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MUMBAI: In a stunning move, Adani Enterprises Ltd (AEL) late on Wednesday decided to withdraw its Rs 20,000 crore follow-on public offering (FPO), India’s biggest such issue, amid a meltdown in its stock that has soured investor sentiment. The move comes just after AEL’s FPO witnessed full subscription on Tuesday, supported by high networth individuals and institutional investors, who more than made up for the poor response from retail investors.

Gautam Adani, chairman, AEL, said, “Today, the market has been unprecedented, and our stock price has fluctua-ted over the course of the day. Given these extraordinary circumstances, the board felt that going ahead with the issue would not be morally correct. The interest of the investors is paramount andhence to insulate them from any potential financial losses, the board has decided not to go ahead with the FPO. ”

39% FALL IN 5 DAYS

Decline In Market Cap Over 5 Sessions	Loss In ₹ Crore	% Decline
Adani Enterprises	-1,49,802	-38.2
Adani Ports & SEZ	-58,043	-35.3
Ambuja Cements	-32,555	-32.9
Adani Total Gas	-2,18,180	-51.1
ACC	-9,235	-21.1
Adani Green Energy	-1,20,418	-39.7
Adani Wilmar	-16,837	-22.6
NDTV	-318	-17.4
Adani Power	-23,932	-22.6
Adani Transmission	-1,14,438	-37.2
Total	**-7,43,760**	**-38.7**

Top officials in AEL said that it would have been unfair to its supporters (read FPO investors) to be burdened with

its offer price amid a 28. 4% plunge on Wednesday and a cumulative 38. 2% fall over the last five sessions.
AEL's stock closed at Rs 2,129 on the BSE on Wednesday, much lower than the FPO price of Rs 3,112-Rs 3,276, with investors bidding at the upper end of the price band. The group's listed companies have collectively lost about 38. 7% in the last five trading sessions.
Since the FPO consisted of partly paid shares, investors paid only 50% of the offer price (Rs 1,638 per share) upfront, with the remaining to be paid at a later date. Since 2016, only two other companies have withdrawn IPOs or FPOs.

Will review financial strategy once market stabilises: Adani

The flagship of the Adani Group is working with its 10 book-running managers, including ICICI Securities, SBI Capital Markets, Axis Capital and JM Financial, to refund the proceeds received by it in the escrow and to also release the amounts blocked in the bank accounts of its FPO subscribers.

AEL made its trading debut in 1994 and after 28 years, it tapped the public market with the FPO. Though the successful subscription of the FPO came as a relief for Gautam Adani in the wake of Hindenburg Research's accusations of accounting irregularities and stock manipulation in his mines-to-media empire, he will have to go back to the drawing board to evaluate alternative fund-raise programmes to finance AEL's capital expenditure and debt retirement requirements.

“This decision will not have any impact on our existing operations and future plans. We will continue to focus on long-term value creation and growth will be managed by internal accruals. Once the market stabilises, we will review our capital market strategy,” said Adani.

AEL planned to spend Rs 10,869 crore from the FPO proceeds to build green hydrogen & expressway projects, Rs 4,165 crore to repay debt and Rs 4,966 crore for general corporatepurposes.

“There have been several instances of public issues/ IPOs facing rough weather due to external and macro factors including market volatility, change in sentiment, valuations, corporate or sector developments. This has led to some offerings being withdrawn while others were repriced along with reduction in the offer for sale component of the offering," said former JPMorgan India director and partner of RippleWave Equity Advisors, Mehul Savla. "Past precedents have shown that in such cases price performance post listing tends to be muted with gradual recovery as market sentiment improves and fundamentals play out."