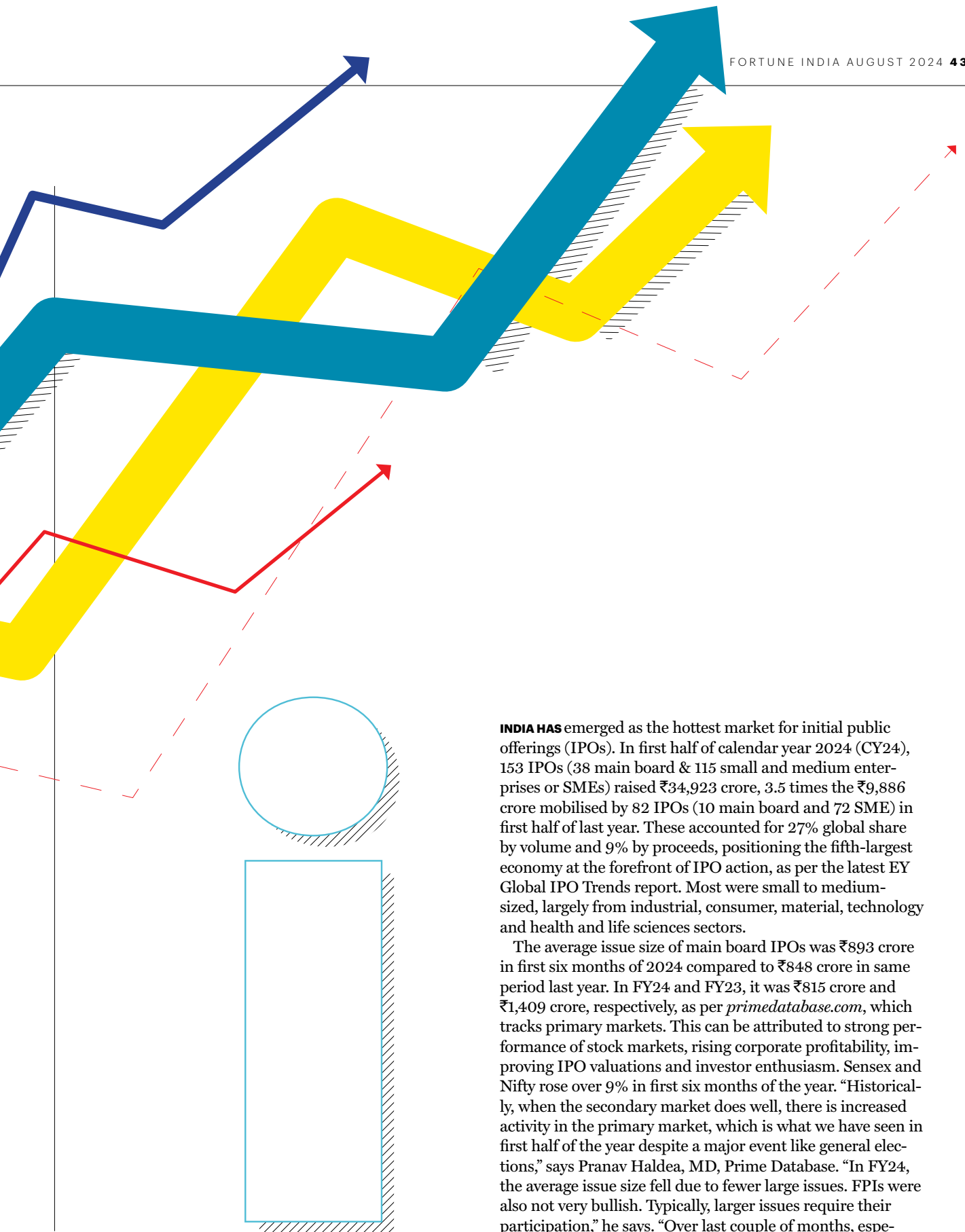


YEAR OF BIG-BANG IPOs

Around 41 companies, including Hyundai, Ola Electric, Bajaj Housing Finance and Swiggy, look to raise ₹81,930 crore via the IPO route.



INDIA HAS emerged as the hottest market for initial public offerings (IPOs). In first half of calendar year 2024 (CY24), 153 IPOs (38 main board & 115 small and medium enterprises or SMEs) raised ₹34,923 crore, 3.5 times the ₹9,886 crore mobilised by 82 IPOs (10 main board and 72 SME) in first half of last year. These accounted for 27% global share by volume and 9% by proceeds, positioning the fifth-largest economy at the forefront of IPO action, as per the latest EY Global IPO Trends report. Most were small to medium-sized, largely from industrial, consumer, material, technology and health and life sciences sectors.

