

31st March, 2015

## PRESS RELEASE

### **RS.58,801 CRORE RAISED IN PUBLIC EQUITY MARKETS IN 2014-15, QIPs DOMINATE, IPOs DISAPPOINT: PRIME DATABASE**

2014-15 witnessed a raising of **Rs.58,801 crore** through public equity markets, double of the **Rs.29,381 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, of course, fell short of Rs.86,710 crore, the highest amount that has ever been raised which was in 2009-10.

#### **FUNDS MOBILIZATION-PUBLIC MARKETS**

*Rs. crore*

Year	MAIN BOARD IPOs	SME IPOs	FPOs	OFS(SE)	QIPs	IPPs	IDRs	Total Equity	Bonds (Public)	Total Equity + Bonds
2014 - 15	2,769	250	0	26,935	28,429	418	0	<b>58,801</b>	9,339	<b>68,140</b>
2013 - 14	919	286	7,456	6,859	9,402	4,459	0	<b>29,381</b>	42,383	<b>71,764</b>
2012 - 13	6,289	208	0	28,024	10,818	734	0	<b>46,073</b>	16,982	<b>63,056</b>
2011 - 12	5,886	7	4,578	13,518	1,713	471	0	<b>26,172</b>	35,611	<b>61,783</b>
2010 - 11	33,098	0	13,084	0	23,474	0	2,487	<b>72,143</b>	9,431	<b>81,574</b>
2009 - 10	24,948	0	21,993	0	39,768	0	0	<b>86,710</b>	2,500	<b>89,210</b>
2008 - 09	2,034	0	0	0	189	0	0	<b>2,223</b>	1,500	<b>3,723</b>
2007 - 08	41,323	0	10,896	0	25,770	0	0	<b>77,989</b>	1,000	<b>78,989</b>
2006 - 07	23,706	0	1,287	0	4,963	0	0	<b>29,956</b>	0	<b>29,956</b>
2005 - 06	10,808	0	12,868	0	0	0	0	<b>23,676</b>	0	<b>23,676</b>
2004 - 05	14,662	0	6,769	0	0	0	0	<b>21,432</b>	4,095	<b>25,526</b>

Source: PRIME Database

#### **QIPs**

According to PRIME, fund raising in 2014-15 was substantially through the **55 QIPs which saw Rs.28,429 crore** being raised from institutional investors, up by 202 per cent from previous year raising of Rs. 9,402 crore from 6 QIPs. These offers accounted for as much as 48 per cent of the total amount mobilized during the financial year. **The largest QIP of 2014-15 was that of Reliance Communications in June 2014 raising Rs. 4,808 crore.**

#### **OFS (SE)**

Offers for Sale through Stock Exchanges (OFS), one of the major routes used in the last 2 years, albeit primarily for helping promoters of already-listed companies in complying with the minimum public shareholding (MPS) requirement, saw a huge increase from just Rs. 6,859 crore raised last year through 79 offerings to Rs. 26,935 crore raised in this financial year through 28 offerings, primarily due to the mega OFS of Coal India for Rs. 22,558 crore.

#### **MAIN BOARD IPOs**

According to Haldea, the big disappointment has been the near-lack of IPOs. Despite a stable government coming into power and the resultant buoyant secondary market, only 8 main-board IPOs came to the market collectively raising a meager Rs.2,769 crore (previous year 1 IPO for Rs. 919 crore). This included only one Rs. 1,000 crore plus IPO (Inox Wind-Rs.1,020 crore). The highest-ever mobilization through IPOs was in 2007-08 at Rs. 41,323 crore.

Against expectations, 2014-15 highlighted the continuing dismal state of fund raising through the IPO route by unlisted companies in the last four years with 2011-12 at Rs. 5,886 crore, 2012-13 at Rs. 6,289 crore and 2013-14 at just Rs. 919 crore.

