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## PRESS RELEASE

### ALL-TIME HIGH MOBILIZATION IN PUBLIC EQUITY MARKETS IN 2017-18, IPOs & QIPs DOMINATE, BEST YEAR FOR DIVESTMENT: PRIME DATABASE

2017-18 witnessed a raising of Rs.1,77,116 crore through the public equity markets, 3.46 times the Rs.51,120 crore that was raised in the preceding year, according to Pranav Haldea, Managing Director, PRIME Database, India's premier database on primary capital market. **This is the highest amount ever raised in a financial year, with the previous highest being Rs. 86,710 crore in 2009-10.**

#### FUNDS MOBILIZATION-PUBLIC MARKETS

Rs. Crore

Year	IPOs (Incl. SME IPOs)	FPOs (Incl. SME FPOs)	OFS(SE)	QIPs	IPPs	INVITs	IDRs	Total Equity	Bonds (Public)	Total Equity + Bonds
2017-18	84,357	12	18,438	62,358	4,668	7,283	-	1,77,116	4,861	1,81,977
2016-17	29,050	9	8,390	13,671	-	-	-	51,120	29,547	80,667
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, 2017-18 was the best year ever for the IPO market by far, the previous high being in 2007-08 when Rs. 41,323 crore was raised, less than half of the amount raised in 2017-18. 45 main-board IPOs (previous year 25 IPOs for Rs.28,225 crore) came to the market collectively raising Rs.82,109\* 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)
2017-18	45	82,109*
2016-17	25	28,225
2015-16	24	14,500
2014-15	8	2,770
2013-14	1	919
2012-13	9	6,289

Source: PRIME Database

**The largest IPO was from General Insurance Corp. for Rs.11,257 crore.** The average deal size was a high Rs. 1,825 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 17 out of the 45 IPOs. Offers for sale by such PE/VC investors at Rs.10,831 crore accounted for 13 per cent of the total IPO amount. Offers

for sale by promoters at Rs. 52,340 crore accounted for a further 64 per cent of the IPO amount.

Out of the 45 IPOs, 34 companies had anchor investors, which collectively subscribed to 19 per cent of the total public issue amount. **The domestic institutional investors played a significant role as anchor investors, with their subscription amounting to 9 per cent of the amount, compared to 10 per cent from FPIs.**

The overall response from the public to the mainboard IPOs of the year, according to PRIME, was also very good. While **17 IPOs received a mega response of more than 10 times** (Salasar Techno Engineering at 270 times, followed by Astron Paper & Board Mill at 241 times, Apollo Micro Systems (176), Capacit'e Infraprojects (130), CDSL (119), Amber Enterprises (115), Mas Financial (91), Dixon Technologies (83), HUDCO (79), Cochin Shipyard (76), Godrej Agrovet (68), Reliance Nippon Life AMC (57), S.Chand & Co.(42), AU Small Finance Bank (38), Prataap Snacks (34), Galaxy Surfactants (14) and Bandhan Bank (11), 8 other IPOs were oversubscribed by more than 3 times. The balance 14 IPOs were oversubscribed between 1 to 3 times (*Final response data of 6 IPOs is not yet available*).

As far as retail investors are concerned, the year witnessed a very good response from them as well. The highest number of applications was received by Cochin Shipyard at 19.42 lakhs followed by HUDCO (18.74 lakhs), CDSL (17.29 lakhs), Reliance Nippon Life AMC (15.60 lakhs), Godrej Agrovet (14.45 lakhs), Mas Financial (14.19 lakhs), Amber Enterprises (13.79 lakhs), Capacit'e Infraprojects (13.52 lakhs), Apollo Micro Systems (13.09 lakhs), AU Small Finance Bank (12.89 lakhs), Dixon Technologies (12.76 lakhs), Astron Paper & Board (10.91 lakhs), Galaxy Surfactants (10.81 lakhs), HDFC Standard Life Insurance (10.45 lakhs) and Bandhan Bank (10.23 lakhs).

According to Haldea, response to IPOs was further buoyed by **strong listing performance of IPOs of the year**. Of the 38 IPOs which got listed, 17 gave a return of over 10 per cent (based on closing price on listing date). Salasar Techno Engineering gave a stupendous return of 152 per cent followed by Astron Paper & Board (139 per cent) and CDSL (76 per cent).

**SME IPOs:** The year, again, witnessed significant activity in the **SME platform**; there were as many as 155 SME IPOs, again the highest ever, which collected a total of Rs. 2,247 crore (previous year 80 IPOs for Rs. 825 crore). **Number of SME IPOs and amounts raised in last 5 years are given in the table below:**

Year	No. of Issues	Amount (Rs.crore)
2017-18	155	2,247 <sup>^</sup>
2016-17	80	825
2015-16	50	311
2014-15	38	250
2013-14	37	286
2012-13	24	208

Source: PRIME Database

The largest SME IPO in the year, as per PRIME Database, was from East India Securities (Rs.88 crore).

