

'IPOs to get bigger even after size has doubled in 2024'

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Initial public offerings in India are getting bigger, with their average size increasing to almost ₹2,000 crore so far in 2024, more than doubling from the average in 2023, said S. Ramesh, managing director and CEO of Kotak Investment Banking. With more large firms and new-age companies looking to list over the next two years, the average IPO size is likely to rise, Ramesh said.

"The average size (of IPOs) has roughly moved from about ₹900 crore to close to ₹2,000 crore because this year saw the advent of some of the large IPOs of companies such as Bajaj Housing Finance, Hyundai, FirstCry, and Swiggy. So, I think it has navigated towards larger size on an average," Ramesh said in an interview, without providing estimates.

The large IPOs in 2024 included Hyundai Motor India (₹27,870 crore), Swiggy (₹11,237 crore), Bajaj Housing (₹6,560 crore), Ola Electric Mobility (₹6,145 crore) and Brainbees Solutions (FirstCry) for ₹4,193.73 crore. The Carlyle Group Inc is exploring a \$1 billion share sale in portfolio company Hexaware Technologies Ltd later this year or in 2025.

It's been a busy year for investment banking teams across banks, given that the capital market has been buoyant. In the current calendar year, there have been 73 IPOs that mopped up \$16.7 billion (₹1.4 trillion), Kotak Investment Banking said, citing data from Prime Database. That was more than double the 58 IPOs amounting to \$6.35 billion in 2023, the data showed.

Follow-on share sales also



S. Ramesh, MD and CEO of Kotak Investment Banking.

peaked in 2024. There were 93 follow-on share sales amounting to over \$13 billion compared with 58 amounting to \$7.7 billion in 2023.

The deepening of the Indian markets is largely credited to the growing pools of capital available with domestic institutional investors. The mix of active foreign investors has also changed over the years, with those from the Far East being more consistent, said Ramesh.

"Investors from the Far East including India have been more consistent in investing in Indian IPOs, whereas those from Europe, the UK and the US have been more selective. I expect this trend to con-

tinue," he said.

Often, IPOs include stake sales by promoters and existing investors, apart from a fresh issue of shares. Early investors in companies seek to cash in their gains during an IPO.

"Of the \$24 billion sell-downs that we saw this year, promoter sell-downs constitute about \$10 billion. The remaining are all financial sponsors (private equity firms," Ramesh said.

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The average IPO size has moved from ₹900 cr to close to ₹2,000 cr because of large offers, says Ramesh