

the hindu businessline

SENSEX 81921.29 (+361.75)

IN FOCUS

	LATEST	CHANGE
Nifty 50	25041.10	+104.70
P/E Ratio (Sensex)	24.03	+0.10
US Dollar (in ₹)	83.97	+0.03
Gold Std 10 gm (in ₹)	71303.00	+211
Silver 1 kg (in ₹)	82207.00	+727

CONNECTING INDIA.

Airlines placing big orders for aircraft will create more investment potential for Singapore firms, says Chee Hong Tat, Transport Minister **p10**



RAIN DAMAGE.

Andhra Pradesh flood insurance claims may top the demand post 2015 Chennai rains **p9**

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RNI No. UPENG/2022/86886

In a first in 12 years, fresh fundraise in IPOs tops OFS

CAPITAL MOVE. It is driven by a string of new-age companies tapping the market

Ashley Coutinho
Mumbai

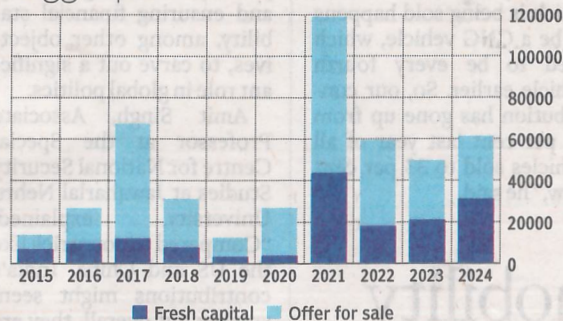
Fresh capital raised through initial public offerings (IPOs) has exceeded the amount raised through offer for sale (OFS) this year, for the first time in 12 years.

A sizeable quantum of fresh capital has been raised by Ola Electric Mobility (₹5,500 crore), Bajaj Housing Finance (₹3,560 crore) and Brainbees Solutions (₹1,666 crore) in calendar 2024. Major companies that opted solely for a fresh capital raise include Juniper Hotels (₹1,800 crore), Jyoti CNC Automation (₹1,000 crore) and Bansal Wire Industries (₹745 crore).

EXIT FOR PEs

The past few years had seen the dominance of companies hitting the market to provide an exit to promoters and private equity players through OFS. Since CY13, the amount raised via IPOs through an OFS has always been higher than that through fresh capital raise.

Bigger pie



Source: primedatabase.com

Barring CY10, the reverse was true for earlier years too.

"A lot of private equity-led companies that were seeking exits have already come to the market and listed in the past few years. Companies coming to the market now are either seeking growth capital or have PE players that are not seeking an immediate exit. A part of the reason for this could be that the PE players are now meeting their capital needs by way of exits through secondary market block sales," said Munish Aggarwal, Head - Equity Capital Markets, Equirus.

Companies raised ₹43,329 crore in fresh capital in CY21, the most in absolute terms. This was largely due to a string of sizeable fresh fundraise by new-age companies, such as Zomato (fresh issue of ₹9,000 crore), Paytm (₹8,300 crore) and PB Fintech (₹3,750 crore).

A similar story may play out this year as well. After Ola and Brainbee's ₹7,166 crore fresh fundraise, Ather Energy has filed draft papers to raise ₹3,100 crore in fresh capital. Aggarwal believes the gap between fresh fundraise and OFS will only rise this

year. Historically, the bulk of the fresh capital raised has been utilised for expansion and building new plant and machinery, followed by retirement of debt and meeting working capital needs.

RISK CAPITAL

In the 1990s and 2000s, most companies that hit the market with IPOs were primarily raising fresh capital. Given their early stage, several of them shut shop or vanished with investor money. The same risk capital that companies earlier raised via IPOs is now being provided by private equity and venture capital investors.

This means that companies that tapped the market in the past few years were more advanced in their lifecycle and attained a certain scale, said experts. "These investors would have invested 5-6 years back and it is important that they get an exit so that they can return money to investors and thus get capital to invest in the next set of companies," said Pranav Haldea, Managing Director, PRIME Database.