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PRESS RELEASE

IPO FUNDRAISING INCREASED BY 19 PER CENT IN FY 2023-24: primedatabase

76 Indian corporates raised ₹61,915 crore through main board IPOs in financial year 2023-24, 19 per cent higher than the ₹52,116 crore mobilized by 37 IPOs in 2022-23, according to primedatabase.com, India's premier database on the primary capital market. However, excluding the mega LIC IPO which came out in 2022-23, IPO mobilisation increased by 58 per cent from last year.

According to Pranav Haldea, Managing Director, PRIME Database Group, overall public equity fundraising increased by a huge 142 per cent to ₹1,86,108 crore in 2023-24 from ₹76,911 crore in 2022-23.

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
2023-24	67,753	24	23,125	78,089	-	17,116	1,86,108	20,757	2,06,865
2022-23	54,350	-	11,159	10,235	-	1,166	76,911	8,944	85,855
2021-22	1,12,512	4,314	14,530	28,532	-	13,841	1,73,728	11,710	1,85,438
2020-21	31,512	15,029	28,440	81,731	-	33,515	1,90,227	10,585	2,00,812
2019-20	20,786	35	17,326	51,216	-	2,306	91,670	15,146	1,06,816
2018-19	16,340	-	21,686	10,489	-	8,847	57,362	36,788	94,150
2017-18	83,767	12	17,431	62,520	4,668	7,283	1,75,680	5,167	1,80,848
2016-17	29,050	9	8,390	13,671	-	-	51,120	29,547	80,667
2015-16	14,811	-	19,822	14,358	-	-	48,991	33,812	82,803
2014-15	3,019	-	26,946	28,429	418	-	58,812	9,713	68,526
2013-14	1,205	7,456	6,859	9,402	4,459	-	29,381	42,383	71,764

Source: primedatabase.com

Main Board IPOs: The largest IPO in the 2023-24 was from Mankind Pharma (₹4,326 crore). This was followed by Tata Technologies (₹3,043 crore) and JSW Infrastructure (₹2,800 crore). At the other end, the smallest IPO was from Plaza Wires raising just ₹71 crore followed by Vibhor Steel (₹72 crore). **The average deal size reduced significantly to ₹815 crore in comparison to ₹1,409 crore in 2022-23 and ₹2,105 crore in 2021-22.**

According to Haldea, while we saw companies from multiple sectors tapping the IPO market in 2023-24, one key sector which had a limited presence was BFSI with just ₹9,655 crore (or 18 per cent) being raised by companies from this sector (in comparison to 51 per cent in 2022-23). New age Technology Companies (NATC) too were few at just 3 (Yatra, Mamaearth and Zaggie).

The overall response from the public, according to primedatabase.com, was excellent. Of the 75 IPOs for which response data is available, **54 IPOs received a mega response of more than 10 times (of which 22 IPOs more than 50 times)** while 11 IPOs were oversubscribed by more than 3 times. The balance 10 IPOs were oversubscribed between 1 to 3 times.

In comparison to 2022-23, the response of retail investors also increased tremendously. **The average number of applications from retail increased to 13.17 lakh, in comparison to 5.57 lakh in 2022-23.** 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 (₹1,95,399 crore) was 216 per cent higher than the total IPO mobilisation (in comparison to being 19 per cent lower in 2022-23) again showing a much higher level of enthusiasm from retail during the period. The total allocation to retail, however, was ₹16,528 crore which was 27 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 per cent, in comparison to 9 per cent in 2022-23. Of the 75 IPOs, 48 gave a return of over 10 per cent. Vibhor Steel gave a stupendous return of 193 per cent followed BLS E-Services (175 per cent) and Tata Technologies (163 per cent). 51 of the 75 IPOs are trading above the issue price (closing price of 21st March, 2024) with an average return of 65 per cent.

28 out of the 76 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 ₹12,297 crore accounted for 20 per cent of the total IPO amount. Offers for sale by private promoters at ₹18,071 crore accounted for another 29 per cent of the IPO amount. On the other hand, the amount of fresh capital raised in IPOs in 2023-24 was ₹28,818 crore or 47 per cent of the total amount, the highest (in terms of per cent share) in 7 years. 33 per cent of the amount raised through fresh capital was for Capital Enhancement/Working Capital followed by Retirement of Debt (29 per cent), Expansion/New Project/Plant & Machinery (12 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 FPIs played a slightly more dominant role than Mutual Funds as anchor investors with their subscription amounting to 14 per cent of the issue amount with Mutual Funds at 13 percent.

