

# 54 companies wait in the wings with IPOs worth ₹1.4 trn

FY23 likely to be no different from FY22 when record ₹1.1 trn was raised by initial offerings

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## RAKING IN THE MOOLAH

in ₹ crore

| Year    | IPO (incl. SME) | OFS    | QIPs   |
|---------|-----------------|--------|--------|
| 2021-22 | 1,12,349        | 4,314  | 28,460 |
| 2020-21 | 31,512          | 15,029 | 81,731 |
| 2019-20 | 20,786          | 35     | 51,216 |
| 2018-19 | 16,340          | -      | 10,489 |
| 2017-18 | 83,767          | 12     | 62,520 |

Source: PRIME Database

Fundraising activity in the upcoming financial year 2022-23 may even surpass FY22 when 52 Indian companies raised a record ₹1.1 trillion via initial public offerings (IPOs).

According to a note by PRIME Database, 54 companies (including LIC) plan to raise ₹1.4 trillion and currently hold the Securities and Exchange Board of India's (Sebi's) approval. Another 43 companies, the note said, are looking to raise about ₹81,000 crore but waiting for Sebi nod.

"The FY22 IPO amount is over 3.5 times the ₹31,268 crore raised via 30 IPOs in 2020-21. The previous best year was 2017-18 (FY18) when ₹81,553 crore was raised. IPOs from new-age loss-making technology start-ups, strong retail participation, and huge listing gains were the other key highlights of 2021-22. Overall public equity fundraising, however, dropped to ₹1.70 trillion, from ₹1.90 trillion in the preceding year," said Pranav Haldea, MD, PRIME Database Group.

The largest IPO in 2021-22, which was also the biggest Indian IPO ever, was of One97 Communications (Paytm; ₹Rs 18,300 crore), followed by Zomato (₹9,375 crore), Star Health (₹6,019 crore), PB Fintech (Policybazaar; ₹5,710 crore), Sonata BLW (₹5,550 crore), and FSN E-Commerce (Nykaa; ₹5,350 crore). Average listing gain was 33 per cent, in comparison to 36 per cent in 2020-21 and 24 per cent in 2019-20. Four of the top six IPOs were from new-age technology companies, which together raised

₹38,734 crore.

"Primary market activity in FY22 carried the momentum from the second half of FY21 with businesses across the spectrum going public. Retail investors, alongside institutional investors, provided the required amount of liquidity in the market through SIP contributions to asset management firms, proving adequate to absorb the capital requirements of companies. LIC IPO is poised to absorb a lot of capital market liquidity," Karan Marwah, partner and head-capital markets, KPMG in India, in a recent report with Sai Venkateshwaran.

### The backbone

Retail investors were a force to reckon with. The average number of applications from the retail category was 1.4 million, against 1.27 million in 2020-21 and 688,000 in 2019-20, the PRIME Database report said. The highest number of applications from retail in 2021-22 were for Glenmark Life Sciences (3.39 million), followed by Devyani International (3.27 million) and Latent View (3.19 million).

"The number of shares

applied for by retail (investors) by value was 17 per cent higher than total IPO mobilisation (147 per cent in 2020-21), showing the strength and interest of retail investors during the year. However, total allocation to retail was worth just ₹22,017 crore, which was 20 per cent of total IPO mobilisation (down from 32 per cent in 2020-21)," the note said.

That said, analysts expect the secondary market to remain choppy due to the Russia-Ukraine war. This, they feel, will have repercussions for the primary market activity.

"IPO activity is likely to remain muted, at least, for the next few weeks due to high volatility in the secondary market. The overall liquidity, especially from FPIs, has taken a hit following rate hikes from global central banks," Haldea said.

From a medium-term perspective, analysts remain hopeful of a resolution of issues between the two warring nations. G Chokkalingam, founder and chief investment officer, Equinomics Research, said: "The Sensex may fluctuate in the range of 56,000-57,000 until the Ukraine-Russia war is resolved."