

# Fund raising through IPOs lowest in 13 yrs

**SUBDUED** Dips 14% from previous year; drop attributed to high disclosure requirements, dull economy in past 2 years

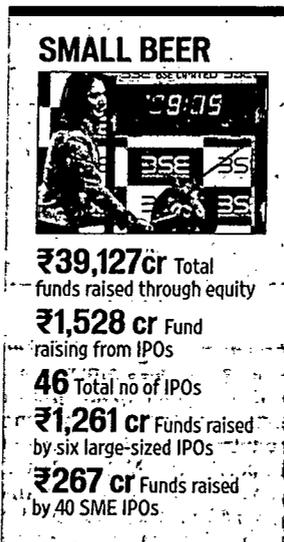
Nachiket Kelkar and  
Mirza Mohammed Ali Khan  
■ nachiket.kelkar@hindustantimes.com

**MUMBAI:** Although 2014 was a good year for equity markets with the Sensex and Nifty recording major gains, fund raising through initial public offerings (IPOs) was subdued.

According to data shared by Prime Database, IPOs managed to raise only ₹1,528 crore in 2014, the lowest in 13 years. Total equity raised for 2014 stood at ₹39,127 crore, a 14% drop compared to the preceding year.

Of the ₹1,528 crore IPO fund raising, ₹1,261 crore came from six large-sized IPOs, namely Sharda Cropchem, Monte Carlo Fashions, Snowman Logistics, Wonderla Holidays, Shemaroo Entertainment and NCML Industries. The remaining ₹267 crore came from 40 SME IPOs (IPOs with maximum post issue of ₹25 crore).

The data from Prime Database states that 103 companies, which received Securities and Exchange Board of India (Sebi) approval since January 1, 2009 to



FIGURES FOR CALENDER YEAR 2014

collectively raise ₹47,840 crore, allowed the approvals to lapse. In addition, 62 companies, which filed their offer documents with Sebi since January 1, 2009 to collectively raise ₹19,973 crore, withdrew their offer documents. "Disclosure requirements have gone up considerably

resulting in a longer time period for due diligence" Pranav Haldea, managing director, Prime Database told *HT*. "2015 looks to be a good year for IPOs," he added, saying that already IPOs worth ₹8,500 crore are on hold or have filed for Sebi approval. "Interest from retail investors will be on case to case basis depending on the IPO in question," Haldea added.

Analysts also attributed the lull in IPO fund raising to the sluggish economy over the last two years. "In the last couple of years, due to the overall subdued economic conditions, companies had not made any significant investment and whatever was done was via debt. Thus, not many IPO papers were filed," Dara Kalyaniwala, vice president - investment banking, Prabhudas Lilladher Capital Markets told *HT*.

However, Kalyaniwala seemed positive about the year ahead. "We are hopeful that there will be eight to nine IPOs in the January-March quarter. How much the market picks up hinges on signals the government gives in the upcoming budget," he said.