

FPIs invest ₹25,300 cr through anchor book for IPOs in 2024

FPIs have invested ₹25,300 crore through the anchor book for IPOs in 2024, surpassing the ₹20,351 crore invested by domestic mutual funds.

FPIs accounted for 46.6 per cent of shares sold in the anchor category, the highest share since 2021, according to PRIME Database.



24

FPI ANCHOR INVESTMENTS SURPASS MFs

Foreign portfolio investors (FPIs) have invested ₹25,300 crore through the anchor book for IPOs in 2024, surpassing the ₹20,351 crore invested by domestic mutual funds (MFs).

FPIs accounted for 46.6 per cent of shares sold in the anchor category, the highest share since 2021, according to PRIME Database. This surge in FPI investments has driven record fundraising through IPOs this year, with the total amount nearing ₹1.5 trillion, surpassing the previous record of ₹1.19 trillion in 2021.

Over the past few years, FPI participation in IPOs had diminished. However, FPIs have shown renewed interest in primary issuances in 2024, even as they have withdrawn significant sums from the secondary market. So far this year, FPIs have invested ₹1.11 trillion in the primary market while pulling out ₹1.03 trillion from the secondary market.

Up to 60 per cent of the shares reserved for institutional investors in the IPO can be allotted under the anchor book— which opens a day prior to the IPO. Unlike the main book, anchor allotment is made on a discretionary basis.

"FPIs have consistently invested given the high returns offered and lack of better alternatives. Most IPO issues have been well-priced. Additionally, the anchor book allows for a larger allocation. Going ahead, FPI allocation will depend on the third quarter results," said Deepak Kaushik, EVP and group head – ECM at SBI Capital Markets.

"Investors can secure a significant portion through the anchor book. FPIs are capitalising on



ON SHOPPING SPREE

FPI investments have driven record fundraising through IPOs this year

| (₹ cr) | Anchor investment | | Total anchor allotment | Total IPO mopup |
|--------|-------------------|--------|------------------------|-----------------|
| | FPI | MF | | |
| 2020 | 4,198 | 3,051 | 7,700 | 26,613 |
| 2021 | 29,030 | 13,528 | 46,312 | 1,18,723 |
| 2022 | 7,105 | 9,028 | 18,795 | 59,302 |
| 2023 | 6,395 | 6,651 | 16,637 | 49,436 |
| 2024* | 25,300 | 20,351 | 54,350 | 1,48,234 |

*Data as on Dec 12

Source: PRIMEdatabase.com

new opportunities. The IPO transactions are occurring at reasonable valuations, which adds to their appeal. We anticipate continued FPI participation, especially with some large issues on the horizon," said Pranjal Srivastava, partner (investment banking) of Centrum Capital.

SUNDAR SETHURAMAN