

Indian cloud companies to drive next wave of tech listings

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SaaS firms are expected to drive tech IPOs. ISTOCKPHOTO

Indian capital markets are poised for a wave of listings by cloud-based software providers, with bankers and investors predicting that at least seven to eight such startups are set to go public locally over the next 12-18 months.

Unlike consumer-facing firms that have dominated the listed pipeline so far, software-as-a-service (SaaS) companies are expected to drive tech initial public offerings (IPOs) next. RateGain and, recently, Capillary Technologies are the only such large listings in India.

Now, their peers, including Amagi, Leadsquared, BusinessNext, Zenoti, Icertis, Mindtickle, Juspay and Whatfix, are either preparing for IPOs or considering public listings, bankers and investors said.

“Over the last few quarters, we have been seeing a clear build-up in the SaaS IPO pipeline in India, particularly amongst profitably growing companies that scaled during the 2020–22 period and are now approaching predictable ARR (annual recurring revenue) and operating profitability thresholds,” said Pankaj Naik,

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managing director and co-head, digital, tech and consumer investment banking, Aventus Capital. “The number of IPO-ready SaaS companies today is materially higher than in 2021–22, when only a handful qualified.”

Several SaaS firms, having crossed the \$80-100 million revenue mark during the last fiscal year, are trying to raise funds as they seek to provide exits to investors and protect their turf from challengers built

around artificial intelligence (AI), experts told *Mint*.

Still, the expected IPO rush will have to overcome AI disruption of the global SaaS industry and slowing growth after the pandemic-era highs. While large, cash-generative names such as Salesforce, Snowflake and HubSpot proved relatively resilient, many mid- and small-cap SaaS stocks, including Freshworks, witnessed steep drawdowns from listing-era highs.

However, Indian cloud-based platforms are lining up listings before the new breed of AI-native startups fully disrupts the industry.

Amagi, which provides cloud-based applications for media firms, the Securities and Exchange

Board of India’s (Sebi) nod for an IPO last month, with a fresh issue of ₹1,020 crore. The firm is evaluating its listing timeline. “...we continue to stay disciplined in how we evaluate market dynamics,” an Amagi spokesperson said.

Avataar Ventures, a SaaS-focused investor in Amagi, RateGain and Capillary Technologies, is seeing the IPO pipeline building up in its portfolio. “After Amagi, we have BusinessNext and Zenoti, both of

which are above \$100 million in revenue,” said Mohan Kumar, founding managing partner, Avataar Ventures.

BusinessNext is a West-bridge-backed lead management software for banks and financial services firms, while Zenoti offers cloud software for spas and fitness centres.

Leadsquared, which offers customer relationship management software, told *YourStory* earlier this year it was targeting an IPO in 12-18 months. CEO Nilesh Patel told *Mint* the firm has spent the last few years “strengthening fundamentals such as profitability, operational efficiency, vertical focus and its US business”.

For over a decade, Indian SaaS firms built in India, and listed overseas. Now, companies such as Clevertap and Browserstack have initiated process to flip back to India, following larger tech firms.

“Mature SaaS companies that are domiciled in the US/Singapore are moving back to India because they realize they can command premium valuations here. The Indian market understands their story better than a crowded Nasdaq,” said Nishant Singh, CEO and co-founder BusinessNext.

SaaS valuations peaked at 19–20x EV/revenue (enterprise value-to-sales multiple) in 2021, and hover around 7–8x in 2024–25, according to S&P Capital IQ data collated by M&A advisory Aventis Advisors. In India, Capillary Technologies is trading at an 8.04x.

According to bankers and investors, other SaaS firms expected to be in the IPO lineup soon, include AI-powered contract management platform Icertis; revenue enablement platform Mindtickle; payments operating system Juspay; and in-app training and support software Whatfix.

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