

Investment bankers earn ₹1,597 cr from 62 IPOs

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Investment bankers have garnered ₹1,597 crore from 62 initial public offerings (IPOs) this year. This is higher than last year and the second highest mop-up ever, trailing behind ₹2,646 crore collected in 2021.

The average fee this year was ₹25.75 crore. Issuances like Ola Electric (₹145 crore), Premier Energies (₹75 crore) and Go Digit Insurance (₹70 crore) fetched the most fees.

The fees are correlated to deal activity and volumes, and range between 2 and 3 per cent of the issue size for IPOs. Fees, in percentage terms, for issues of more than ₹5,000 crore could drop to 1.5 per cent or lower.

New-age firms' fees tend to be higher given the first-to-the-market nature of most and the complexity of

More the merrier

	No. of IPOs	Issue amt (₹ cr)	Fees (₹ cr)
2014	5	1,201	36
2015	21	13,614	426
2016	26	26,494	541
2017	36	67,147	643
2018	24	30,959	498
2019	16	12,362	248
2020	15	26,613	369
2021	63	1,18,723	2,646
2022	40	59,302	999
2023	57	49,436	1,308
2024	62	64,511	1,597

Source : primedatabase.com

the work involved.

In 2021, several new-age technology companies tapped the market, skewing the fee pool. Zomato and Paytm, for instance, paid record fees of ₹229 and ₹324 crore respectively.

"IPO activity is not slowing down and this could be the best year for bankers in terms of fees. If you add the QIP and block deals this year,

the fees would be much higher," said Munish Aggarwal, Head-Equity Capital Markets, Equirus Capital.

ECM underwriting fees reached \$471 million, up 110 per cent from a year ago, the highest first nine-month total since records started in 2000, according to LSEG. Block trades raised \$23 billion during the first nine months of 2024, up 78 per

cent compared to the same period last year and exceeding any past annual figures.

Issuers typically have two or three structures for distributing fees. A fixed fee is distributed among all bankers handling the IPO mandate. Variable fees depend on parameters such as the procurement done by the banks on the institutional and retail/HNI sides. Some issuers also keep a discretionary fee, which they pay if they are satisfied by the work put in by bankers.

ROBUST IPO PIPELINE

The IPO pipeline for this year remains robust.

Twenty-two companies have received SEBI approval for their IPOs and may tap the market to raise over ₹23,000 crore. Another 53 companies are awaiting regulatory nod and can potentially raise over ₹1.3 lakh crore, recent data from the PRIME Database showed.