The average issue size of main board IPOs was ₹893 crore in first six months of 2024 compared to ₹848 crore in same period last year. In FY24 and FY23, it was ₹815 crore and ₹1,409 crore, respectively, as per *primedatabase.com*, which tracks primary markets. This can be attributed to strong performance of stock markets, rising corporate profitability, improving IPO valuations and investor enthusiasm. Sensex and Nifty rose over 9% in first six months of the year. “Historically, when the secondary market does well, there is increased activity in the primary market, which is what we have seen in first half of the year despite a major event like general elections,” says Pranav Haldea, MD, Prime Database. “In FY24, the average issue size fell due to fewer large issues. FPIs were also not very bullish. Typically, larger issues require their participation,” he says. “Over last couple of months, espe-

cially after the election verdict, FPIs have come back in a big manner, which is giving confidence to issuers and bankers to launch bigger issues. Domestic institutional investors, especially mutual funds, are of course sitting on huge funds awaiting deployment. Adding to this is direct retail and HNI investment,” says Haldea.

Several high-quality issuers plan to tap primary markets in second half of the year, says Rahul Saraf, head of investment banking, Citi India. “We may also see MNCs use IPOs of Indian subsidiaries for strategic financing,” he says.

The Big Names

The major companies expected to hit the Street in second half of the year include Hyundai India, Ola Electric, Bajaj Housing Finance, Swiggy, Vishal Mega Mart, Afcons Infrastructure, Waaree Energies, NSDL, Niva Bupa Health Insurance, FirstCry and Avanse Financial Services. Others such as Haldiram’s, Hero FinCorp and electric vehicle maker Ather Energy are gearing up to file their draft red herring prospectus (DRHP) with Sebi.

As many as 58 companies filed DRHP in January-June this year versus 31 in same period last year. As on June 28, 2024, 18 firms, looking to raise around ₹14,430 crore, have Sebi approval. Another 41, looking to garner about ₹81,930 crore, are awaiting approval. The list includes Hyundai Motor India, which has announced a plan to raise a record ₹25,000 crore in what is expected to be India’s biggest-ever issue.

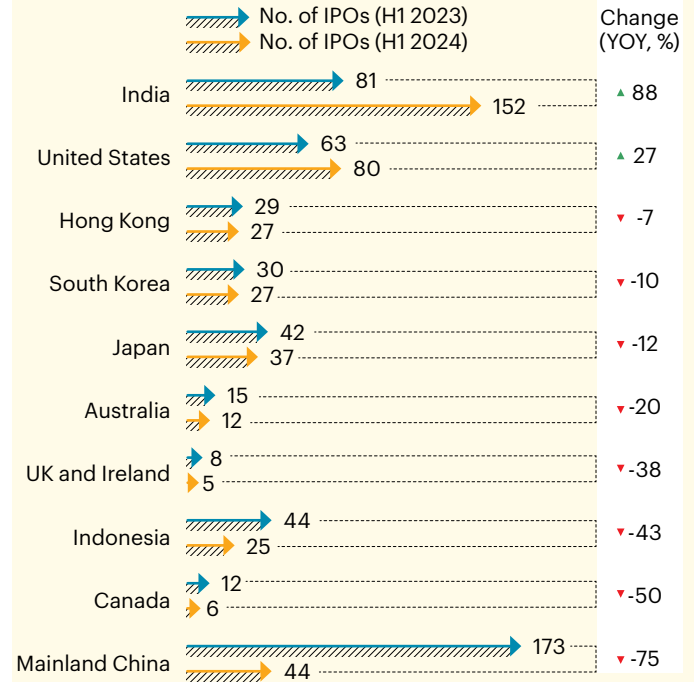
“The post-election resurgence of big IPOs is driven by political and economic stability, favourable market conditions, positive investor sentiment and backlog; many companies that had postponed IPOs due to election uncertainties are eager to launch their offerings given the clear window for next six months till U.S. elections,” says Neha Agarwal, MD and head, Equity Capital Markets, JM Financial Ltd.