**OFS (SE):** According to PRIME, Offers for Sale through Stock Exchanges (OFS), which is for dilution of promoters' holdings, saw an increase from Rs. 8,390 crore raised last year to Rs. 18,438 crore# raised in this year. This was **accounted for primarily by the government's divestment at Rs. 13,821 crore (75 per cent of overall amount)**. The largest OFS was that of NTPC in August, **2017 (Rs. 9,192 crore) followed by PNB Housing in November, 2017 (Rs.1,306 crore)**. OFS accounted for 10 per cent of the total year's public equity markets amount.

**QIPs:** Already-listed companies found the **QIP route very attractive, with 52 companies mobilizing Rs.62,358 crore##, the highest ever**. This was nearly 5 times of the Rs. 13,671 crore raised in the previous year. **The largest QIP of 2017-18 was from SBI raising Rs. 15,000 crore, accounting for 24 per cent of the total QIP amount**. QIPs were dominated by banks with their contribution being 53 per cent (Rs.33,248 crore) of the overall amount.

**IPPs:** Only 2 companies used the IPP route, mobilizing Rs. 4,668 crore.

#### **Fresh Capital**

Of the total amount of Rs. 1,77,116 crore, the amount raised through fresh capital was only Rs. 91,205 crore (51 per cent); the remaining Rs. 85,911 crore being offers for sale.

#### **Divestments**

**2017-18 was the best year ever with Rs. 98,965 crore being raised by the Government.** Public Offers (IPOs of HUDCO, Cochin Shipyard, GIC, New India Assurance, Bharat Dynamics, HAL, Mishra Dhatu and OFS of NALCO, RCFL, NFL, HCL, BEL, NTPC, NLC, NMDC) constituted a major share of divestment proceeds at Rs. 38,089 crore (43 per cent). **2017-18 saw as many as 7 PSU IPOs, which was more than the previous 9 years combined.** Acquisition of stake in HPCL by ONGC accounted for a further huge Rs. 36,915 crore (37 per cent). This was followed by ETFs at Rs. 14,500 crore (15 per cent), Block Deals (SUUTI sales of L&T) at Rs. 4,154 crore (4 per cent), Buybacks (Antrix Corp., GRSEL, HAL, HSCC, IRCON, MDSL, SPMCIL, SJVN, OIL, EIL, Bharat Dynamics) at Rs.4,992 crore (5 per cent) and sale of shares to employees Rs. 315 crore (0.3 per cent).

According to Haldea, it is after 14 years, that the original divestment target (of Rs.72,500 crore) has been achieved. Moreover, while in previous years, divestment targets were always revised downwards, in 2017-18, the target was revised upwards for the first time from Rs. 72,500 crore to Rs. 1 lakh crore, which too is likely to be achieved. For 2018-19, the Government has set a target of Rs. 80,000 crore. 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. 27,520 crore of this. Further, the Government has also placed a roadmap for several unlisted profit making CPSEs to get listed which also includes several large companies from railways sector. Lastly, the Government has also already identified 37 CPSEs for strategic sale.

#### **Outlook for 2018-19**

According to Haldea, 2018-19 is likely to see more volatility in the secondary market which shall affect fund raising plans of companies as well. While there are 12 companies holding SEBI approval wanting to raise over Rs. 10,395 crore and another 18 companies wanting to raise about Rs. 29,282 crore awaiting SEBI approval, as we have seen in the past, this pipeline may quickly vanish if the volatility and negative sentiment continues.

**Public Bonds:** In the public bonds market, 8 issues raised Rs.4,861 crore (lower than 16 issues raising Rs. 29,547 crore last year).

**Rights Issues:** Mobilisation of resources through rights issues, according to PRIME, also recorded a huge increase in 2017-18. By amount, the period saw Rs. 21,350 crore being raised, which was higher by 524 per cent than Rs. 3,424 crore that was raised in the preceding year. By number, the year witnessed 20 companies using the rights route (previous year, 13 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	20	21,350
2015-16	13	3,424
2014-15	12	9,239

<b>2013-14</b>	17	6,750
<b>2012-13</b>	13	4,573
<b>2011-12</b>	16	8,945

The largest rights issue in the year, as per PRIME Database, was from Tata Steel (Rs.12,704 crore), followed by Indiabulls Ventures (Rs.2,000 crore), Piramal Enterprises (Rs.1,978 crore) and Indian Hotels (Rs.1,500 crore).

Source: PRIME Database

- \* *Amounts of Main Board IPOs of Karda Constructions, HAL, Sandhar Technologies, MIDHANI, ICICI Securities and Lemon Tree Hotels have been calculated on basis of lower price band*
- ^ *Amounts of SME IPOs of Benara Bearings & Pistons, S.S.Infrastructure Development Consultants, AVG Logistics, MMP Industries and Deccan Health Care not finalized. Amount has been calculated on basis of lower price band*
- # *India Power Corp., Sona Koyo Steering Systems and Inox Wind OFS amount not finalized*
- ## *MEP Infrastructure Developers QIP amount not finalized*