

India roars ahead of China to top Asian IPO rankings



Fast-growing Mumbai venue beaten by US in money raised by corporate listings

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India has eclipsed China as Asia's top market for company listings this year as buoyant stock prices spark a boom in initial public offerings.

Propelled by companies including Swiggy and Hyundai Motor, India will be the world's second-largest equity fundraising market behind the US for the first time, according to data from Dealogic for 2024.

The National Stock Exchange of India is set to be the number one venue for primary listings by value — ahead of Nasdaq and Hong Kong Stock Exchange, KPMG figures show.

The rankings herald a shift in 2024 in Asian finance as a tightening of regulations leads to a relative listings drought in China.

Meanwhile, companies have rushed to take advantage of high valuations following a multi-year rally in Indian equities, despite concerns over whether the market can weather an economic slowdown.

"It's been one of the most busiest times in the history of Indian capital markets," said Vijayankar, a managing director at Kotak Investment Banking, which worked on some of the country's biggest IPOs this year. "India is certainly getting noticed — China needs to probably do a lot more to really consistently attract that business."

The market has been buoyed by "very solid" Indian domestic flows thanks to a

significant "democratisation of investment" as households increasingly pour money into local equity markets, Jayankar added. "The overall activity has taken us by a positive surprise."

The value of primary and secondary listings in mainland China, which in 2023 was the world's largest market, fell about 86 per cent from more than \$48bn to just \$7.5bn in 2024 by early December, according to Dealogic.

Analysts said a weaker economy coupled with restrictive regulation on company listings has held up the pipeline of Chinese companies looking to enter public markets — although the announcement of monetary and fiscal stimulus plans in September has helped to stabilise markets after a sell-off earlier in the year.

China's IPO slowdown was in line with Beijing's policy aims, according to Scarlett Liu, Apac equity and derivative strategist at RNP Paribas.

"It's a regulatory attempt to achieve balance between primary and secondary markets," she said, adding that authorities were concerned that too

many listings could drain activity from secondary market trading.

Hong Kong, China's offshore financial hub, saw a relative increase in equity raising activity to more than \$10bn by December from \$6bn in 2023, including some large transactions such as electronics maker Midea raising more than \$4bn in a secondary listing.

Analysts said Hong Kong would continue to benefit as a listing venue for mainland Chinese companies to raise offshore capital.

"For Chinese companies pursuing IPOs, the Hong Kong Stock Exchange remains a top venue offering a more streamlined listing process, market stability and transparency, and greater access to global capital," said Frank Bi, partner and Asian practice head of corporate transactions at law firm Ashurst.

India, which had a large volume of relatively smaller deals in 2024, has been buoyed by companies seeking to raise funds while valuations remain sky-high, including by spinning off Indian units of multinational groups such as Hyundai.

"Obviously the number of transac-

Strong appetite online food ordering group Swiggy's initial public offering last month signalled a vote of confidence in the National Stock Exchange of India

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tions has gone up but the average ticket size per transaction is down about 75-80 per cent in the last two years," said one Mumbai-based banker. "Now, what that tells me is [companies are thinking] 'run for the hills, let's try to cash in as quickly as we can, whatever we can while market conditions remain supportive.'"

But as the world's most populous nation's rapid growth slows with corporates reporting weak earnings and GDP growth falling sharply to 5.4 per cent in the third quarter — the lowest rate in almost two years — foreign portfolio managers have turned cautious on its frothy equity market.

They pulled more than \$11bn out of Indian stocks in October, a record monthly exodus, as well as a further \$2.5bn in November.

However, bankers said the wider exuberance in primary and secondary listings in India was likely to be sustained into the new year.

"Not to comment on the quality of the offerings," a second banker in Mumbai said, "there is enough activity lined up so long as the markets are supportive and the liquidity is there".

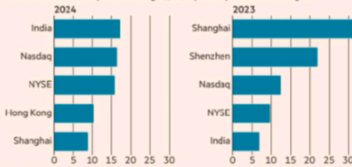
He added: "Fair to say that the first two quarters of 2025 will see no change from where we are right now."

Global investment bankers, too, remain bullish on India while warning that its relative growth may be eclipsed by a larger comeback in the US and elsewhere.

"Globally, we expect the IPO market activity to normalise in 2025 and we will see a pick-up in volumes especially in the US and Europe and possibly also out of China," said Gareth McCartney, global co-head of equity capital markets at UBS. "It would not surprise me if India continues to grow though."

India's NSE becomes the top global stock exchange

Funds raised in initial public offerings (\$bn) by the top 5 stock exchanges



Source: SPINK — Data as of Dec 8, 2024

'It's been one of the busiest times in the history of Indian capital markets'

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