lap up the issuances at any cost. This prompted them to price their offerings at a hefty premium.

"The margin of safety for investors who are not able to exit in the first week or so is low because the new offerings have become pricier. This is the reason why investors, especially the high net worth individuals, have pulled back and are looking at valuations more closely," said Jasani.

While investors may continue to remain cautious in the near term, the fear of missing out is likely to drive them back if a few offerings do well, he added.

Twenty-nine companies have the approval for an IPO and another 59 are awaiting regulatory nod. Together, these could raise over ₹1.32 lakh crore.