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PRESS RELEASE

5-TIME JUMP IN AMOUNT RAISED THROUGH IPOs IN FIRST HALF OF 2015-16, STRONG PIPELINE AHEAD: PRIME DATABASE

The first half of the current fiscal has ended with a **mobilisation of Rs. 4,950 crore through IPOs**, with another Rs. 12,916 crore raised through the Offer for Sale through Stock Exchange mechanism (OFS), according to Pranav Haldea, Managing Director of PRIME, the country's premier database on primary capital market.

This represented a near 5-time increase from the corresponding period of the preceding year in which only Rs. 1,017 crore was mobilised. By number, the period witnessed 39 IPOs compared to 25 in the corresponding period of the preceding year. Of the 39, there were 12 main board IPOs mobilising Rs. 4,777 crore (or 97 per cent of the amount) with the balance 27 being SME IPOs mobilising a small Rs. 173 crore.

The largest main board IPOs were of UFO Moviez (Rs. 600 crore) and Navkar Corp. (Rs.600 crore) while the largest SME IPO was that of Amrapali Fincap (Rs. 40 crore).

According to Haldea, the high OFS amount is solely due to the Government disinvestment programme with Rs. 12,733 crore out of Rs. 12,916 crore (or 99 per cent) being raised in the OFS of REC (Rs. 1610 cr), PFC (Rs. 1673 cr), DCIL (Rs. 53 cr) and IOC (Rs. 9396 cr). Haldea added that it is extremely positive to see action on the divestment front in the first half of the fiscal, a period where traditionally small amounts have been raised by the Government in the last several years. **This is the highest amount ever raised in the first half through Government disinvestment, the next highest being Rs. 4,035 crore raised in 2009-10.**

In all, there were 7 OFS (previous corresponding period 15), which mobilized Rs.12,916 crore (previous year Rs.2,593 crore). **The largest OFS was of Rs. 9,396 crore (Indian Oil).**

Amounts raised through equity offerings in the first half of the last 10 years are as follows:

(Apr-Sep)	IPOs	FPOs	OFS(SE)	Total
2006-07	6,709	672		7,381
2007-08	21,244	10,587		31,831
2008-09	1,984	-		1,984
2009-10	13,042	23		13,065
2010-11	11,280	1,000		12,280
2011-12	4,975	4,578	-	9,553
2012-13	492	-	280	772
2013-14	1,050	-	5,626	6,676
2014-15	1,017	-	2,593	3,610
2015-16	4,950	-	12,916	17,866

According to PRIME, **only 16 per cent of the total amount raised in the first half (or Rs. 2,918 crore) was raised through fresh capital**, which typically goes into creation of productive assets, while the remaining Rs. 14,949 crore was raised through offers for sale where the proceeds go to the sellers-government, promoters, venture funds and other investors and not to the company.



In terms of the method of offering, all 12 of the main board IPOs, as per PRIME, were through the bookbuilding route, with balance 27 SME IPOs issues through the fixed price method. The facility of anchor investors was used by 10 companies.

As per Haldea, even though a general positive sentiment has prevailed in the market, we are yet to see large IPOs hitting the market. The pipeline though looks promising. At present, 19 companies planning to raise Rs. 11,545 crore are holding SEBI approval and another 17 companies intending to raise Rs. 6,795 crore have filed with SEBI and are awaiting approval.