

Fundraising via IPOs may soar 40% in 2024

The next couple of months should see several issues being launched

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Mumbai, January 3

THE PIPELINE OF initial public offerings (IPOs) is likely to remain strong for 2024, with 27 companies looking to raise ₹28,500 crore presently holding valid approvals from the Securities and Exchange Board of India (Sebi), according to PRIME Database.

Another 36 companies looking to mop up a combined ₹40,500 crore are awaiting nods from the regulator. Of the total 63 firms, three are new-age tech companies (NATCs) eyeing roughly ₹16,000 crore. These are: OYO, Digit insurance and FirstCry.

According to Pranav Haldea, managing director of PRIME Database Group, the next couple of months should see several IPOs being launched, before a pause on account of the general elections.

In 2023, fifty-seven corporates raised ₹49,434 crore through mainboard IPOs, which was 17% lower than ₹59,302 crore mobilised through 40 IPOs in 2022, according to PRIME.

Interestingly, if one were to exclude the mega IPO by LIC in 2022, IPO mobilisation increased by 28% in 2023 compared with the previous year.

Haldea said the overall public equity fundraising increased by 59% to ₹1.44 trillion in 2023, from ₹90,886 crore in 2022.

However, the average deal size was down significantly to ₹867 crore in 2023, compared to ₹1,483 crore in 2022 and ₹1,884 crore in 2021.

While the earlier part of the year was lukewarm in terms of the number of launches, there was a late surge, with 40 of the 57 IPOs coming in just four months of the year — August (7), September (14), November (8), and December (11).

Haldea pointed out that while entities from across sectors tapped the IPO market, BFSI was a key sector that saw limited activity with just ₹6,190 crore (or 13%) being raised (in comparison to 46% in 2022). Among NATCs, too, there



BUSY TIME AHEAD

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■ 27 companies looking to raise ₹28,500 crore in 2024 currently holding valid approvals from Sebi

were just two launches — Yatra and Mamaearth.

The overall response from the public was also encouraging. Of the 57 IPOs, 41 received mega response of more than 10x (of which 16 issues received more than 50x) while nine were subscribed by more than 3x. The remaining seven saw subscription of between 1x and 3x.

Haldea said the IPO response was further buoyed by strong listing performance. The average listing gain (based on closing price on listing date) increased to 29%, compared with 11% in 2022.

Of the 57 IPOs, 40 gave a return of over 10%. Tata Technologies gave a stupendous return of 163%, followed by Ideaforge (93%) and Utkarsh SFB (92%). Also, 53 of the 57 IPOs are trading above their issue price (closing as of January 1) with an average return of 46%.

In 2023, 87 entities filed draft papers with Sebi for approval, in comparison to 89 in 2022.

On the other hand, 2023 saw 40 companies looking to raise nearly ₹70,000 crore allowed their approvals to lapse, with three companies looking to raise ₹3,550 crore withdrawing their offer documents.