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PRESS RELEASE

IPO MOBILISATION AT 9-YEAR HIGH IN FIRST HALF OF 2016-17, STRONG PIPELINE AHEAD: PRIME DATABASE

The first half of the current fiscal shall end with a **mobilisation of Rs. 17,283* crore through IPOs**, according to Pranav Haldea, Managing Director of PRIME, the country's premier database on primary capital market. This is the **highest amount raised in the last 9 years**, the last high being in 2007-08 at Rs. 21,244 crore.

This IPO mobilization also represented an over **3-time increase from the corresponding period of the preceding year** in which Rs. 4,950 crore was mobilised. By number, the period witnessed 56 IPOs compared to 39 in the corresponding period of the preceding year. Of the 56 IPOs, there were 15 main board IPOs mobilising Rs. 16,924 crore (98 per cent of the amount) with the balance 41 being SME IPOs mobilising a small Rs. 358 crore.

The largest main board IPO was of ICICI Prudential Life Insurance (Rs. 6,057 crore) while the largest SME IPO was that of Radhika Jeweltech (Rs. 47 crore). The average deal size for the main board IPOs was a high Rs.1,128 crore.

In terms of the method of offering, all 15 of the main board IPOs, as per PRIME, were through the bookbuilding route. 3 SME IPOs too were through the bookbuilding route while the balance 38 SME IPOs were through the fixed price method.

All 15 main board IPOs had **anchor investors, which collectively subscribed to 30 per cent of the total public issue amount**. The domestic institutional investors played a significant role as anchor investors, with their subscription amounting to 15 per cent of the issue amount, which was incidentally the same as that of FII's.

A notable feature of the period was that **several companies that hit the market had a prior PE/VC investment**. This was true for 7 out of the 15 main board IPOs. Offers for sale by such PE/VC investors at Rs.2,906 crore accounted for 17 per cent of the total IPO amount.

The response from the public to the mainboard IPOs of the year, according to PRIME, was good. **8 IPOs received mega response**: Advanced Enzyme Technologies at 82 times, Qess Corp (81), Thyrocare Technologies (52), RBL Bank (49), Mahanagar Gas (45), Ujjivan Financial Services (29), Dilip Buildcon (15) and Equitas Holdings (12).

As far as retail investors are concerned, the period witnessed a good response from them. The highest number of applications was received by Larsen & Toubro Infotech at 10.25 lakhs followed by RBL Bank (10.16 lakhs), Mahanagar Gas (9.36 lakhs), Advanced Enzyme Technologies (7.6 lakhs) and Thyrocare Technologies (7.01 lakhs) [§].

According to PRIME, due to the big issue of ICICI Prudential for Rs. 6,057 crore, in terms of sector, the **financial services/banking/term lending sector had the dominant share** (49 per cent of the total amount). This was followed by power sector with 4 issues raising Rs.3,072 crore (14 per cent) and Information Technology with 4 issues raising Rs.1,678 crore (8 per cent).

As per Haldea, we are now starting to see even larger size IPOs hitting the market. **On an overall basis too, the pipeline looks promising**. At present, 16 companies planning to

raise Rs. 5,745 crore are holding SEBI approval and another 5 companies intending to raise Rs.6,810 crore have filed with SEBI and are awaiting approval.

Offer for Sale through Stock Exchange mechanism (OFS)

Rs. 4,034[#] crore was raised through OFS. According to Haldea, almost the entire OFS amount was due to the Government disinvestment programme with Rs. 3,765 crore out of the Rs. 4,034 crore (or 93 per cent) being raised in the OFS of NHPC (Rs.2,735 crore), Hindustan Copper (Rs.402 crore), IOC-offer to employees (Rs.262 crore), NTPC-offer to employees (Rs.204 crore), EIL-offer to employees (Rs.32 crore) and NHPC-offer to employees (Rs.130 crore). Haldea, however, added that, on the whole, the disinvestment programme in the first half again left much to be desired. While there have been continuing announcements, very few transactions materialized.

In all, there were 13 OFS (previous corresponding period 7), which mobilized Rs.4,034 crore (previous year Rs.12,916 crore). **The largest OFS was of Rs. 2,735 crore (NHPC).**

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

Period (Apr-Sep)	IPOs	FPOs	OFS(SE)	Total
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	-	2,604	3,621
2015-16	4,950	-	12,916	17,866
2016-17	17,283	-	4,034	21,316

Fresh Capital: According to PRIME, **only 19 per cent of the total amount raised in the first half (or Rs. 4,019 crore) was raised through fresh capital**, which typically goes into creation of productive assets, while the remaining Rs. 17,298 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.

Public Bonds

In the public bonds market, 10 issues raised Rs.20,249 crore (significantly higher than 6 issues raising Rs. 2,302 crore in the corresponding period of the preceding year).

** IPO amount of HPL Electric & Power Ltd., Diksat Transworld Ltd., Sakar Healthcare Ltd. and Gretex Industries Ltd., has been calculated on basis of lower price band*

\$ Basis of Allotment of ICICI Prudential and HPL Electric & Power's not yet available

Engineers India Ltd., NHPC Ltd., Hindustan Copper Ltd. and Shreevatsaa Finance & Leasing Ltd. OFS amount calculated on basis of floor price.