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PRESS RELEASE

IPO FUNDRAISING DROPS BY 26 PER CENT IN FIRST HALF OF 2023-24: primedatabase

31 Indian corporates raised ₹26,300 crore[#] through main board IPOs in the first half of 2023-24, 26 per cent lower than the ₹35,456 crore mobilized by 14 IPOs in the same period in 2022-23, according to primedatabase.com, India's premier database on the primary capital market. However, excluding the mega LIC IPO which took place last year, IPO mobilisation increased by a huge 76 per cent from last year.

According to Pranav Haldea, Managing Director, PRIME Database Group, overall public equity fundraising increased by 69 per cent to ₹73,747 crore from ₹43,694 crore in the first half of 2022-23.

FUND MOBILIZATION-PUBLIC MARKETS

Period (Apr-Sep)	IPOs (incl.SME IPOs)	FPOs (incl.SME FPOs)	OFS(SE) (incl. InvIT/ReIT -OFS(SE))	QIPs (incl. InvIT/ReIT -QIPs)	IPPs	InvITs/ RelTs	Total Equity	₹Crore	
								Public Bonds (incl. InvIT/ReIT- Public Debt)	Total Equity + Bonds
2023-24	29,032	-	15,541	20,748	-	8,426	73,747	10,992	84,738
2022-23	36,594	-	1,446	5,238	-	416	43,694	3,374	47,068
2021-22	52,325	-	11,511	17,276	-	8,795	89,907	8,685	98,592
2020-21	7,713	15,000	12,085	51,232	-	29,715	1,15,746	1,329	1,17,075
2019-20	8,674	11	10,590	17,430	-	2,306	39,012	8,559	47,571
2018-19	13,589	-	3,822	5,596	-	3,145	26,152	27,219	53,371
2017-18	27,555	-	11,794	30,581	4,668	7,283	81,881	3,896	85,777
2016-17	17,296	-	3,907	4,318	-	-	25,521	23,893	49,414
2015-16	4,950	-	12,916	12,428	-	-	30,294	2,302	32,595
2014-15	1,017	-	2,604	20,171	418	-	24,210	5,703	29,913
2013-14	1,050	-	5,626	1,222	4,180	-	12,077	8,133	20,210

Source: primedatabase.com

Main Board IPOs: The largest IPO in the first half of 2023-24 was from Mankind Pharma (₹ 4,326 crore). This was followed by JSW Infrastructure (₹2,800 crore) and RR Kabel (₹1,964 crore). At the other end, the smallest IPO was from Plaza Wires raising just ₹67 crore. The average deal size was ₹848 crore. **As many as 21 out of the 31 IPOs came in just 2 months of August and September.**

According to Haldea, while we have seen companies from multiple sectors tapping the IPO market in the last six months, one key sector which was missing was BFSI with just ₹1,525 crore (or 6 per cent) being raised by companies from this sector (in comparison to 61 per cent in the same period last year).

Just 1 out of the 31 IPOs (Yatra) was from a new age technology company (NATC) pointing towards a continuing slowdown in IPOs from this sector.

The overall response from the public, according to primedatabase.com, was good. Of the 28[@] IPOs for which data is available presently, 19 IPOs received a mega response of more than 10 times (of which 9 IPOs more than 50 times) while 4 IPOs were oversubscribed by more than 3 times. The balance 5 IPOs were oversubscribed between 1 to 3 times. The relatively new HNI segment (₹2-₹10 lakh) saw an encouraging response with 17 IPOs receiving a response of more than 10 times from this segment.

In comparison to the first half of 2022-23, the response of retail investors increased tremendously. **The average number of applications from retail increased to 10.02 lakh, in comparison to 7.57 lakh in 2022-23.** The highest number of applications from retail were received by Ideaforge (22.29 lakhs) followed by Aeroflex (21.62 lakhs) and SBFC Finance (20.19 lakhs).

The amount of shares applied for by retail by value (₹55,516 crore) was 118 per cent higher than the total IPO mobilisation (in comparison to being 33 per cent lower in 2022-23) showing a much higher level of enthusiasm from retail during the period. The total allocation to retail, however, was ₹6,506 crore which was 26 per cent of the total IPO mobilisation (slightly down from 28 per cent in 2022-23).

According to Haldea, IPO response was further buoyed by strong listing performance. Average listing gain (based on closing price on listing date) **increased to 29.44 per cent, in comparison to 11.56 per cent in the first half of 2022-23.** Of the 28^s IPOs which have got listed thus far, 20 gave a return of over 10 per cent. Ideaforge gave a stupendous return of 93 per cent followed Utkarsh Small Finance Bank (92 per cent) and Netweb Technologies (82 per cent). 27 of the 28 IPOs are trading above the issue price (closing price of 3rd October, 2023).

Only 12 out of the 31 IPOs that hit the market had a prior PE/VC investor who sold shares in the IPO. Offers for sale by such PE/VC investors at ₹7,505 crore accounted for 29 per cent of the total IPO amount. Offers for sale by private promoters at ₹5,063 crore accounted for another 19 per cent of the IPO amount. **On the other hand, the amount of fresh capital raised in IPOs in the first half of 2023-24 was ₹12,979 crore or 49 per cent of the total amount, the highest (in terms of per cent share) in 7 years.**

Anchor investors collectively subscribed to 36 per cent of the total public issue amount. **Domestic Mutual Funds played a slightly more dominant role than FPIs as anchor investors with their subscription amounting to 15 per cent of the issue amount with FPIs at 14 percent.**

Qualified Institutional Buyers (including Anchors Investors) as a whole subscribed to 61 per cent of the total public issue amount. **FPIs, on an overall basis, as anchors and QIB, subscribed to 26 per cent of the issue amount, more than Mutual Funds at 20 per cent.**

The first half of 2023-24 saw 48 companies filing their offer document with SEBI for approval (in comparison to 45 in the first half of 2022-23). On the other hand, in the same period, 23 companies looking to raise nearly ₹43,000 crore let their approval lapse, 2 companies looking to raise ₹5,500 crore withdrew their offer document and SEBI returned the offer document of a further 1 company looking to raise ₹500 crore.

