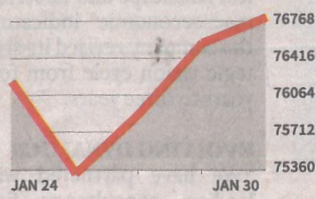


SENSEX 76759.81 (+226.85)



IN FOCUS

	LATEST	CHANGE
Nifty 50	23249.50	+86.40
P/E Ratio (Sensex)	21.87	+0.08
US Dollar (in ₹)	86.62	+0.08
Gold Std 10 gm (in ₹)	80977.00	+326
Silver 1 kg (in ₹)	92184.00	+1504

PRESSURE POINT.
Microfinance loan segment will see stress peaking in Q4FY25, says IDFC First Bank MD and CEO V Vaidyanathan **p8**



FALLING LEVEL.
Deficient rainfall dries up key reservoirs. Water level drops to 64% of 180.852 BCM capacity **p12**

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

RNI No. UPENG/2022/86886

UPI increasingly becoming the preferred IPO application mode

Ashley Coutinho
Mumbai

UPI is gaining traction among individuals applying for IPOs. Two out of three initial public offer applications, predominantly retail, are routed through the Unified Payments Interface, according to industry estimates. The value of IPOs executed through UPI peaked to nearly ₹6,000 crore in October last year, RBI data showed.

“The incorporation of UPI in the public issue framework enhances user convenience, streamlines the process and shortens the time required for public issues to be listed,” the RBI said in a report.

LIMIT RAISED
The UPI transaction limit was raised from ₹2 lakh to ₹5 lakh in December 2021 to promote increased participation of retail customers in financial markets, including payments for IPOs and investments in G-Secs through the retail direct scheme.

“UPI has become the preferred mode for IPO applications among retail investors. Mandates are now processed within hours unlike ASBA that takes more time,” said an official from a large brokerage.

Retail participation in IPOs

	Number of UPI applications (in lakh)	% of total applications	Issue size (₹ cr)
P.N.Gadgil Jewellers	24.20	66.9	1,100
Emcure Pharmaceuticals	16.37	63.8	1,952
Indegene	16.12	62.0	1,842
Jyoti CNC Automation	8.46	63.1	1,000
Allied Blenders & Distillers	8.25	59.8	1,500
Medi Assist Healthcare Services	5.02	75.0	1,172
Afcons Infrastructure	3.88	59.9	5,430
Entero Healthcare Solutions	0.99	84.2	1,600

Source: primedatabase.com *data only for retail applications

He added that system enhancements had brought failure rates down from 8-10 per cent to below 1 per cent, improving reliability. While some challenges like bank downtimes remain, infrastructure upgrades are making the process more efficient, he said.

While ASBA and UPI are equally popular, many brokers provide the latter as it helps them cater to all clients who may have accounts with different banks, according to Ashish Nanda, President and Head of Digital Business at Kotak Securities. ASBA, on the other hand, is restricted to the bank that brokers have a tie-up with.

“The only disadvantage of UPI is the ₹5 lakh cap which, to an extent, restricts HNI clients from applying for larger amounts. But UPI is very popular in the retail segment,” Nanda said. The cut-

off time for ASBA IPO applications in different banks is 2-3 pm on the last day, whereas for UPI it is 5 pm. This means UPI investors not only can apply earlier in the day, they also have time till 5 pm to accept or reject the IPO mandate. Only after the mandate is accepted does the investor’s money get blocked in the bank account.

This feature is particularly useful when investors apply based on grey market premiums and over-subscription numbers. “This is where UPI investors have an edge,” said Deepak Jasani, an analyst.

While the popularity of UPI has risen in the last 12-15 months, it is still a small portion of the overall collection — applications routed through UPI as a portion of the total issue size is now about 10 per cent compared to 5-8 per cent a year back, according to Jasani.