

February 2025

KIRTANE & PANDIT

MARKET LAUNCHPAD

A Quarterly IPO Report



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01.

FOREWORD





Welcome to our quarterly analysis of the Indian Initial Public Offering (IPO) market. This quarter presented a compelling narrative of both success and volatility. We observed a surge in IPO activity, with 26 issues surpassing Rs. 500 Cr, fueled by strong institutional investment - contributing nearly 70% of the total funds raised. Simultaneously, the broader capital markets experienced a correction after reaching peak levels in September, with notable FII outflows, which underscores the sensitivity of the Indian market to global economic cues and investor sentiment.

This report delves into these contrasting dynamics - a thriving IPO market alongside a fluctuating broader economy. We provide in-depth analysis of key IPO performances, exploring the factors driving their success, alongside the impact of market fluctuations on investor confidence. Upcoming IPOs section highlights promising offerings from Financial Services, Renewable Energy, and IT sectors, offering a glimpse into future market trends. Finally, we highlight SEBI's recent regulatory update, one being the new online document repository established by stock exchanges, enhancing transparency.

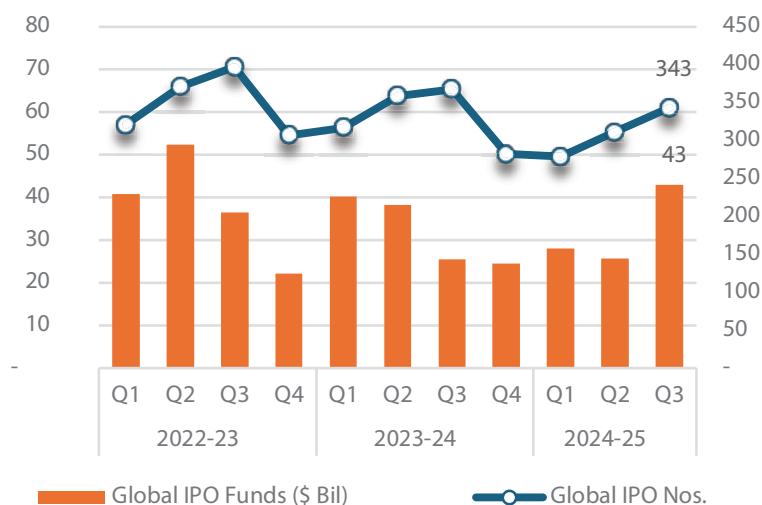
This periodical aims to equip investors and market participants with a comprehensive understanding of the current IPO landscape, amidst evolving market conditions.

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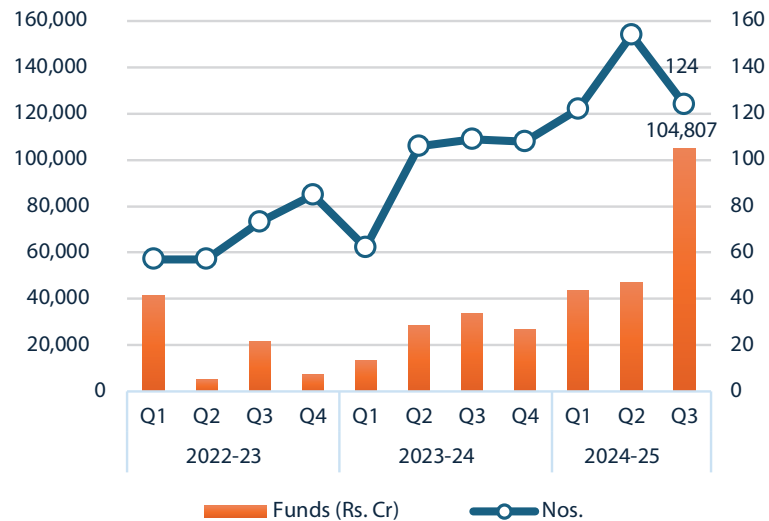
RECENT IPO TRENDS

- Global IPO activity has remained stagnant in recent years, with underwhelming numbers since the peak of FY 2020-21.
- 343 IPOs in this quarter is the highest quarterly number in the current calendar year, though it is a 7% decline from IPOs in the same period last year. However, these numbers have resulted in the highest funds raised since the second quarter of FY 2022-23 at \$43 bn.
- The significant rise in the funds raised in the latest quarter was led by the Americas market, which saw its proceeds, as well as the number of IPOs, double as compared to the third quarter of the preceding financial year.