Outlook for second half of 2023-24

The pipeline continues to remain strong. **28 companies proposing to raise ₹38,000 crore are presently holding SEBI approval while another 41 companies looking to raise about ₹44,000 crore are awaiting SEBI approval** (Out of these 69 companies, 3 are NATCs which are looking to raise roughly ₹12,000 crore). **According to Haldea, notwithstanding the present volatility in the secondary market, the next 4-5 months are likely to see several IPOs being launched before a pause on account of the general elections.**

SME IPOs: Activity in this segment saw a huge increase in the first half of 2023-24 with 97 SME IPOs collecting a total of ₹2,731* crore, 140 per cent higher than ₹1,137 crore from 63 IPOs in the same period last year. The largest SME IPO was of Spectrum Talent Management (₹99.99 crore).

OFS (SE): According to primedatabase.com, Offers for Sale through Stock Exchanges (OFS), which is for dilution of promoters' holdings, saw a huge increase, from ₹1,446 crore raised in the first half of 2022-23 to ₹13,470 crore raised in the same period this year. Of this, the Government's divestment accounted for ₹6,881 crore or 51 per cent of the overall amount. The largest OFS was that of Coal India (₹4,179 crore). OFS accounted for 21 per cent of the year's public equity markets mobilization.

The first half of 2023-24 also saw the first ever OFS by an InvIT or ReIT (Data Infrastructure Trust raising ₹2,071 crore).

QIPs: QIPs also saw a huge jump with 20 companies mobilizing ₹18,443** crore through QIPs in the first half of 2023-24, 358 per cent higher than ₹4,022 crore raised in the same period last year. The largest QIP was from Union Bank raising ₹5,000 crore, accounting for 27 per cent of the total QIP amount. QIPs were dominated by Financial Services and Power Generation companies with them accounting for 70 per cent (₹12,890 crore) of the overall amount. In addition, there was one QIP of a ReIT of Brookfield India Real Estate Trust of ₹2,305 crore.

InvITs/ReITs: The amount raised through InvITs and ReITs also saw a huge increase to ₹8,426 crore (2 issues), from just ₹416 crore in the same period last year.

Fresh Capital

Of the total equity mobilisation of ₹73,747 crore, fresh capital amount was ₹41,485 crore (56 percent) in comparison to 35 percent last year; the remaining ₹32,262 crore being offers for sale.

Divestments

Divestment in the first six months of 2023-24 was dominated by the OFS of Coal India, RVNL and SJVN which contributed ₹6,881 crore (100 per cent) raised by the Government.

Rights Issues: Mobilisation of resources through rights issues, according to primedatabase.com, also rose 5 times to ₹4,474 crore from ₹868 crore that was raised in the same period last year. The largest Rights Issue of 2023-24 was from PNB Housing Finance raising ₹2,494 crore, accounting for 56 per cent of the total Rights Issues amount. By number, the first half of 2023-24 witnessed 7 companies using the rights route in comparison to 3 companies in 2022-23.

Public Bonds: Public bonds market also saw a huge increase with 23 issues raising ₹10,992 crore in comparison to 15 issues raising ₹3,374 crore in the same period last year. The largest issue was from PFC raising ₹2,824 crore.

Debt Private Placements: Amount raised through debt private placement in the first half of financial year 2023-24 stood at ₹4.74 lakh crore (as on 29th September, 2023), up 48 per cent from ₹3.18 lakh crore in 2022-23. This was mobilised by 521 institutions and corporates. The highest mobilisation through debt private placements was by HDFC (₹46,062 crore) followed by PFC (₹30,657 crore) and REC (₹24,392 crore). In addition, there were 13 debt private placements from InvITs/ReITs raising ₹11,495 crore.

Overseas Bonds: Indian companies also raised ₹2,04,896 crore through overseas borrowing (including ECBs^), up 253 per cent from ₹80,878 crore in 2022-23.

At an overall level, fund raising by Indian corporates, through equity and debt, in India and abroad, covering IPOs, FPOs, OFS (SE), Rights, QIP, InvITs/ReITs, preferential issues, Public Debt, Debt Private Placement, Overseas Bonds, ECB and FCCB,

increased by a huge 58 per cent to ₹7.94 lakh crore in the first half of 2023-24 from ₹5.01 lakh crore in 2022-23.

- # Amount of Main Board IPO of Valiant Laboratories and Plaza Wires has been calculated on basis of lower price band
 - @ Basis of Allotment of Updater Services, Valiant Laboratories and Plaza Wires not available
 - \$ Updater Services, Valiant Laboratories and Plaza Wires not yet listed
 - * Amount of SME IPO of Newjaisa Technologies, Inspire Films, Digikore Studios, Saakshi Medtech & Panels, Goyal Salt, E Factor Experiences, Vinyas Innovative Technologies and Canarys Automations has been calculated on basis of lower price band
 - ** Amount of QIP of Cholamandalam Inv.& Fin.Co. not available
 - ^ ECB data till July, 2023
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