

Fund raising via IPOs dips 60% in 2019 as economy plunges

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Reflecting the woes of the broader economy, fund raising through IPOs plunged to a low of Rs 12,362 crore in 2019, down a full 60 per cent from 2018 when the street mopped up Rs 30,959 crore.

The outgoing year saw only 16 initial public offerings (IPOs) as against 24 in 2018, show the data collated by the premier database on the capital market, Prime Database.

That the economy is in bad shape - Q2 GDP has come in at near seven-year-low of 4.5 per cent and there is no sign of any improvement going forward - is clear from the fact that as many as 47 companies which got Sebi nod to raise over Rs 51,000 crore through IPOs allowed their same to lapse.

However, driven by offer-for-sale and qualified institutional placements, the street saw 28 per cent growth in overall fund raising at Rs 81,174 crore in 2019, against Rs 63,651 crore in 2018 but this is 49 per

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cent lower than the all-time high of Rs 1,60,032 crore raised in 2017, says Mr Pranav Haldea, managing director at Prime Database Group.

The year 2017 saw 36 IPOs mopping up Rs 67,147 crore, while 2016 saw 26 issues collecting Rs 26,494 crore and Rs 13,614 crore being raised in 2015 through 15 issues and 2014 being the worst at Rs 1,201 crore from five IPOs, show the data.

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16 IPOs that hit the market had a prior PE/VC investment, a notable change from previous years. OFS by such PE/VC investors stood to Rs 803 crore, accounting for just 6 per cent of IPO amount. OFS by promoters stood at Rs 7,513 crore, or 61 per cent of total IPO amount.

Seven IPOs got mega responses of over 10 times (IRCTC at 109 times followed by Ujjivan Small Finance Bank 100 times, CSB Bank 48 times, Affle 48 times, Polycab 36 times, Neogen Chemicals 29 times and Indiamart InterMesh 20 times), one issue was over-

subscribed by over three times, the balance seven were over-subscribed between one and three times.

But from the listing side, the year was good with IPOs with strong debut trade. Of the 15 IPOs which got listed, seven gave a return of over 10 per cent, based on closing price on listing date.

IRCTC gave a stupendous return of 128 per cent, followed by CSB Bank (54 per cent), Ujjivan (51 per cent), Indiamart InterMesh (34 per cent), Neogen Chemicals (23 per cent), Polycab (22 per cent) and Affle (17 per cent).

Significantly, unlike in previous years, only two IPO stocks are trading below the issue price now with the rest 13 stocks trading between 21 per cent and 170 per cent above the issue price as of 23 December.

For the first time since the SME platform started five years ago, the IPO activity declined in 2019 as there were only 50 SME IPOs in the year collecting a paltry Rs 621 crore as against 141 issues in 2018 worth Rs 2,287 crore and 133 issues in 2017 raising Rs 1,679 crore and 67 issues raising Rs 537 in 2016 and 43 issues raising Rs 260 in 2015 and 40 IPOs collecting Rs 267 crore in 2014.

The OFS to dilute the promoters' holding saw a huge increase from Rs 10,672 crore raised in 2018 to Rs 25,811 crore in 2019. Of this, government divestment accounted for Rs 5,871 crore or 23 per cent of the total led by it diluting its stake in Axis Bank in February worth Rs 5,358 crore, followed by SBI Life (Rs 3,524 crore) and HDFC Life (Rs 3,366 crore).