Trends in Global IPOs

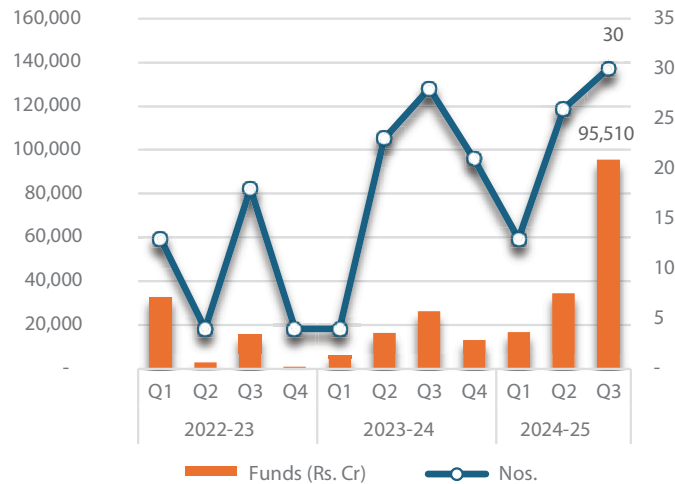


Trends in Indian IPOs

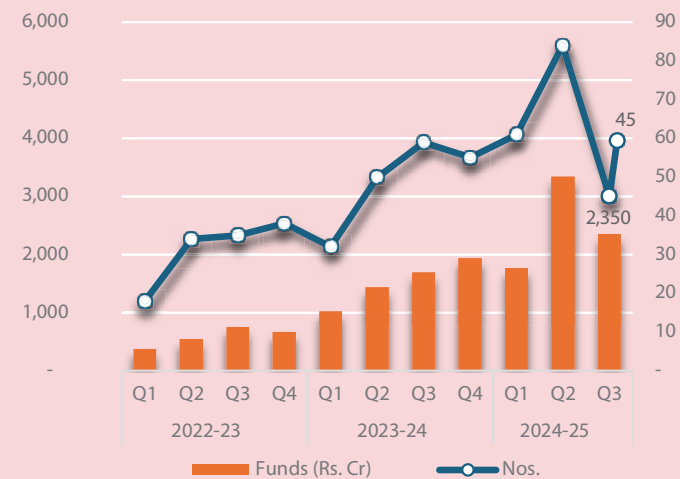


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Mainboard IPOs



SME IPOs



03.

CURRENT STATE OF CAPITAL MARKETS

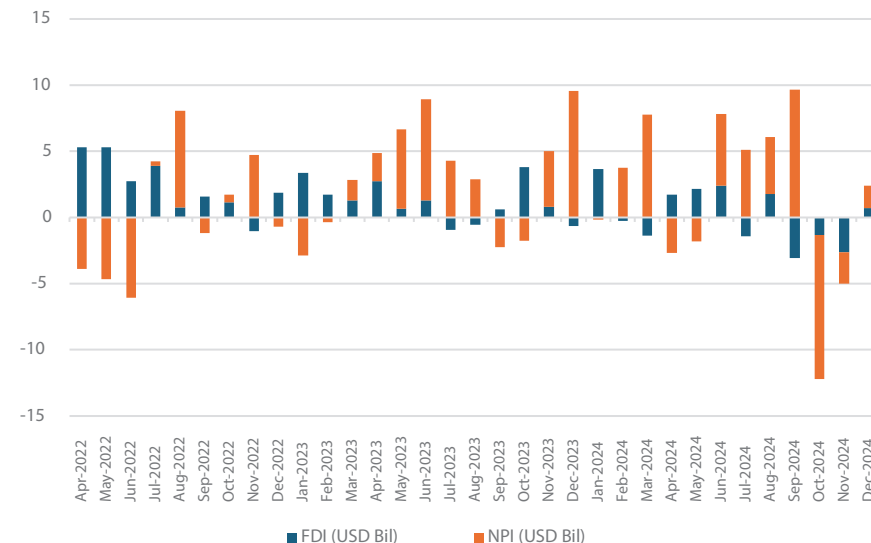


- The Indian Capital Market seems to have taken a break after a strong rising trend since the start of 2023. The 50 stock index - Nifty50, closed at a historic high of 26,216 on September 26, 2024.
- The broader index - Nifty500, topped the charts on the same day at 24,497 and closed the December quarter with an index value of 22,375.4.
- Overall, most sectors saw similar corrections in the third quarter of FY 2024-25, including metal, auto, energy, media etc.
- The third quarter of FY 2024-25 saw the worst-ever quarterly performance with net of US\$14.8bn foreign investments withdrawn during this quarter.
- FDI inflows were largely subdued in 2024-25, with net FDI inflows in first 9 months contracted by 96% to US\$0.31bn as compared to US\$7.84bn in nine months of FY 2023-24.
- As expected, FPIs have shown more volatility than FDIs, with several ups & downs in foreign investments. Disinvestment of US\$10.88bn in October 2024 is the worst performance since March 2020 – the month of the COVID-19 shock. On the other hand, the inflow of US\$9.71bn shows the highest figure in last 46 months.

Recent Capital Market Performance - Nifty500 Index



Foreign Investments in India



04.

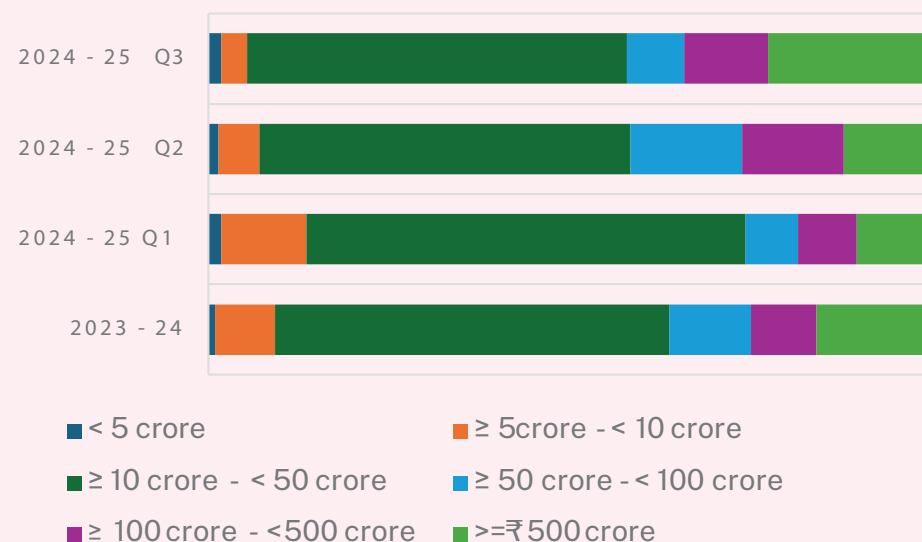
STATISTICAL OVERVIEW OF THE IPOs IN THE QUARTER