The anticipated resurgence of large IPOs after elections can be attributed to political stability, reforms, economic strength, improvement in regulatory and corporate governance and sufficient liquidity, says Arvind Vashista, head of India equity capital markets, Citi. “Liquidity remains strong on the back of resilient flows from domestic institutions and local retail and HNI investors,” he says. “The post-election period, marked by reduced uncertainty, has led to a revival in broader sentiment (12% rise in Nifty 50 since poll results), making it an opportune time for big listings,” he says.

Top 10 Upcoming Mega IPOs

Headline-grabbing names such as Hyundai, Swiggy,

IPO Activity By Volume



SOURCE: EY GLOBAL IPO REPORT

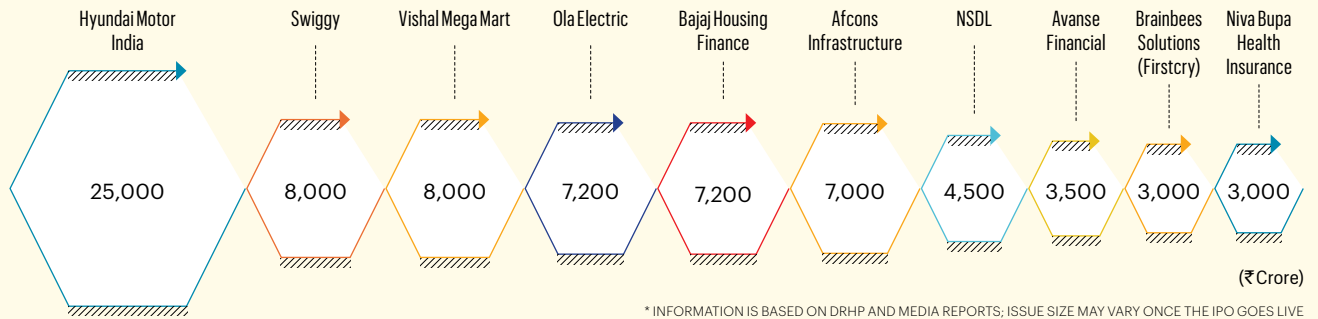


Ola Electric, Bajaj Housing Finance, Afcons Infra, NSDL, Niva Bupa Health Insurance, FirstCry and Vishal Mega Mart have already started creating a buzz. Of these 10 highly-awaited IPOs, Ola Electric and FirstCry have got Sebi approval.

Hyundai Motor India: The country’s second-largest carmaker by volume after Maruti Suzuki India has filed preliminary papers for a ₹25,000 crore offering that will value it around ₹1.5 lakh crore. This will be India’s largest IPO after state-owned Life Insurance Corporation raised ₹20,557 crore in 2022 when government offloaded a 3.5% stake. It is the first automaker to file for an IPO after Maruti Suzuki went public in 2003.

Ola Electric: The Bengaluru-based electric vehicle company, led by Bhavish Aggarwal, wants to raise around ₹7,200 crore. This includes fresh equity up to

Top 10 Mega IPOs To Watch Out For



* INFORMATION IS BASED ON DRHP AND MEDIA REPORTS; ISSUE SIZE MAY VARY ONCE THE IPO GOES LIVE

₹14,430 crore

AMOUNT THAT 18 FIRMS
WITH SEBI APPROVAL ARE
PLANNING TO RAISE

₹5,500 crore and offer for sale (OFS) of ₹1,700.

Swiggy: The homegrown food delivery aggregator filed for IPO through the confidential route in April this year. Under this route, in 2022, Sebi had given companies an option to delay release of details until they get closer to the IPO. The company plans to raise around ₹8,000 crore, including fresh equity of ₹3,750 crore. Given the company's dominant presence in food delivery and impressive growth, it hopes to give a tough fight to Zomato, which got listed in July 2021.

Vishal Mega Mart: The supermarket chain, which competes with Mukesh Ambani's Reliance Retail, Tata Group's Trent and grocery retailer Avenue Supermarts, has also reportedly taken the confidential route for DRHP. It is looking to mobilise around \$1 billion (₹8,000 crore). Switzerland's Partners Group

and India's Kedaara Capital, which together hold majority stake, are expected to offload shares via OFS route. It is the fourth company after Tata Play (formerly Tata Sky), hotel aggregator Oyo and Swiggy to take the confidential route. Tata Play was the first. It later scrapped IPO plans, though.

FirstCry: Brainbees Solutions, the parent of FirstCry, recently got approval for the IPO. It will be a mix of fresh equity up to ₹1,816 crore and an OFS. It will be the first public offering by a large e-commerce firm after Nykaa in 2021.

