

Bumper FY22: India Inc raised record ₹1.11-lakh cr via IPOs

Year saw strong retail participation and huge listing gains

OUR BUREAU

Mumbai, March 28

Fundraising through initial public offerings (IPO) hit its highest-ever in 2021-22.

Pranav Haldea, Managing Director, Prime Database Group, said 52 corporates had raised an all-time high of ₹1,11,417 crore through mainboard IPOs in 2021-22. The IPO amount for 2021-22 was over 3.5 times the ₹31,268 crore raised through 30 IPOs in 2020-21. The previous best year was 2017-18 when ₹81,553 crore was raised.

Key highlights

"IPOs from new-age loss-making technology start-ups, strong retail participation and huge listing gains were the highlights of 2021-22," said Haldea.

The year saw a record number of filings, with as many as 137 companies filing their offer documents with the regulator SEBI for approval.

"To put this in context, 2019-20 and 2020-21 cumulatively had a total of just 59 filings," said Haldea. The overall public equity fundraising, however, was down to ₹1.70-lakh crore from ₹1.90-lakh crore the previous year.

Key trends

FY22 was also the year of the largest Indian IPO ever, from One 97 Communications (Paytm) for ₹18,300 crore. Overall, four out of the top six IPOs



52 companies raised an all-time high of ₹1,11,417 crore through the mainboard IPOs in FY22

were from new-age technology companies (NATCs) that together raised ₹38,734 crore. The average deal size stood at ₹2,143 crore.

In terms of public response, of the 50 IPOs (barring Uma Exports and Veranda Learning Solutions) for which data was available, 29 IPOs received robust response of more than 10 times (of which five IPOs more than 100 times); while eight were subscribed more than three times.

The year also saw tremendous retail participation, said Haldea. The average number of retail applications was 14.05 lakh against 12.73 lakh in 2020-21 and 6.88 lakh in 2019-20.

According to Haldea, the success of the IPOs was further buoyed by strong listing performance. Of the 50 IPOs which have been listed thus far, 30 gave a return of over 10 per cent (based on the closing price on the listing date).

PE/VC investors

Separately, 22 out of the 52 IPOs

that hit the market had a prior PE/VC investor who sold shares in the IPO. Offers for sale by such PE/VC investors stood at ₹25,207 crore, accounting for 23 per cent of the total IPO amount while OFS by promoters totalled ₹33,258 crore, another 30 per cent of the IPO amount. Yet, the amount of fresh capital raised via IPOs in 2021-22 was high at ₹40,459 crore, which was greater than the last five years combined.

Anchor investors collectively subscribed to 39 per cent of the total public issue amount. "FPIs played a dominant role as anchor investors, with their subscription amounting to 25 per cent of the issue amount followed by MFs at 11 per cent," as per Haldea.

Volatility ahead

Moving forward, in 2022-23, as many as 54 companies proposing to raise ₹1,40,000 crore (including the much anticipated LIC IPO) already have SEBI approval. Another 43 companies looking to raise about ₹81,000 crore are awaiting SEBI approval. Of these 97 companies, seven are new-age technology outfits looking to raise ₹30,000 crore.

However, according to Haldea, the "IPO activity is likely to remain muted at least for the next few weeks due to the high volatility in the secondary market, mainly because of the Russia-Ukraine conflict.

Additionally, the overall liquidity, especially from FPIs, has also taken a hit following rate hikes by global central banks."