Issue Size

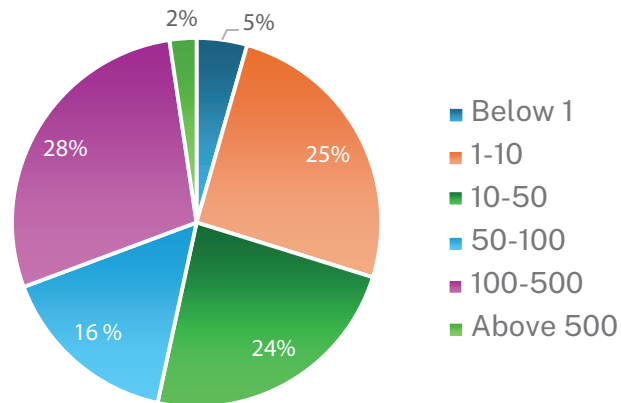
- Typically, most of the issues range between Rs. 10 to 100 Cr. Q1 of FY 2024-25 saw a significant rise in the number of issues in the range of Rs. 10 to 100 Cr., with almost 80% of total IPO issues of the year falling in the said range. Said percentage reduced to 72% & 64% in Q2 & Q3 of FY 2024-25 respectively.
- Q3 of FY 2024-25 saw the highest proportion of issues with more than Rs. 500 crores of issue size. Overall, 26 issues raised more than Rs. 500 crores in IPOs with Hyundai Motor India Limited, Swiggy Limited, NTPC Green Energy Limited topping the charts.

Issue size wise composition



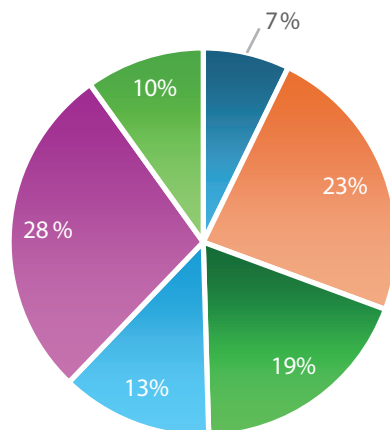
Subscription

FY23-24

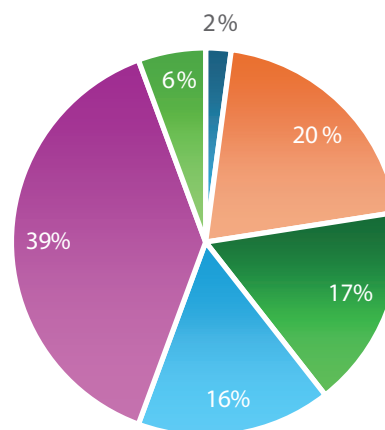


- The success of any IPO can be judged from its subscription status as it demonstrates the level of demand of the IPO issue having a restricted supply.
- FY 2023-24 shows almost 50% of IPOs getting oversubscription between 1 to 50 times, and 35% IPOs saw oversubscription more than 100 times.
- The third quarter of FY 2024-25 witnessed more than 45% of issues getting either undersubscribed or oversubscribed by less than 10 times, a big jump from the preceding two quarters & FY 2023-24.
- NACDAC Infrastructure, HAMPS Bio, and Toss The Coin – the three highest oversubscription issues, all from the SME sector, saw subscriptions by more than 1,000 times. KRN Heat Exchanger & Mamata Machinery, highest among Mainboard IPOs were oversubscribed by more than 200 times.

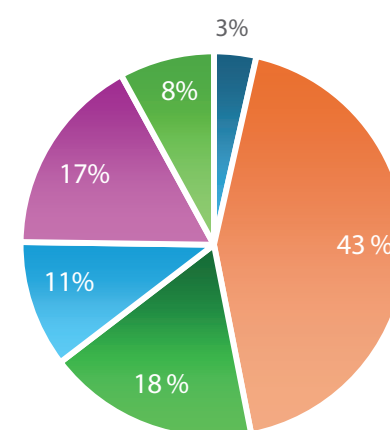
Q1FY24-25



Q2FY24-25

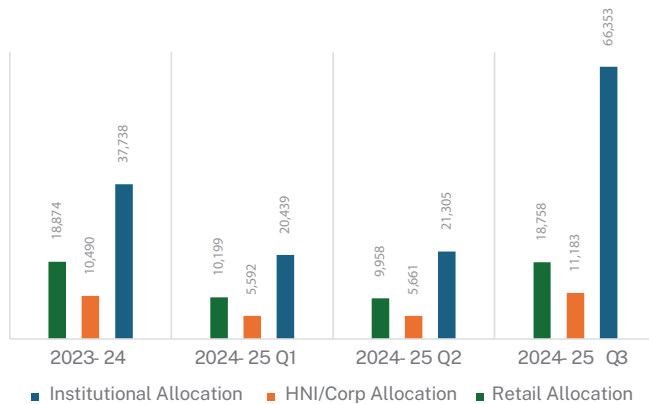


Q3FY24-25



Institutional Participation

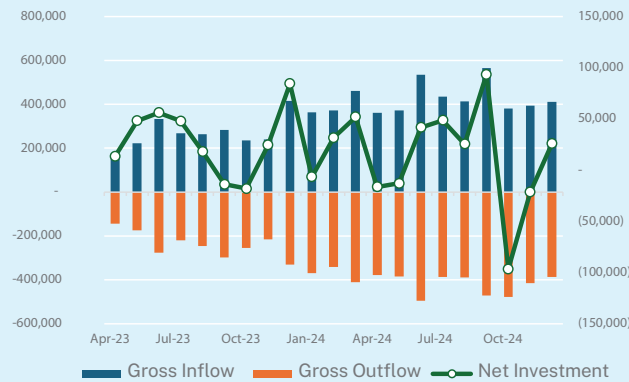
Institutional Participation (Rs. Cr)



- While the proportion of Institutional participation in IPO subscriptions has been growing gradually over the years, as evident from the adjacent graph, Q3 of FY 2024-25 saw a significant leap with 69% of funds raised through institutions, rising from 56% in FY 2023-24.
- Funds raised in each category in the third quarter of FY 2024-25 exceeded corresponding amounts from the whole of FY 2023-24.
- Hyundai Motor raised the highest funds through QIBs raising more than Rs. 21,075 Cr from institutions.

