

Fund-raising via equity highest in five years at ₹93,000 crore

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FUND-RAISING VIA THE equity route could hit ₹1 lakh crore in 2017, with companies and financial institutions having mopped up close to ₹93,000 crore so far. The amount is the highest raised via equity in the last five years and almost twice of ₹46,733 crore mopped up in 2016.

In the next few months, at least 10 IPOs are tipped to hit the market. These include offers from a couple of insurance companies and some logistics firms. These issues are expected to raise close to ₹20,000 crore.

Market participants said adequate liquidity in the market and the desire of private equity players to exit their holdings have created action in the primary market. Moreover, the IPOs and offers for sale (OFS) by the government to meet its disinvestment target could take fund-raising in 2017 to a record high.

The fund-raising has been helped by a booming stock market – the Sensex has gained 17.49% so far this year. On Friday, the benchmark gauge closed at 31,283.72. The Nifty has gained 19.58% in 2017. The NSE index closed Friday's session at 9,788.60.

A significant portion – close to 42% – of the total equity raised this year has been by way of qualified institutional placements

Offer type	Amount (₹ crore)
Main board IPOs	30,682
SME IPOs	1,181
FPOs	—
SME FPOs	—
OFS (SE)	13,893
Rights issues	2,807
QIPs	39,382
IPPs	4,668
Total	92,613.12

Source: Prime Database



(QIPs) at ₹39,382 crore.

State Bank of India's ₹15,000-crore offering has been the biggest so far in 2017. The country's biggest lender had issued around 52.21 crore new shares at a price of ₹287.25. The issue was aimed at augmenting the bank's capital adequacy ratio and for general corporate purposes.

This was the biggest QIP issue in the past 11 years. Market participants said the need for tier-1 capital and the necessity to meet Basel III requirements are the reasons behind banks opting for QIPs.

Bajaj Finance completed its QIP worth ₹4,500 crore in September.

After QIPs, the maximum amount of money was raised through IPOs. In 2017, 24 companies raised ₹30,682 crore through IPOs. Listing gains and returns by newly-listed companies as also the positive sentiment in the broader market are among the reasons being attributed to the trend.

ICICI Lombard, BSE, HUDCO, CDSL, Avenue Supermarts, Shankara Building Products, S Chand and Company, and Cochin Shipyard are some of the companies who completed their public issues in the last nine months.

Newly-listed companies have given good returns to investors. The BSE IPO index, a gauge of newly-listed companies, has risen 38% year to date.

The government raised ₹13,893 crore through the OFS route. The stake sale in NTPC was the biggest OFS so far in 2017 – the government raised ₹9,193 crore through it. The government also sold shares in NALCO, RCFL, NFL and HCL as part of the disinvestment drive.

Small enterprises raised ₹1,181 crore through SME IPOs, the highest since 2012.

Market participants said the buoyancy in the primary market is set to continue, with nine companies waiting for approvals from Sebi to hit the market.