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NEW DELHI, THURSDAY, FEBRUARY 27, 2025

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Listing gains slow but steady

● Investors get average 25% returns despite weaker markets

ANANYA GROVER
& KISHOR KADAM
Mumbai, February 26

STOCK MARKETS HAVE taken a beating in the second half of the financial year, but the average listing gains from 39 initial public offerings (IPOs) since the beginning of October continue to be impressive at 25% — only 7 percentage points down from 31.9% in the first half of the financial year.

The gain is just marginally lower

FAIR SHARE

Year	No of IPOs	Issue size (₹ crore)	Average listing gain (in %)
H1-FY2023	14	35,456	9.8
H2-FY2023	23	16,659	9.1
H1-FY2024	26	22,377	28.8
H2-FY2024	50	39,545	26.4
H1-FY2025	38	110,637	31.9
H2-FY2025*	39	50,891	25.0

Source: Primedatabase.com

*Up to Feb 25, 2025

than 28% in the last 10 quarters. It also comes at a time when the broader markets have fallen 21% in the second half of the financial year (till February 25). The benchmark

indices have fallen 13% during the same period.

A total of 38 companies got listed between April and September and they cumulatively raised

₹50,891 crore through IPOs with the average listing gains being 31.9%. This compares to 39 companies raising ₹1.1 lakh crore between October and February.

According to Naveen Kulkarni, chief investment officer at Axis Securities PMS, the slight dip in average is due to more supply with big issues absorbing most of the demand. Moreover, selling in the secondary market has made stocks cheaper.

In September, when the secondary market was at its all-time high, Bajaj Housing Finance and Premier Energies got listed at more than 100% premium over their IPO price and PN Gadgil Jewellers was listed at 73% premium.

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Listing gains slow but steady

THESE STOCKS are still trading 16-110% higher than their IPO prices. KRN Heat Exchanger & Refrigeration, after listing in early October, is trading over 300% its IPO price and December-listed Bharti Hexacom is 120% higher.

While foreign investors are taking out money from the secondary markets amid concerns related to corporate earnings and volatility from US and China, they are seeing value in the primary market. In the current fiscal, foreign portfolio investors have invested \$14.1 bil-

lion or ₹1.2 lakh crore.

This amount, comprising both investment through qualified institutional placements (QIPs) and IPOs, is more than twice they invested last year. At the same time, they have taken out \$28.1 billion or ₹2.4 lakh crore from the secondary markets.

However, Pranav Haldea, MD, PRIME Database Group, said it is unfair to expect all IPOs to list at a premium and trade above issue price in perpetuity even independent of the market sentiment.

"Once a company is listed, it becomes like any other listed company whose share price will move on the basis of the company's own performance and how the sector, broader economy and markets are doing. People only invest in IPOs from a listing gain perspective," he said.

Going ahead, Haldea expects a slowdown in the number of issuances itself, along with tempering in the participation. "It is hard to foresee large issues in the current market scenario," he added.