Foreign Participation

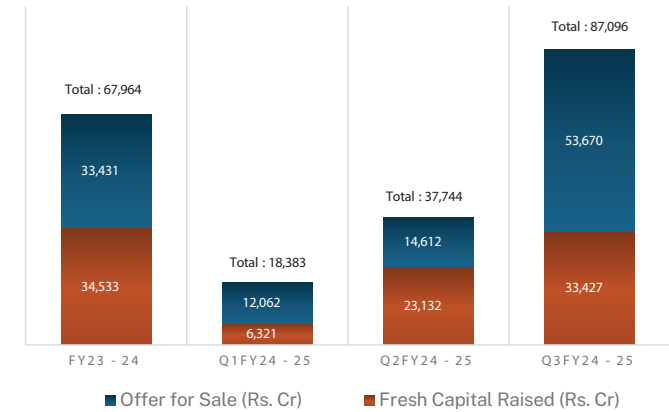
FPI Trends (Rs. Cr)



- Foreign investments have witnessed extreme volatility in the past two years.
- As October 2024 saw the worst month with a net outflow of INR 96,358 Cr, the first nine months of FY 2024-25 saw the net inflow of foreign investments plummet to almost one-third of net inflows in FY 2023-24.
- While the weak performance of net foreign investments is very apparent in the third quarter of FY 2024-25, it needs to be noted that the low volume of inflows from FIIs particularly during this quarter has caused more damage to foreign investments.

Types of Funds

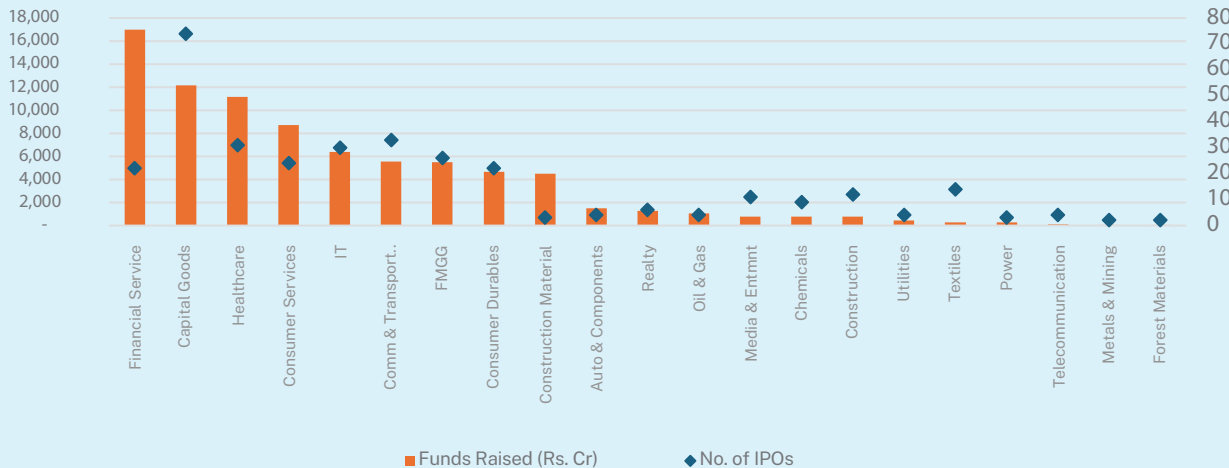
Types of Funds raised by Companies



- Funds raised from IPOs either flow to the Company (Fresh Issue) or the Company's existing owners sell their shares to other investors (Offer for Sale i.e. OFS).
- While FY 2023-24 saw an almost perfect balance between fresh issue & OFS, Q2 of FY 2024-25 saw a preference for fresh issue. In contrast, Q3 & Q1 showed a clear preference for OFS, with OFS contributing to more than 60% of total funds raised through IPOs.
- Overall, 56% of total capital raised in the first nine months of FY 2024-25, were raised for giving funds to existing shareholders.

