

Investment bankers fees zoomed 94% in FY24, a bumper IPO year

CASH COW. I-bankers earned ₹1,685 crore from 76 IPOs last year, with Mankind Pharma leading in payments

Our Bureau
Mumbai

Investment bankers earned ₹1,685 crore in fees from 76 initial public offerings (IPOs) last financial year, the second highest mop-up to date. The fees were 94 per cent higher than the ₹879 crore collected by bankers the previous year, but lower than the record of ₹2,513 crore garnered in FY22.

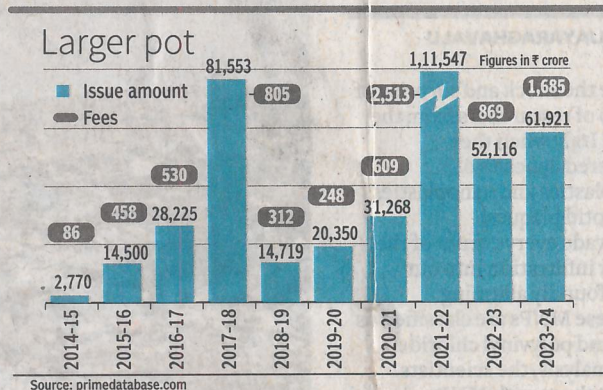
At ₹102 crore, the ₹4,326-crore Mankind Pharma IPO fetched the most for bankers last year. Other IPOs that garnered the most fees include Tata Technologies (₹54.6 crore) and RR Kabel (₹52 crore), data from PRIME Database show.

In percentage terms, smaller issues of Plaza Wires, BLS E-Services and RBZ Jewellers yielded the most for bankers. Fees as a percentage of the total issue amount stood at over 7 per cent for all three issues.

Nineteen companies raised over ₹1,000 crore last fiscal year, with Mankind Pharma, Tata Technologies, and JSW Infrastructure garnering over ₹10,000 crore. The average deal size was ₹815 crore compared with ₹1,409 crore and ₹2,105 crore in the previous two financial years.

PUBLIC VS PVT SECTOR

The fees are tied to deal activity and volumes, usually ranging from 2 to 3 per cent of the issue size for IPOs. However,



exceptions include IPOs of public sector firms, new-age technology companies (NATCs), or small issuances. For issues exceeding ₹5,000 crore, fees may decrease to 1.5 per cent. Public sector entities follow a competitive bid-

ding process, which typically results in a low, flat fee. Fees for new-age firms tend to be on the higher side given the first-to-the-market nature of most of these companies and the complexity of the work involved for bankers.

Yatra, Mamaearth and Zagggle were among the three NATCs that raised money last year. In 2021, several NATCs tapped the market, skewing the fee pool. Zomato and Paytm, for instance, paid record fees of ₹229 crore and ₹324 crore, respectively, that year. In 2022, on the other hand, LIC paid a flat fee of around ₹1 crore to bankers, resulting in a dip in the overall fee pool. This was despite the fact that LIC was the largest IPO on record.

Nineteen companies, propose to raise nearly ₹25,000 crore, are presently holding SEBI approval; while another 37 companies looking to raise about ₹45,000 crore are awaiting SEBI approval, according to PRIME Database.