PEs, promoters find good exits in IPOs

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WITH primary markets buoyant this year and initial public offers (IPOs) worth more than ₹20,000 crore hitting the market, existing shareholders and promoters have found good exits. Of the ₹20,540 crore raised in 2016 so far via initial share sales around ₹15,330 crore, or 75 %, went to promoters or private equity (PE) players who offloaded their stakes, data from Primedatabase shows. This share is the highest in ten years.

The remaining ₹5,209 crore will be used by companies either to repay debt or for working capital requirements.

In CY15, around ₹7,074 crore or 52% of the ₹13,614 crore raised through IPOs was via offer for sale (OFS).

The PE players who diluted their holdings through IPOs during 2016 include marquee names Sequoia Capital, Helion Venture Partners, and Sarva Capital.

The initial share sale of both the Larsen & Toubro group companies — L & T Infotech and L &T Technology Services—were entirely offer for sales.

While L & T Infotech raised ₹1,260 crore, L& T Technology Sevices garnered ₹894 crore. Similalrly ICICI Prudential Life Insurance, the biggest IPO during 2016 so far, was entirely an offer for sale by ICICI Bank, which mopped up ₹6,057 crore.

Varun Beverages whose last date of issue was Friday also had a significant OFS portion. Out of the ₹1,113 crore the company raised, ₹446 crore is on account of 50 lakh shares each by promoters Ravikant Jaipuria and Varun Jaipuria.

In 2014, Securities and Exchange Board of India (Sebi) had tweaked IPO regulations , whereby companies with an after IPO market capitalisation of less than ₹4,000 crore are required to either dilute 25% or ₹400 crore of the issue, whichever is lower.

Companies with a post-IPO market capitalisation of more than ₹4,000 crore are required to dilute only 10% and would have an additional time frame of three years to achieve minimum public shareholding of 25%.

IPO factsheet

Year*	No. of issues	Offers for sale (₹ cr)	Issue amount (₹ cr)	OFS as % of total issue
2006	73	942	19,852	4.74
2007	100	2,077	34,179	6.08
2008	37	986	16,904	5.83
2009	20	2,358	19,544	12.07
2010	64	20,534	37,535	54.71
2011	37	116	5,966	1.94
2012	11	2,405	6,835	35.18
2013	3	956	1,284	74.43
2014	5	702	1,201	58.48
2015	21	7,074	13,614	51.96
2016	22	15,330	20,540	74.63

Source: Primedatabase and stock exchanges