Qualified Institutional Buyers (including Anchors Investors) as a whole subscribed to 58 per cent of the total public issue amount. FPIs, on an overall basis, as anchors and QIB, subscribed to 25 per cent of the issue amount, far higher than Mutual Funds at 16 per cent.

2023-24 saw 96 companies filing their offer document with SEBI for approval (in comparison to 75 in 2022-23). On the other hand, 2023-24 also saw 37 companies looking to raise nearly ₹59,000 crore letting their approval lapse, 2 companies looking to raise ₹1,000 crore withdrawing their offer document and SEBI returning the offer document of a further 5 companies looking to raise ₹2,500 crore.

Outlook for 2024

The pipeline continues to remain strong. 19 companies proposing 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 (Out of these 56 companies, 9 are NATCs which are looking to raise roughly ₹21,000 crore). According to Haldea, despite the upcoming general elections, the next couple of months should still see a few IPOs being launched.

SME IPOs: Activity in this segment saw a huge increase in 2023-24 with 200 SME IPOs collecting a total of ₹5,838 crore[#], 161 per cent higher than ₹2,235 crore from 125 IPOs in 2022-23. The largest SME IPO was of KP Green Engineering (₹180 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 ₹11,159

crore raised in 2022-23 to ₹21,055 crore raised in 2023-24. Of this, the Government's divestment accounted for ₹13,704 crore or 65 per cent of the overall amount. The largest OFS was that of Coal India (₹4,179 crore). OFS accounted for 11 per cent of the year's public equity markets mobilization.

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 55 companies mobilizing ₹68,933 crore through QIPs in 2023-24, nearly 7 times higher than ₹9,019 crore raised in 2022-23. The largest QIP was from Bajaj Finance raising ₹8,800 crore, accounting for 13 per cent of the total QIP amount. QIPs were dominated by Banking and Financial Services companies with them accounting for 58 per cent (₹40,020 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 two QIPs of InvITs of India Grid Trust (₹669 crore) and National Highways Infra Trust (₹6,181 crore) .

InvITs/ReITs: The amount raised through InvITs and ReITs also saw a huge increase to ₹17,116 crore (6 issues) from just ₹1,166 crore in 2022-23.

Fresh Capital

Of the total equity mobilisation of ₹1,86,108 crore, fresh capital amount was ₹1,25,267 crore (67 percent in comparison to 36 percent last year), the remaining ₹60,840 crore being offers for sale.

Divestments

Divestment in 2023-24 was dominated by the OFS's of Coal India, NHPC, NLC, RVNL, SJVN, IRCON and HUDCO of which contributed ₹13,704 crore or 94 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 by 142 per cent to ₹13,966 crore from ₹5,779 crore that was raised in 2022-23. The largest Rights Issue of 2023-24 was from Grasim Industries raising ₹4,000 crore, accounting for 29 per cent of the total Rights Issues amount. By number, 2023-24 witnessed 13 companies using the rights route in comparison to 12 companies in 2022-23.

Public Bonds: Public bonds market also saw a huge increase with 48 issues raising ₹20,757 crore in comparison to 32 issues raising ₹7,444 crore last year. The largest issue was from PFC raising ₹2,824 crore.

Debt Private Placements: Amount raised through debt private placement in 2023-24 stood at ₹9.41 lakh crore, up 10 per cent from ₹8.52 lakh crore in 2022-23. This was mobilised by 904 institutions and corporates. The highest mobilisation through debt private placements was by NABARD (₹51,855 crore) followed by REC (₹48,976 crore) and HDFC (₹46,062 crore). In addition, there were 17 debt private placements from InvITs/ReITs raising ₹14,155 crore.

Overseas Bonds: Indian companies also raised ₹3,55,526 crore through overseas borrowing (including ECBs[^]), up 60 per cent from ₹2,21,759 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 26 per cent to ₹15.79 lakh crore in 2023-24 from ₹12.52 lakh crore in 2022-23.

All figures are as of 22nd March 2024

- # Amount of SME IPO of Chatha Foods, Omfurn India, Vishwas Agri Seeds and Naman in-store has been calculated on basis of lower price band
- ^ ECB data till January,2024