As per Haldea, it is a matter of grave concern that in the past 6-year period, as many as 103 companies which received SEBI approval (since 1<sup>st</sup> April 2009) to collectively raise Rs. 48,150 crore allowed these to lapse, despite approvals being valid for a period of one year and after having incurred a lot of time and costs. In addition, 58 companies which had filed their offer documents with SEBI (since 1<sup>st</sup> April 2009) to collectively raise Rs. 17,685 crore withdrew their offer documents. If these 161 companies had been able to hit the market, an additional huge Rs.65,835 crore, almost the same as the Rs.73,909 crore which was actually raised in the 6-year period, would have been raised.

At the other extreme were 11 IPOs (since 1<sup>st</sup> April 2009) that have failed to elicit response from the investors after floating their IPOs, primarily because of the valuations and had to be withdrawn.

What is worrisome is that it means that these 172 companies wishing to raise Rs. 68,561 could not meet their financing requirements and had to either cancel/defer their expansion program or downsize it or raise monies from alternative sources.

As far as retail investors are concerned, the year was again ordinary for them. While the 38 SME IPOs were not open to them, the allocation to them in the balance 8 IPOs where they could participate was very small. In terms of number of applications, the highest number that was achieved was by Monte Carlo Fashions at 3.28 lakhs followed by Sharda Cropchem at 3.09 lakhs.

The response from the public to the IPOs of the year, according to PRIME, was mixed. 3 IPOs received a mega response (Sharda Cropchem at 51 times, followed by Snowman Logistics at 46 times and Wonderla Holidays at 32 times). 3 others were oversubscribed by more than 3 times.

**According to Haldea, the weak is now showing some signs of improvement with 11 companies wanting to raise Rs. 5,010 crore already holding SEBI approval and another 11 companies wanting to raise Rs. 3,602 crore awaiting SEBI approval. However, there is no large issue in this list.**

**The biggest disappointment for the primary market has again been the lack of divestments by the Government.** Despite a huge target of Rs.58,425 crore for FY 2014-15, **only Rs. 24,338 crore, or just 42 per cent of the target,** was achieved. On an overall basis, PSUs contributed to a high 41 per cent of the total equity mobilisation (OFS of CIL, SAIL, NALCO and NTPC).

### **SME-IPOs**

The year, however, again witnessed a flurry of activity on the SME platform; there were as many as 38 SME IPOs which collected a total of Rs. 250 crore (previous year 37 IPOs for Rs. 286 crore).

### **FPOs**

As per PRIME, the year saw no FPOs (The previous year had also witnessed just 2 companies (Power Grid & Engineers India) raising monies through this route).

### **IPPs**

As per PRIME, the year saw just 1 IPP of Muthoot Finance of Rs.418 crore (The previous year had witnessed 11 companies raising Rs.4,459 crore through this route).

### **PUBLIC BONDS**

In the public bonds market, there was a huge fall. 25 issues raised only Rs.9,339 crore, compared to 35 issues raising Rs.42,383 crore last year.

### **RIGHTS**

Mobilisation of resources through rights issues recorded an increase in 2014-15. By amount, the period saw **Rs. 6,750 crore being raised**, which was **higher by 48 per cent** than Rs. 4,573 crore that was raised in the preceding year. By number, according to PRIME, the year witnessed 17 companies using the rights route (previous year, 13 companies). This also included 3 companies from the SME segment which came out with rights issues raising Rs.33 crore.

The largest rights issue in the period, as per PRIME Database, was from Future Retail (Rs. 1,589 crore), followed by GMR Infrastructure (Rs.1,402 crore) and Indian Hotels (Rs.1000 crore).

According to PRIME, at present, there are only 2 companies wishing to raise Rs. 135 crore which have SEBI approval while there are another 3 companies wishing to raise Rs. 56 crore which have applied for SEBI approval. However, there would be a mega rights issue from Tata Motors of Rs.7,500 crore.

### **SME ITP**

The SME Institutional Trading Platform saw 22 companies being listed (15 at BSE and 7 at NSE).