

Fundraise via IPOs may hit ₹1 trn in FY25

Pantomath report says 76 companies tapped the markets through mainboard IPOs, raising nearly ₹62,862 cr in FY24

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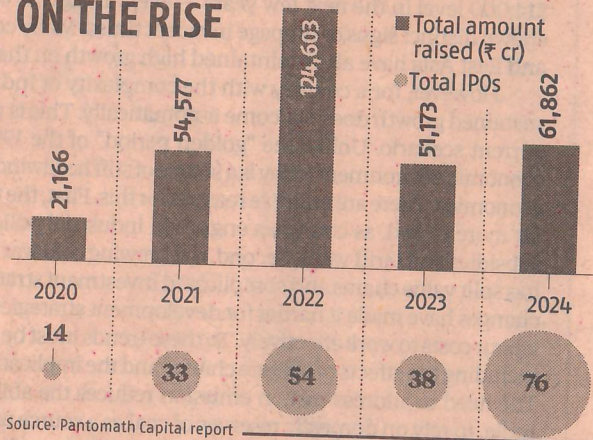
Fundraising via the initial public offering (IPO) route by companies may touch ₹1 trillion in financial year 2024-25 (FY25), according to a recent note by Pantomath Group — a mid-market investment bank. During the financial year 2023-24 (FY24), 76 companies tapped the markets through mainboard IPOs, Pantomath said, raising nearly ₹62,862 crore. This is a 21 per cent rise compared to FY23, the note added. The average first-day gains for stocks of companies that debuted on the exchanges in the last financial year stood at 28 per cent.

Meanwhile, over 70 per cent or 55 stocks are still trading above their issue price, the Pantomath report said.

The optimism, as regards the higher mop-up via the IPO route in FY25, is mainly on account of buoyancy in the secondary markets, the note said. This, in turn, will draw companies to the primary markets to raise funds.

Companies, they believe, that had previously deferred their IPO plans, are now poised to make their debut at the bourses, capitalising on the favourable market conditions. "Anticipating a surge in demand, both domestic and foreign investors are showing keen interest in primary markets, setting the stage for a flurry of new listings. We anticipate that equity-raise through IPOs in FY25 could exceed ₹1-trillion. This figure could potentially increase even further if there are no global shocks affecting the Indian market," said Mahavir Lunawat, managing director (MD) at Pantomath Capital Advisors. According to their estimates, a total of 56 companies have filed their offer documents with the Securities and Exchange Board of India (Sebi), aiming to raise ₹70,000 crore.

ON THE RISE



Source: Pantomath Capital report

Bharti Hexacom IPO subscribed 34%

The initial public offering (IPO) of Bharti Hexacom was subscribed 34 per cent on Wednesday, the first day of the issue. A day earlier, the telecom services provider had allotted shares worth

₹1,924 crore to anchor investors. Bharti Hexacom, a subsidiary of Bharti Airtel, operates in the Rajasthan and the North-East telecommunication circles.

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Currently, 19 companies, they said, have already secured Sebi approval to raise ₹25,000 crore. Around 37 more companies eyeing a substantial ₹45,000 crore are awaiting regulatory clearance.

"Notably, among these 56 prospective IPO candidates, nine are the new-age tech firms, collectively seeking to raise around ₹21,000 crore," Lunawat said. Rally in the mid- and small-cap segments in the last financial year has also benefited newly-listed stocks, as most of these counters belonged to this basket. The overall public equity fundraising, including from follow-on public offers (FPOs), offer for sale (OFS), and other avenues, increased by 142 per cent to ₹1.86 trillion in FY24 from ₹76,911 crore in FY23, the note said. On a calendar-year basis, the largest IPO (in terms of quantum of funds raised) in 2023 was from Mankind Pharma (₹4,326 crore). This was followed by Tata

Technologies (₹3,043 crore) and JSW Infrastructure (₹2,800 crore), data from PRIME Database suggests.

On the other hand, the smallest IPO was from Udayshivakumar Infra, raising just ₹66 crore followed by Plaza Wires (₹71 crore). The average deal size, PRIME Database said, reduced significantly to ₹867 crore in comparison to ₹1,483 crore in 2022 and ₹1,884 crore in 2021. "While we saw companies from multiple sectors tapping the IPO market in calendar year 2023 (CY23), one key sector which had a limited presence was banking and financial services and insurance (BFSI). Only ₹6,190 crore (or 13 per cent) was raised by companies from this sector (in comparison to 46 per cent in 2022). New-age technology firms, too, were few at just two companies (Yatra and Mamaearth) tapping the primary market via IPOs," said Pranav Haldea, managing director at PRIME Database.