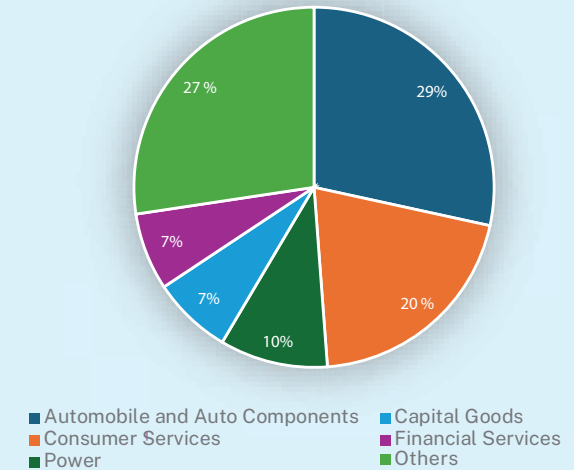
Segments

Segment-wise IPO distribution in FY 2023-24

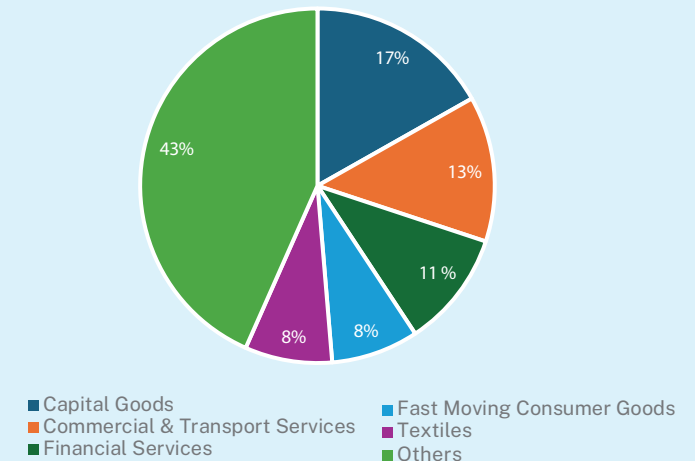


- In the last few years, India's Capital Goods sector has seen the highest number of companies going through the IPO way to raise capital – that trend has continued in the third quarter of FY 2024-25 with 19 IPOs out of 113 belonging to the Capital sector.
- In terms of funds raised, Financial Services has dominated the IPO market in FY 2023-24. Although it is not a leader during the third quarter of FY 2024-25, it is still in the top 5 sectors – raising more than Rs. 7,000 Cr during the said quarter. Automobile & related components led the way with Rs. 29,281 Cr. raised during this quarter.
- Other important sectors raising capital through IPOs are FMCG, Healthcare, Commercial & Transport Services, Power, Textiles etc. While the IPO distribution across various segments seems concentrated in terms of the funds raised (almost half of the funds raised in 2 sectors in this quarter), it is more evenly distributed in terms of number of IPOs listed in various segments.

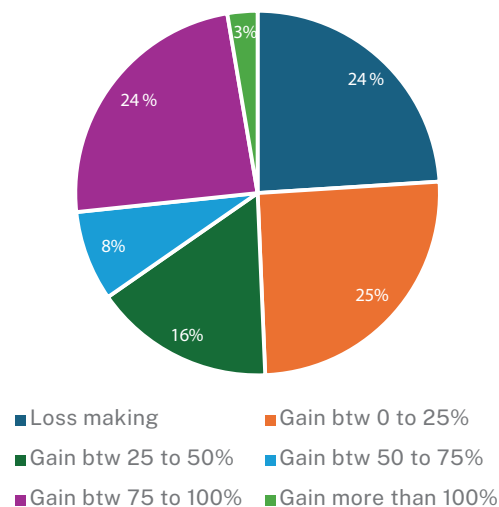
Important Segments of IPOs in Q 3 FY 2024 25 in terms of Funds raised



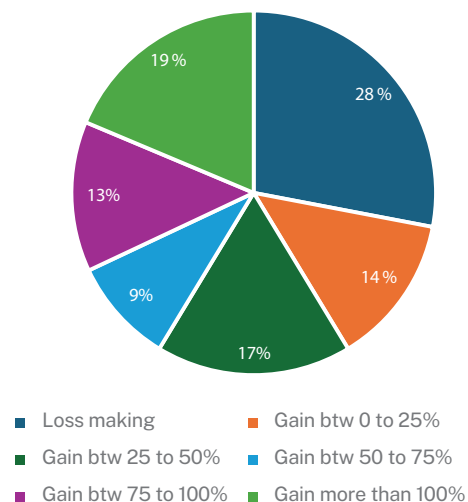
Important Segments of IPOs in Q 3 FY 2024 25 in terms of Nos.



Gain / Loss on Listing Day



Gain / Loss at Quarter End



Listing Day & Quarter end Gain / Loss






- Out of the total 75 listings (excluding Right issues & FPOs) of Q3 of FY 2024-25, almost 75% of IPOs showed listing day gains as compared to 60% in the previous quarter. While the average gain on the listing day was 38% above the issue price, 18 IPOs were listed at a loss, and only 2 IPOs were listed with more than 100% gains on the listing day.
- Amongst Mainboard IPOs, Mamata Machinery Limited & Diffusion Engineers Limited saw the highest gains of 159% & 136% respectively, on their respective listing days. On the other side, Deepak Builders and Engineers India Limited & ACME Solar Holdings Limited incurred losses of 20% & 12%, respectively, on the day of debut.
- In the SME segment, 13 IPOs including Danish Power Limited & HAMPS Bio Limited saw the highest gains of 99% each and Saj Hotels Limited & Lamosaic India Limited performed the worst with losses of 19% & 14% respectively on the day of debut.
- After the listing, 28% of the IPOs had turned red by the end of the quarter, suggesting a sluggish start to the post-listing activities of these companies. Similarly, 19% of companies had seen their value grow by more than 100% by the end of the quarter. Overall, on an overage basis, the 75 IPOs listed during the year had gained 51% above the issue price by the end of the quarter.



05.

