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## PRESS RELEASE

### **Rs.71,370 CRORE RAISED IN PUBLIC MARKETS IN 2013-14; UP BY 13 PER CENT; PUBLIC BONDS DOMINATE WITH RS. 41,989 CRORE**

2013-14 witnessed a raising of Rs.71,370 crore through public markets which was 13 per cent higher than the Rs.63,056 crore that was raised in the preceding financial year. However, of the total amount, only Rs.29,381 crore was raised through equity (36 per cent lower than the Rs.46,073 crore that was raised in the preceding financial year). According to Pranav Haldea, Managing Director, PRIME Database, India's premier database on primary capital market, the year could have been much better had several PSU divestments, originally slated to be done via public offers, not been made through alternative routes (such as buyback, block deals, cross holding, ETFs etc.) and also if there was lower volatility in the secondary market through most of the year.

In comparison to equity issues, the year saw much greater activity in the public bonds market. As many as 35 issues raised Rs.41,989 crore\*, higher by more than 147 per cent than Rs.16,982 crore last year through 20 issues. This market was initially monopolized by NBFCs but towards the later part of the year, the investors also witnessed tax free bonds issuances from government companies.

#### FUNDS MOBILIZATION-PUBLIC MARKETS

Year	IPOs	FPOs	OFS (SE)	QIPs	IPPs	IDRs	Rs. crore		
							Total Equity	Bonds (Public)	Total Equity + Bonds
2013-14	1,205	7,456	6,859	9,402	4,459	0	29,381	41,989	71,370
2012-13	6,497	0	28,024	10,818	734	0	46,073	16,982	63,056
2011-12	5,893	4,578	13,518	1,713	471	0	26,172	35,611	61,783
2010-11	33,098	13,084	0	24,550	0	2,487	73,219	9,431	82,650
2009-10	24,948	21,993	0	43,968	0	0	90,910	2,500	93,410
2008-09	2,034	0	0	189	0	0	2,223	1,500	3,723
2007-08	41,323	10,896	0	25,770	0	0	77,989	1,000	78,989
2006-07	23,706	1,287	0	4,963	0	0	29,956	0	29,956
2005-06	10,808	12,868	0	0	0	0	23,676	0	23,676
2004-05	14,662	6,769	0	0	0	0	21,432	4,095	25,526

Source: PRIME Database

According to Pranav Haldea, the unstable political/economic climate in the country, coupled with a volatile secondary market, almost through the year resulted in a very bad year for IPOs; only 1 main-board IPO (Just Dial) was successful, raising a meager Rs.919 crore. This was in comparison to 9 main-board IPOs in the preceding year mobilizing Rs. 6,289 crore. The last such lull was 11 years back in 2002-03 when there were just 6 IPOs in the entire financial year. Such was the negative sentiment that 2 IPOs of Scotts Garments and Loha Ispaat had to be refunded while 21 companies holding SEBI approval, wishing to raise Rs. 6673 crore allowed it to lapse.

In addition, there were 37 SME IPOs which raised Rs.286 crore, compared to 24 SME IPOs in the preceding year raising Rs.208 crore.

As per PRIME, the year saw only 2 FPOs of Power Grid of Rs.6,959 crore and Engineers India (Rs.497 crore) (The previous year had witnessed no company raising monies through this route).

According to PRIME, 79 Offers for Sale through Stock Exchanges (OFS), the new secondary sale method allowed by SEBI last year primarily to help promoters of already-listed companies in complying with the minimum public shareholding (MPS) requirement, were made in 2013-14, accounting for 23 per cent of the total equity amount mobilized during the financial year. For investors, these sales are substantially risk-free as these are from already listed companies and are at a discount to the market price. However, proceeds from such sales do not go to the company for its growth but to the selling shareholders. OFS were in highlight, according to Haldea, especially in the April-June quarter with companies having to meet the 3<sup>rd</sup> June 2013 MPS compliance deadline given by SEBI. Another new instrument allowed by SEBI, IPP, primarily for the same purpose saw 11 companies raising Rs.4,459 crore.

During the year, 6 QIPs managed to raise Rs.9,402 crore from institutional investors (previous year 14 QIPs for Rs.10,818 crore). SBI's QIP formed a lion's share of 85 per cent of this amount. No company made an IDR.

\* Debt issues for which issue amount is tentative:

- 1.Muthoottu Mini Financiers Ltd. (19/02/2014)
- 2.Manappuram Finance Ltd. (05/03/2014)
- 3.Muthoot Finance Ltd. (10/03/2014)
- 4.India Infoline Housing Finance Ltd.(12/03/2014)