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PRESS RELEASE

IPO FUNDRAISING DROPS BY 17 PER CENT IN 2023: primedatabase

57 Indian corporates raised ₹49,434 crore through main board IPOs in 2023, 17 per cent lower than the ₹59,302 crore mobilized by 40 IPOs in 2022, according to primedatabase.com, India's premier database on the primary capital market. However, excluding the mega LIC IPO which came out in 2022, IPO mobilisation increased by 28 per cent from last year.

According to Pranav Haldea, Managing Director, PRIME Database Group, overall public equity fundraising increased by 59 per cent to ₹1,44,283 crore in 2023 from ₹90,886 crore in 2022.

FUND MOBILIZATION-PUBLIC MARKETS

₹Crore									
Year	IPOs (incl.SME IPOs)	FPOs (incl.SME FPOs)	OFS(SE) (incl. InvIT/ReIT -OFS(SE))	QIPs (incl. InvIT/ReIT -QIPs)	IPPs	InvITs/ ReITs	Total Equity	Public Bonds (incl. InvIT/ReIT- Public Debt)	Total Equity + Bonds
2023	54,114	-	21,370	57,324	-	11,474	1,44,283	18,176	1,62,459
2022	61,177	4,314	11,270	12,960	-	1,166	90,886	8,111	98,997
2021	1,19,469	29	22,912	41,997	-	17,641	2,02,048	16,262	2,18,310
2020	26,772	15,024	20,901	84,501	-	29,715	1,76,914	8,281	1,85,194
2019	12,985	11	25,999	35,238	-	8,008	82,241	18,637	1,00,878
2018	33,246	-	10,672	16,587	-	3,145	63,651	30,701	94,352
2017	68,827	12	18,094	61,148	4,668	7,283	1,60,032	6,511	1,66,543
2016	27,031	9	13,066	4,712	-	-	44,819	41,827	86,646
2015	13,874	-	35,566	19,065	-	-	68,505	21,547	90,053
2014	1,468	497	5,011	31,684	418	-	39,078	24,216	63,295
2013	1,619	6,959	23,964	8,075	4,823	-	45,440	34,643	80,083

Source: primedatabase.com

Main Board IPOs: The largest IPO in the 2023 was from Mankind Pharma (₹ 4,326 crore). This was followed by Tata Technologies (Rs.3,043 crore) and JSW Infrastructure (₹2,800 crore). At the other end, the smallest IPO was from Udayshivakumar Infra raising just ₹66 crore followed by Plaza Wires (₹71 crore). The average deal size reduced significantly to ₹867 crore in comparison to ₹1,483 crore in 2022 and ₹1,884 crore in 2021.

As many as 40 out of the 57 IPOs came in just 4 months of the year (September: 14, December: 11, November: 8 and August: 7).

According to Haldea, while we saw companies from multiple sectors tapping the IPO market in 2023, one key sector which had a limited presence was BFSI with just ₹6,190 crore (or 13 per cent) being raised by companies from this sector (in comparison to 46 per cent in 2022). New age Technology Companies (NATC) too were few at just 2 (Yatra and Mamaearth).

The overall response from the public, according to primedatabase.com, was excellent. Of the 57 IPOs, 41 IPOs received a mega response of more than 10 times (of which 16 IPOs more than 50 times) while 9 IPOs were oversubscribed by more than 3 times. The balance 7 IPOs were oversubscribed between 1 to 3 times.

In comparison to 2022, the response of retail investors also increased tremendously. **The average number of applications from retail increased to 13.21 lakh, in comparison to 5.66 lakh in 2022. The highest number of applications from retail were received by Tata Technologies (52.11 lakhs) followed by DOMS Industries (41.30 lakhs) and INOX India (37.34 lakhs).**

The amount of shares applied for by retail by value (₹1,49,988 crore) was 203 per cent higher than the total IPO mobilisation (in comparison to being 22 per cent lower in 2022) again showing a much higher level of enthusiasm from retail during the period. The total allocation to retail, however, was ₹13,749 crore which was 28 per cent of the total IPO mobilisation (slightly down from 29 per cent in 2022).

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 per cent, in comparison to 11 per cent in 2022. Of the 57 IPOs, 40 gave a return of over 10 per cent. Tata Technologies gave a stupendous return of 163 per cent followed Ideaforge (93 per cent) and Utkarsh Small Finance Bank (92 per cent). 53 of the 57 IPOs are trading above the issue price (closing price of 1st January, 2024) with an average return of 46 per cent.