NOTABLE IPOs OF THE QUARTER



Name of the Company	Date of Listing	Description of the Business
	22-Oct-24	Hyundai Motor India Ltd., a subsidiary of Hyundai Motor Company, South Korea, is a leading automobile manufacturer in India, renowned for its innovative engineering, advanced technology, and a diverse portfolio of passenger vehicles.
	13-Nov-24	Swiggy is an Indian online food delivery and quick commerce platform that connects customers with restaurants and grocery stores, offering doorstep delivery services through its app and website.
	27-Nov-24	NTPC Green Energy Limited is a fully owned subsidiary of NTPC, focusing on renewable energy generation, including solar, wind, and hydroelectric power. It aims to support India's green energy transition and reduce carbon emissions through sustainable energy projects.
	18-Dec-24	Vishal Mega Mart is a leading Indian retail chain offering a wide range of affordable products, including apparel, home goods, and groceries, across multiple locations in the country.
	28-Oct-24	Waaree Energies Ltd. is a leading Indian solar PV module manufacturer and renewable energy solutions provider, specializing in high-efficiency solar panels, EPC services, and solar project development.

Purpose of the IPO

The purpose of the IPO is to facilitate the sale of shares by the Promoter Selling Shareholder, with all proceeds from the Offer going to them, while covering offer-related expenses and ensuring compliance with regulatory requirements.

Swiggy's Offer for Sale aims to allow existing shareholders to sell up to 175.09 million equity shares, aggregating ₹68,284.27 million, with no proceeds going to the company. The Fresh Issue will raise ₹44,990 million, with net proceeds of ₹43,589.82 million allocated for debt repayment, expansion of Dark Stores, technology investments, brand marketing, and potential acquisitions.

The ₹99,464.85 million raised will be used to repay or prepay ₹75,000 million of NTPC Renewable Energy Limited's borrowings and ₹24,464.85 million for general corporate purposes, not exceeding 25% of the issue proceeds.

The Offer for Sale involves 1,025,641,025 equity shares, totaling ₹80,000 million, sold by the Promoter Selling Shareholder, with proceeds going entirely to them, while the estimated offer expenses are ₹2,426.86 million, and the company will not receive any proceeds from the offer.

The purpose of Waaree Energies Ltd.'s IPO is to raise ₹36,000 million, of which ₹27,750 million from the Net Proceeds will be used to establish a 6GW solar manufacturing facility in Odisha through its subsidiary Sangam Solar One Private Limited, ₹6,976.95 million for general corporate purposes, while the remaining funds will cover offer-related expenses.

Latest Financial Position

Funds Raised Rs. 27,857 Cr	Revenue Rs. 71,302 Cr
Fresh Capital of above 0%	PBT Rs. 6,060 Cr
Issue Price Rs. 1,960	Net Worth Rs. 14,67,530 Cr
Oversubscribed 2.3 times	Earning / Share Rs. 74.58

Funds Raised Rs. 11,327 Cr	Revenue Rs. 11,634 Cr
Fresh Capital of above 40%	PBT Rs. (-) 2,350 Cr
Issue Price Rs. 390	Net Worth Rs. 85,468 Cr
Oversubscribed 3.7 times	Earning / Share Rs. (-) 11.07

Funds Raised Rs. 10,000 Cr	Revenue Rs. 2,038 Cr
Fresh Capital of above 100%	PBT Rs. 345 Cr
Issue Price Rs. 108	Net Worth Rs. 107,174 Cr
Oversubscribed 2.6 times	Earning / Share Rs. 0.73

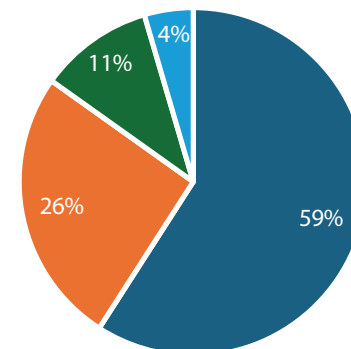
Funds Raised Rs. 8,000 Cr	Revenue Rs. 8,945 Cr
Fresh Capital of above 0%	PBT Rs. 462 Cr
Issue Price Rs. 78	Net Worth Rs. 48,028 Cr
Oversubscribed 28.8 times	Earning / Share Rs. 1.01

Funds Raised Rs. 4,321 Cr	Revenue Rs. 11,633 Cr
Fresh Capital of above 83%	PBT Rs. 1,274 Cr
Issue Price Rs. 1,503	Net Worth Rs. 82,008 Cr
Oversubscribed 80.1 times	Earning / Share Rs. 21.57

06.

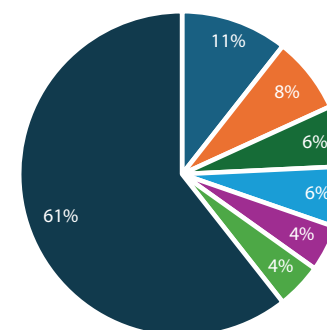
KEY LISTINGS POST QUARTER END

Current Status of Upcoming IPOs



- Under Process with SEBI
- Clarifications sought by SEBI
- Observations issued/ Withdrawn during week
- Awaiting Exchange Approval

Important Industries of Upcoming IPOs



- Financial Services
- Information Technology
- Construction
- Others
- Renewable Energy
- Auto Ancilliary
- Real Estate

