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## PRESS RELEASE

### MARGINAL INCREASE IN PUBLIC EQUITY MARKETS RAISINGS IN 2016-17, IPOs CONTINUE TO DOMINATE, BEST YEAR FOR DIVESTMENT: PRIME DATABASE

2016-17 witnessed a **raising of Rs.51,288 crore through the public equity markets**, 5 per cent higher than Rs.48,991 crore that was raised in the preceding 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 (in 2009-10).

#### FUNDS MOBILIZATION-PUBLIC MARKETS

Rs. Crore

Year	IPOs (incl. SME IPOs)	FPOs	OFS(SE)	QIPs	IPPs	IDRs	Total Equity	Bonds (Public)	Total Equity + Bonds
2016-17	29,018 <sup>*^</sup>	9	8,390 <sup>#</sup>	13,871 <sup>##</sup>	-	-	51,288	29,453	80,741
2015-16	14,811	-	19,822	14,358	-	-	48,991	33,812	82,803
2014-15	3,019	-	26,946	28,429	418	-	58,812	9,713	68,526
2013-14	1,205	7,456	6,859	9,402	4,459	-	29,381	42,383	71,764
2012-13	6,497	-	28,024	10,818	734	-	46,073	16,982	63,056
2011-12	5,893	4,578	13,518	1,713	471	-	26,172	35,611	61,783
2010-11	33,098	13,084	-	23,474	-	2,487	72,143	9,431	81,574
2009-10	24,948	21,993	-	39,768	-	-	86,710	2,500	89,210
2008-09	2,034	-	-	189	-	-	2,223	1,500	3,723
2007-08	41,323	10,896	-	25,770	-	-	77,989	1,000	78,989
2006-07	23,706	1,287	-	4,963	-	-	29,956	-	29,956
2005-06	10,808	12,868	-	-	-	-	23,676	-	23,676
2004-05	14,662	6,769	-	-	-	-	21,432	4,095	25,526

Source: PRIME Database

**IPOs:** According to Haldea, the **amount raised through IPOs nearly doubled from previous year. 25 main-board IPOs came to the market collectively raising Rs.28,211 crore\*** (previous year 24 IPOs for Rs. 14,500 crore). The highest-ever mobilization through IPOs was in 2007-08 at Rs. 41,323 crore. Number of companies and amounts raised through main board IPOs in the last 5 years are given in the table below:

#### Mainboard IPOs

Year	No. of Companies	Amount (Rs.crore)
2016-17	25	28,211*
2015-16	24	14,500
2014-15	8	2,770
2013-14	1	919
2012-13	9	6,289
2011-12	33	5,886

Source: PRIME Database

**The largest IPO was from ICICI Prudential Life Insurance for Rs.6,057 crore.** The average deal size was a high Rs. 1,128 crore.

A notable feature of the year again was that several companies that hit the market had a prior PE/VC investment. This was true for 11 out of the 25 IPOs. Offers for sale by such PE/VC investors at Rs.4,244 crore accounted for 15 per cent of the total IPO amount. Offers

for sale by promoters at Rs. 10,953 crore accounted for a further 39 per cent of the IPO amount.

All 25 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 14 per cent of the amount, almost the same as the 16 per cent from FIIs.**

The response from the public to the mainboard IPOs of the year, according to PRIME, was very good. While **15 IPOs received mega response of more than 10 times** (Advanced Enzyme at 81.54 times, followed by Quess Corp (80.92), Avenue Supermarts (73.32), Thyrocare Technologies (51.98), RBL Bank (48.71), Mahanagar Gas (45.30), Shankara Building Products (41.88), GNA Axles (38.08), BSE (35.95), Endurance Technologies (30.90), Ujjivan Financial (28.52), Music Broadcast (28.11), PNB Housing (20.40), Dilip Buildcon (15.28) and Equitas Holdings (12.14)), 5 other IPOs were oversubscribed by more than 3 times. The balance 5 IPOs were oversubscribed between 1 to 3 times.

As far as retail investors are concerned, the year witnessed very good response from them as well. The highest number of applications was received by Avenue Supermarts at 17.40 lakhs followed by BSE (11.32 lakhs), Larsen & Toubro Infotech (10.25 lakhs), ICICI Prudential Life Insurance (10.24 lakhs) and RBL Bank (10.16 lakhs).

According to Haldea, response to IPOs was further buoyed by **strong listing performance of IPOs of the year**. Of the 23 IPOs which got listed, 18 gave a return of over 10 per cent (based on closing price on listing date). Avenue Supermarts gave a stupendous return of 114 per cent followed by Quess Corp. (59 per cent) and Sheela Foam (41 per cent).