21 out of the 57 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 ₹10,968 crore accounted for 22 per cent of the total IPO amount. Offers for sale by private promoters at ₹15,196 crore accounted for another 31 per cent of the IPO amount. **On the other hand, the amount of fresh capital raised in IPOs in 2023 was ₹20,662 crore or 42 per cent of the total amount, the highest (in terms of per cent share) in 7 years. 34 per cent of the amount raised through fresh capital was for Capital Enhancement/Working Capital followed by Retirement of Debt (22 per cent), Expansion/New Project/Plant & Machinery (15 per cent), General Corporate Purpose (11 per cent) and Issue Expenses (9 per cent).**

Anchor investors collectively subscribed to 34 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 14 per cent of the issue amount with FPIs at 13 percent.**

Qualified Institutional Buyers (including Anchors Investors) as a whole subscribed to 57 per cent of the total public issue amount. **FPIs, on an overall basis, as anchors and QIB, subscribed to 23 per cent of the issue amount, more than Mutual Funds at 17 per cent.**

2023 saw 87 companies filing their offer document with SEBI for approval (in comparison to 89 in 2022). On the other hand, 2023 also saw 40 companies looking to raise nearly ₹70,000 crore letting their approval lapse, 3 companies looking to raise ₹3,550 crore withdrawing their offer document and SEBI returning the offer document of a further 6 companies looking to raise ₹10,800 crore.

Outlook for 2024

The pipeline continues to remain strong. **27 companies proposing to raise ₹28,500 crore are presently holding SEBI approval while another 36 companies looking to raise about ₹40,500 crore are awaiting SEBI approval (Out of these 63 companies, 3 are NATCs which are looking to raise roughly ₹16,000 crore). According to Haldea, the next couple of months should 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 2023 with 182 SME IPOs collecting a total of ₹4,681 crore[#], 150 per cent higher than ₹1,875 crore from 109 IPOs in 2022. 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 ₹11,270 crore raised in 2022 to ₹19,300 crore raised in 2023. Of this, the Government's divestment accounted for ₹12,016 crore or 62 per cent of the overall amount. The largest OFS was that of Coal India (₹4,179 crore). OFS accounted for 13 per cent of the year's public equity markets mobilization. **2023 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 45 companies mobilizing ₹54,350 crore through QIPs in 2023, 363 per cent higher than ₹11,743 crore raised in 2022. The largest QIP was from Bajaj Finance raising ₹8,800 crore, accounting for 16 per cent of the total QIP amount. QIPs were dominated by Financial Services and Engineering companies with them accounting for 76 per cent (₹41,248 crore) of the overall amount. In addition, there was one QIP of a ReIT of Brookfield India Real Estate Trust of ₹2,305 crore and one QIP of an InvIT of India Grid Trust of Rs.669 crore.

InvITs/ReITs: The amount raised through InvITs and ReITs also saw a huge increase to ₹11,474 crore (3 issues), from just ₹1,166 crore in 2022.

Fresh Capital

Of the total equity mobilisation of ₹1,44,283 crore, fresh capital amount was ₹93,831 crore (65 percent) in comparison to 42 percent last year; the remaining ₹50,453 crore being offers for sale.

Divestments

Divestment in 2023 was dominated by the OFS's of Coal India, HAL, RVNL, SJVN, IRCON and HUDCO which contributed ₹12,016 crore or 93 per cent of the amount raised by the Government, the balance Rs.860 crore coming through the IPO of IREDA.

Rights Issues: Mobilisation of resources through rights issues, according to primedatabase.com, also rose 87 per cent to ₹7,266 crore from ₹3,884 crore that was raised in 2022. The largest Rights Issue of 2023 was from PNB Housing Finance raising ₹2,494 crore, accounting for 34 per cent of the total Rights Issues amount. By number, 2023 witnessed 12 companies using the rights route in comparison to 10 companies in 2022.

Public Bonds: Public bonds market also saw a huge increase with 44 issues raising ₹18,176 crore in comparison to 29 issues raising ₹6,611 crore last year. The largest issue was from PFC raising ₹2,824 crore.

Debt Private Placements: Amount raised through debt private placement in 2023 stood at ₹9.65 lakh crore, up 24 per cent from ₹7.78 lakh crore in 2022. This was mobilised by 912 institutions and corporates. The highest mobilisation through debt private placements was by HDFC (₹74,062 crore) followed by NABARD (₹63,164 crore) and PFC (₹55,221 crore). In addition, there were 15 debt private placements from InvITs/ReITs raising ₹13,045 crore.

Overseas Bonds: Indian companies also raised ₹3,19,756 crore through overseas borrowing (including ECBs[^]), up 1 per cent from ₹3,17,759 crore in 2022.

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 20 per cent to ₹15.13 lakh crore in 2023 from ₹12.60 lakh crore in 2022.

Amount of SME IPO of Shri Balaji Valve, Akanksha Power & Infra., Kay Cee Energy & Infra., Kaushalya Logistics has been calculated on basis of lower price band

[^] ECB data till October, 2023