Sr. No.	Name of the Company	Industry	Status as on 15 January 2025
1	Aditya Infotech Ltd.	Security Solutions	Under Process with SEBI
2	Aegis Vopak Terminals Ltd.	Storage Services	Under Process with SEBI
3	Ajax Engineering Ltd.	Concreting Equipment Manufacturing	Observations issued/ Withdrawn during week
4	Anand Rathi Share And Stock Brokers Ltd.	Financial Services	Observations issued/ Withdrawn during week
5	Anthem Biosciences Ltd.	Biotech and Pharmaceutical	Under Process with SEBI
6	Aye Finance Ltd.	Financial Services	Clarifications sought by SEBI
7	Belrise Industries Ltd.	Auto Ancilliary	Awaiting Exchange Approval
8	EAAA India Alternatives Ltd.	Asset Management	Under Process with SEBI
9	Greaves Electric Mobility Ltd.	Auto Ancilliary	Under Process with SEBI
10	HDB Financial Services Ltd.	Financial Services	Under Process with SEBI
11	Hero Fincorp Ltd.	Financial Services	Under Process with SEBI
12	Hexaware Technologies Ltd.	Information Technology	Observations issued/ Withdrawn during week
13	Jesons Industries Ltd.	Chemical Manufacturing	Clarifications sought by SEBI
14	LG Electronics India Ltd.	Electronics	Under Process with SEBI
15	Midwest Ltd.	Mining	Clarifications sought by SEBI
16	Prostarm info systems Ltd.	Manufacturer	Under Process with SEBI
17	Sambhv Steel Tubes Ltd.	Pipe Manufacturing	Under Process with SEBI
18	Seshaasai Technologies Ltd.	Financial Services	Under Process with SEBI
19	SFC Environmental Technologies Ltd.	Environmental Technology	Clarifications sought by SEBI
20	SMPP Ltd.	Defense Equipment Manufacturing	Under Process with SEBI
21	Star Agriwarehousing and Collateral Management Ltd.	Warehousing Services	Under Process with SEBI
22	Travel Food Services Ltd.	Quick Service Restaurants	Clarifications sought by SEBI
23	Varindera Constructions Ltd.	Construction	Under Process with SEBI
24	Vikram Solar Ltd.	Renewable Energy	Under Process with SEBI
25	Viney Corporation Ltd.	Auto Ancilliary	Under Process with SEBI

07. □

RECENT REGULATORY CHANGES BY SEBI



It is clarified that in addition to the existing modes of making an application in the public issue of securities, investors may continue to use 3-in-1 accounts to apply online for public issues of debt securities, non-convertible redeemable preference shares, municipal debt securities, and securitized debt instruments.

Source: SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/142 dated October 18, 2024

To streamline the on-boarding process for FPI applicants and minimize redundant information, market participants decided that applicants in specified categories could either complete the entire Common Application Form (CAF) or an abridged version. The abridged CAF allows applicants to enter only fields unique to them. If this option is chosen, other fields will either be auto-populated from existing information in the CAF module or disabled, as applicable.

Source: SEBI/HO/AFD/AFD-PoD-3/P/CIR/2024/156 dated November 12, 2024

Stock exchanges have established an online document repository platform to facilitate the efficient maintenance of records and documents used by merchant bankers during their due diligence for public issues. This platform enables merchant bankers to upload and maintain these documents electronically. The purpose of the document repository platform is to provide easier access to documents related to public issue processes that must be maintained by merchant bankers. Merchant bankers are advised to upload the records and documents they rely on while conducting due diligence on public issues onto the online document repository platform. These provisions will apply to draft offer documents filed on or after January 1, 2025.

Source: SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/129 dated September 26, 2024

08.