**SME IPOs:** The year, again, witnessed significant activity in the SME platform; there were as many as **78 SME IPOs which collected a total of Rs. 807 crore**<sup>^</sup> (previous year 50 IPOs for Rs. 311 crore).

Number of SME IPOs and amounts raised in the last 5 years are given in the table below:

Year	No. of Issues	Amount (Rs.crore)
2016-17	78	807**
2015-16	50	311
2014-15	38	250
2013-14	37	286
2012-13	24	208
2011-12	1	7

The largest SME IPO in the year, as per PRIME Database, was from Euro India Fresh Foods (Rs.49 crore).

Source: PRIME Database

**OFS (SE):** According to PRIME, Offers for Sale through Stock Exchanges (OFS), which is for dilution of promoters' holdings, saw a major decrease from Rs. 19,822 crore raised last year to just Rs. 8,390 crore#. This too was **accounted primarily for by the government's divestment at Rs. 6,374 crore (76 per cent of overall amount)**. **The largest OFS was that of NHPC in April, 2016 (Rs. 2,735 crore) followed by NBCC in October, 2016 (Rs.2,219 crore)**. OFS accounted for only 16 per cent of the total year's public equity markets amount.

**QIPs:** Already listed companies continued to raise funds from institutional investors through the QIP route, with **22 companies mobilizing Rs. 13,871 crore##**, a minor fall from the Rs. 14,358 crore raised in the previous year. **The largest QIP of 2016-17 was from Yes Bank raising Rs. 4,907 crore, accounting for 35 per cent of the total QIP amount.**

### Fresh Capital

Of the total amount of Rs. 51,288 crore, the amount raised through fresh capital was only Rs. 24,618 crore (48 per cent); the remaining Rs. 26,670 crore being offers for sale.

### Divestments

2016-17 was the best year ever with Rs. 40,997 crore being raised by the Govt., which was 90 per cent of the revised targeted amount of Rs. 45,500 crore and 73 per cent of the original target of Rs. 56,500 crore for the year.

Buybacks (of NALCO, MOIL, NMDC, CIL, BEL) constituted a lions share of divestment at proceeds at Rs. 15,645 crore (38 per cent) followed by Block Deals (SUUTI sales of L&T and ITC) at Rs. 8,790 crore (21 per cent), ETFs at Rs. 8500 (21 per cent) and public offers (OFS of NHPC, Hindustan Copper, NBCC, MOIL, BEL) at Rs. 7532 crore (18 per cent).

The Government has set an ambitious target of Rs. 72,500 crore for 2017-18. According to Haldea though, this target is very achievable. **Reduction in the Government's holding in 18 listed CPSEs to 75 per cent (which is also a mandatory SEBI requirement) alone can contribute to Rs. 20,678 crore.** Further, the Government has also placed a roadmap for over 110 unlisted profit making CPSEs to get listed in the next two financial years which includes several large companies for insurance and railways sector. Lastly, the Government has also already identified 15 CPSEs for strategic sale.

### Outlook for 2017-18

According to Haldea, 2017-18 looks very promising. Already at the beginning of the year, there are 13 companies holding SEBI approval wanting to raise over Rs. 9,230 crore and another 10 companies wanting to raise about Rs. 16,736 crore awaiting SEBI approval. Many more filings are expected in the near future.

**Public Bonds:** In the public bonds market, 16 issues raised Rs.29,453 crore (slightly lower than 20 issues raising Rs. 33,812 crore last year).

**Rights Issues:** Mobilisation of resources through rights issues, according to PRIME, recorded a huge decline in 2016-17. By amount, the period saw just **Rs. 3,424 crore being raised**, which was **lower by 63 per cent** than Rs. 9,239 crore that was raised in the preceding year. By number, the year witnessed 13 companies using the rights route (previous year, 12 companies).

Number of rights issues and amounts raised in the last 5 years are given in the table below:

### Rights

Year	No. of Issues	Amount (Rs.crore)
2016-17	13	3,424
2015-16	12	9,239
2014-15	17	6,750
2013-14	13	4,573
2012-13	16	8,945
2011-12	16	2,375

The largest rights issue in the year, as per PRIME Database, was from Canara Bank (Rs.1,124 crore), followed by Karnataka Bank (Rs.660 crore), South Indian Bank (Rs.631 crore) and Sintex Industries (Rs.500 crore).

- \* *Main Board IPO amount of CL Educate and Shankara Building Products not finalized. Amount has been calculated on basis of lower price band*
- ^ *SME IPO amount of Bohra Industries and Creative Peripherals & Distribution not finalized. Amount has been calculated on basis of lower price band*
- # *Vintron Informatics OFS amount not finalized*
- ## *Yes Bank and Minda Industries QIP amount not finalized*