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## PRESS RELEASE

### IPOs AT 9-YEAR HIGH, QIPs AT 4-YEAR LOW IN FIRST QUARTER OF 2016-17: PRIME DATABASE

The first quarter of current fiscal witnessed a **raising of Rs. 5,855 crore through IPOs**, the **highest in 9 years**, according to Pranav Haldea, Managing Director, PRIME Database, India's premier database on primary capital market.

According to Haldea, **a major revival was witnessed in the IPO market** after several dismal years. Despite a volatile secondary market, 6 main-board IPOs came to the market collectively raising Rs.5,728 crore (corresponding period of the preceding year: 5 IPOs for Rs. 2,280 crore). The highest-ever mobilization through IPOs (April-June) was in 2007-08 at Rs. 13,083 crore.

The period again witnessed significant activity on the **SME platforms**; there were as many as 13 SME IPOs which collected a total of Rs. 127 crore (corresponding period of the preceding year 9 IPOs for Rs. 42 crore). With this, as many as 163 companies have now come out with an SME IPO till date.

Number of companies and amounts raised through main board IPOs in the last 5 years are given in the table below:

#### Mainboard IPOs

Period (Apr-Jun)	No. of Companies	Amount (Rs.crore)
2016-17	6	5,728
2015-16	5	2,280
2014-15	1	181
2013-14	1	919
2012-13	3	431
2011-12	13	2,365

The largest IPO was from Equitas Holdings for Rs.2,177 crore. The average deal size was a high Rs. 955 crore.

A notable feature of the period was that several companies that hit the market had a prior PE/VC investment. This was true for 3 out of the 6 IPOs. Offers for sale by such PE/VC investors at Rs.2,292 crore accounted for 40 per cent of the total IPO amount.

All 6 companies had anchor investors, which collectively subscribed to 33 per cent of the total public issue amount. The domestic institutional investors played a significant role as anchor investors, with their subscription amounting to 21 per cent of the amount, compared to 12 per cent from FIIs.

As far as retail investors are concerned, the period witnessed a good response from them. The highest number of applications was received by Mahanagar Gas at 9.58 lakhs followed by Thyrocare Technologies (7.01 lakhs), Ujjivan Financial Services (6.36 lakhs), Equitas Holdings (5.60 lakhs) and Parag Milk Foods (0.81 lakhs)\*.

The response from the public to the mainboard IPOs of the year, according to PRIME, was good. 5 IPOs received mega response: Quess at 145 times\*, Thyrocare Technologies (52), Mahanagar Gas (45), Ujjivan Financial Services (29) and Equitas Holdings (12).

**OFS (SE):** According to PRIME, Offers for Sale through Stock Exchanges (OFS), which is for dilution of promoters' holdings, saw an increase from Rs. 1,610 crore raised during the corresponding period of the preceding year to Rs. 3,033 crore. This was almost entirely **accounted for by the government's divestment at Rs. 2,998 crore. The largest OFS was that of NHPC in April (Rs. 2,735 crore) followed by IOC in May (Rs.262 crore).** OFS accounted for 33 per cent of the total year's public equity markets amount.

**QIPs:** Fund raising by already listed companies from institutional investors through **the QIP route was at a 4 year low with just 3 companies mobilizing only Rs. 473# crore.** This was a huge fall from the Rs. 7,460 crore raised in the corresponding period of the preceding year. According to Haldea, this is a worrying sign as despite largely bullish secondary markets (and QIP being a bull market product), not too many companies have shown an interest in raising fresh capital for growth/expansion.

The largest QIP of the period was from Indian Overseas Bank raising Rs. 262 crore.

### Fresh Capital

Of the total amount of Rs. 9,361 crore, the amount raised through fresh capital was only Rs. 2,312 crore; the remaining Rs. 7,049 crore being offers for sale.

According to PRIME, due to the big issue of Equitas Holdings for Rs.2,177 crore, in terms of sector, the **financial services/banking/term lending sector had the dominant share** (35 per cent of the total amount). This was followed by power sector with 2 issues raising Rs.2,739 crore (29 per cent) and Gases/Fuels with 1 issue raising Rs.1,039 crore (11 per cent).

### Outlook for 2016-17

According to Haldea, the rest of 2016-17 looks very promising. As of today, there are 19 companies holding SEBI approval wanting to raise over Rs. 7,705 crore and another 5 companies wanting to raise about Rs. 3,230 crore awaiting SEBI approval. Many more filings are expected in the near future.

**Public Bonds:** In the public bonds market, 4 issues raised Rs.1,899 crore (significantly higher than 1 issue raising Rs. 410 crore in the corresponding period of the preceding year).

### FUNDS MOBILIZATION-PUBLIC MARKETS

Period (Apr-Jun)	Rs. Crore								
	IPOs	FPOs	OFS(SE)	QIPs	IPPs	IDRs	Total Equity	Bonds (Public)	Total Equity + Bonds
2004-05	262	3,246	0	0	0	0	3,507	0	3,507
2005-06	931	2,640	0	0	0	0	3,571	0	3,571
2006-07	4,343	672	0	0	0	0	5,015	0	5,015
2007-08	13,083	10,571	0	2,470	0	0	26,123	0	26,123
2008-09	1,547	0	0	0	0	0	1,547	0	1,547
2009-10	278	23	0	12,232	0	0	12,533	0	12,533
2010-11	4,299	0	0	6,492	0	2,487	13,278	500	13,778
2011-12	2,365	4,578	0	603	0	0	7,546	1,000	8,546
2012-13	444	0	274	0	0	0	718	0	718
2013-14	942	0	4,507	1,222	3,784	0	10,455	134	10,589
2014-15	237	0	427	12,967	418	0	14,049	1,341	15,391
2015-16	2,322	0	1,610	7,460	0	0	11,392	410	11,802
2016-17	5,855	0	3,033	473	0	0	9,361	1,899	11,260

Source: PRIME Database



**Rights Issues:** Mobilisation of resources through rights issues, according to PRIME, was almost nil in the first quarter of current year. By amount, the period saw just **Rs. 83 crore being raised** (in comparison to Rs. 7,498 crore that was raised in the corresponding period of the preceding year). By number, the period witnessed just 2 companies using the rights route (corresponding period of the preceding year, 1 company).

*\* Final Subscription figures for Quess not yet available  
# QIP amount of Camlin Fine Sciences Ltd. not yet final.*