OVERVIEW OF THE IPO PROCESS - KEY UNDERSTANDINGS



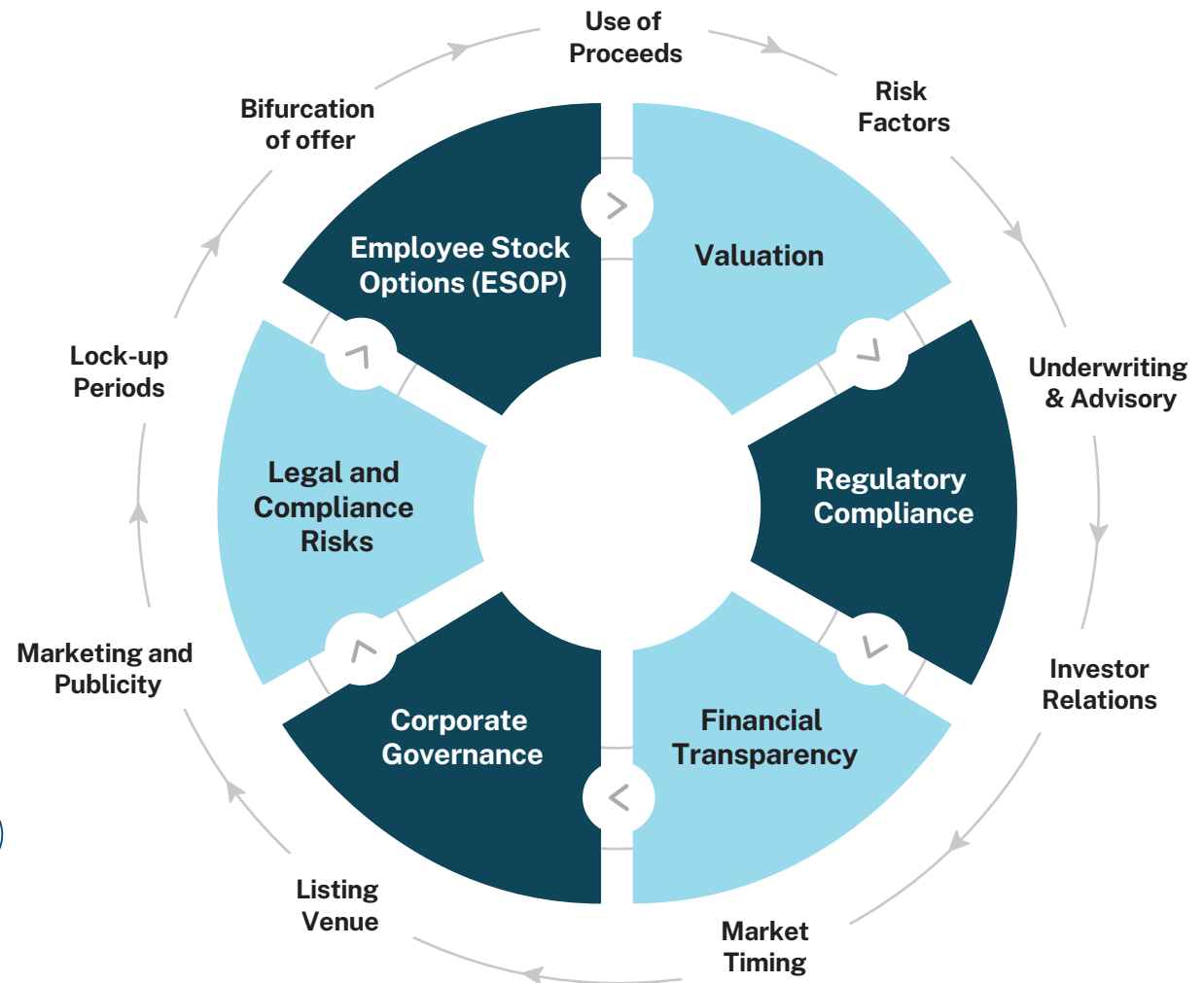
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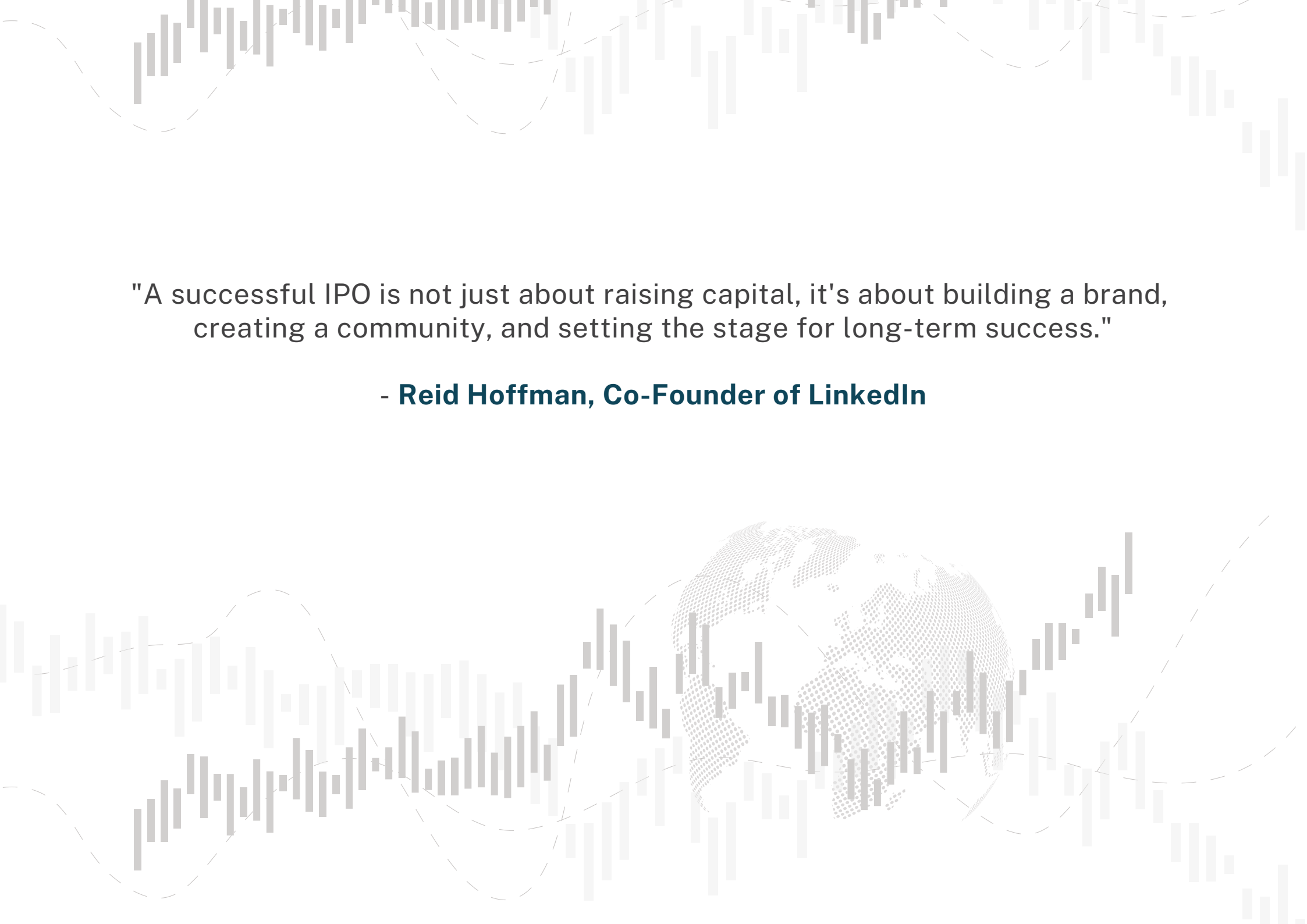


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**Data Sources - Dealogic, SEBI, NSE, BSE*

The background of the slide features a light gray, stylized candlestick chart that spans the width of the image. In the center, there is a dotted globe showing the continents. The overall aesthetic is clean and modern, with a focus on financial and global themes.

"A successful IPO is not just about raising capital, it's about building a brand, creating a community, and setting the stage for long-term success."

- **Reid Hoffman, Co-Founder of LinkedIn**

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