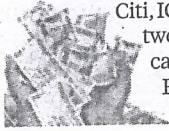


## Investment bankers rake in bumper bonuses

The last fiscal year was an unprecedented one for investment bankers. Their bonuses rose up to 200 per cent in a year that saw the highest fundraise by way of initial public offerings.

Citi, ICICI Securities, were the top two banks by way of equity capital market issuances for FY22, data said. **ASHLEY COUTINHO WRITES**



# I-bankers ride on record IPOs to mint bumper pay

Bonuses in FY22 ranged from 100 to 200% of annual pay

ASHLEY COUTINHO  
Mumbai, 29 May

The last financial year was an unprecedented one for investment bankers (I-bankers). Bonuses for bankers increased by up to 200 per cent in a year that saw the highest fundraise by way of initial public offerings (IPOs) and record fees for equity offerings.

Citi, ICICI Securities, Kotak Mahindra Bank, Axis Capital, and JP Morgan were the top five investment banks by way of equity capital market issuances for FY22, according to data from *Bloomberg*.

"It's been one of the best years for investment banking, with large-sized deals and all-time high revenues. It's not surprising that bonuses have been the best across the board, with top performers getting up to 200 per cent of annual pay," said a senior banker on condition of anonymity.

The financial year saw a mop-up of ₹1.12 trillion through IPOs. Investment banks netted record fees of nearly ₹2,600 crore via IPOs and follow on public offer (FPOs), higher than the combined fees garnered in the previous four years, data from PRIME Database shows.

Bonuses are typically commensurate with deal activity in any given year and are paid out in April-May for domestic banks and January-February for foreign banks. Investment banks, on average, pocket 2-3 per cent as fees for managing an IPO and 1.5-2 per cent for handling qualified institutional placement (QIPs). The fees varies depending

on the issue size and the number of bankers managing the deal.

In 2021, average bonus payouts ranged from 50-75 per cent of the bankers' annual salaries. The year before, the outbreak of the pandemic had impacted the quantum of bonuses paid out for 2019-20 as banks wanted to conserve cash amid the bleak outlook for fundraising.

"Bonuses are a function of fees generated, which in turn are a function of deal activity. Last financial year saw record IPO issuances, with new-age companies paying out above-average fees to bankers," said Pranav Haldea, managing director, PRIME Database.

The largest IPO in 2021-22 was from One 97 Communications, the parent of Paytm, for ₹18,300 crore. This was followed by Zomato (₹9,375 crore), Star Health (₹6,019 crore), PB Fintech (Policybazaar) (₹5,710 crore), Sona BLW (₹5,550 crore) and FSN E-Commerce (Nykaa) (₹5,350 crore). Four out of the top six IPOs were from new-age technology companies which together raised ₹38,734 crore.

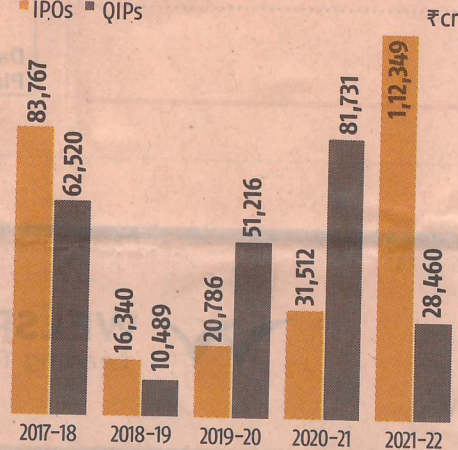
"The year was quite good in terms of revenue generation and it is important to retain talent by rewarding them appropriately in a year when the organisation does well," said a senior banker, on condition of anonymity.

2021 had seen an uptick in hiring by investment banks amid an increase in number of deals and worries of attrition. "There might be some churn this year after the payouts but not many banks are planning a substantial increase in team sizes," added the second banker quoted above.



## BIG BUCKS ARE BACK

■ IPOs ■ QIPs



Source: PRIME Database