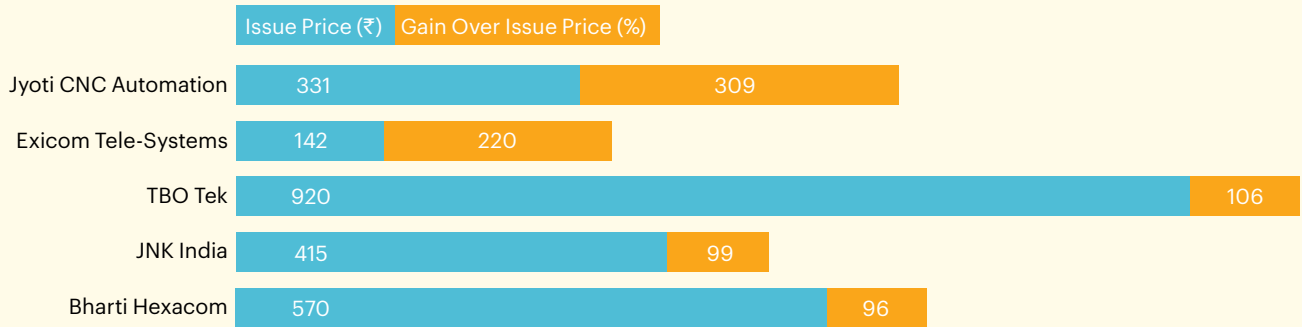
Bajaj Housing Finance: The housing finance arm of Bajaj Finance plans to raise ₹7,200 crore. The offering includes fresh equity of up to ₹4,000 crore and OFS up to ₹3,200 crore.

Niva Bupa Health Insurance: Niva Bupa Health Insurance (erstwhile Max Bupa) has filed DRHP to mop up ₹3,000 crore. It will be a mix of fresh issuance of ₹800 crore and OFS of up to ₹2,200 crore by promoter and investors.

Afcons Infrastructure: The flagship infrastructure firm of Shapoorji Pallonji Group, which competes with Larsen & Toubro, KEC International, Kalpataru Project International and Dilip Buildcon, wants to raise ₹7,000 crore. The IPO will be a mix of fresh shares up to ₹1,250 crore and OFS of up to ₹5,750 crore.

National Securities Depository: India's first electronic securities depository filed IPO papers

Top Listing Gainers In H1 CY24



SOURCE: CAPITALINE

with Sebi in July 2023. Its application was placed in abeyance in August. The regulator, however, removed the DRHP from abeyance in December but is yet to provide its final observation. The company wants to raise ₹4,500 crore in OFS from key investors, including NSE, HDFC Bank, SBI, IDBI Bank and SUUTI.

Avanse Financial Services: Homegrown education focused non-banking financial company (NBFC) has filed DRHP with Sebi to raise ₹3,500 crore. The IPO of global private equity firm Warburg Pincus-backed company includes fresh equity up to ₹1,000 crore and OFS of up to ₹2,500 crore by existing shareholders. Olive Vine Investment, a Warburg Pincus affiliate, is the largest shareholder with a 58.38% stake. IFC and Kedaara Capital hold 11.36% and 13.82%, respectively.

Listing Gains

One of the biggest reasons for the bright IPO market outlook is listing gains. The average listing gain (based on closing price on listing date) in first half of 2024 was around 30% as against 29% and 11% in 2023 and 2022, respectively. Apart from strong listings, reduced volatility, political stability, bullish investor sentiment, expanding economy and improved inflation outlook are also playing their part.

Out of 36 IPOs listed in first half of 2024, 26 are trading above issue prices (closing price of July 5, 2024), with average return of around 46%. Jyoti CNC Automation emerged as the top performer with an astonishing return of 309%, followed by EXICOM

Out of 36 IPOs listed in first half of 2024, 26 are trading above issue prices, with average return of around 46%.

Tele-Systems (220%) and TBO Tek (106%). Capital Small Finance Bank was the worst performer with a negative return of 26%, followed by Gopal Snacks (-19%) and SRM Contractors (-16%). The largest IPO in 2024 so far has been Bharti Hexacom (₹4,275 crore), followed by Aadhar Housing Finance (₹3,000 crore) and Go Digit General Insurance (₹2,615 crore). The smallest were Vibhor Steel Tubes, which raised just ₹72 crore, followed by SRM Contractors and Kronox Lab Sciences (₹130 crore each).

The primary markets are getting primed for a party in the latter half of the year. ■