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PRESS RELEASE

68 PER CENT DECLINE IN PUBLIC EQUITY MARKETS RAISING IN 2018-19: PRIMEDATABASE.COM

2018-19 witnessed a raising of only Rs.56,440 crore through the public equity markets, 68 per cent lower than Rs. 1,75,680 crore that was raised in the preceding year, according to Pranav Haldea, Managing Director, PRIME Database Group, India's premier database on the capital market.

FUNDS MOBILIZATION-PUBLIC MARKETS

Rs. Crore

Year	IPOs (Incl. SME IPOs)	FPOs (Incl. SME FPOs)	OFS(SE)	QIPs	IPPs	InvITs/ RelTs	IDRs	Total Equity	Bonds (Public)	Total Equity + Bonds
2018-19	16,294	-	21,686	10,489	-	7,971	-	56,440	36,715	93,155
2017-18	83,767	12	17,431	62,520	4,668	7,283	-	1,75,680	5,167	1,80,848
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: primedatabase.com

IPOs: According to Haldea, 2018-19 saw fundraising through IPOs drop by a huge 81 per cent from Rs. 83,767 crore in the previous financial year to just Rs. 16,294 in 2018-19. 14 main-board IPOs came to the market collectively raising Rs.14,674 crore* (previous year 45 IPOs for Rs.81,553 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)
2018-19	14	14,674
2017-18	45	81,553
2016-17	25	28,225
2015-16	24	14,500
2014-15	8	2,770
2013-14	1	919

Source: primedatabase.com

The largest IPO was from HDFC Asset Management for Rs.2,800 crore. The average deal size was a high Rs. 1,048 crore.

Only 2 out of the 14 companies that hit the market had a prior PE/VC investment, a notable change from previous years. Offers for sale by such PE/VC investors at Rs.1,655 crore accounted for just 11 per cent of the total IPO amount. Offers for sale by promoters at Rs.

9,458 crore accounted for a further 64 per cent of the IPO amount.

Out of the 14 IPOs, 9 companies had anchor investors, which collectively subscribed to 26 per cent of the total public issue amount. **The domestic institutional investors played a**

significant role as anchor investors, with their subscription amounting to 13 per cent of the amount, same as the 13 per cent from FPIs.

The overall response from the public to the mainboard IPOs of the year, according to primedatabase.com, was moderate. While 2 IPOs received a mega response of more than 10 times (RITES at 67 times followed by HDFC Asset Management at 60 times) and 4 other IPOs were oversubscribed by more than 3 times, the balance 7 IPOs were oversubscribed between 1 to 3 times only (Response data of RVNL is not yet available).

The year witnessed tepid response from retail investors as well. The highest number of applications was received by HDFC Asset Management at 23.30 lakhs followed by RITES (12.96 lakhs) and IRCON (8.62 lakhs).

According to Haldea, response to IPOs was further affected by **poor listing performance of IPOs of the year**. Of the 13 IPOs which got listed (RVNL is yet to be listed), only 2 gave a return of over 10 per cent (based on closing price on listing date). HDFC Asset Management gave a stupendous return of 65 per cent followed by RITES at 15 per cent.

SME IPOs: The year, again, witnessed significant activity in the SME platform; there were as many as 106 SME IPOs, which collected a total of Rs. 1,620 crore (previous year 154 IPOs for Rs. 2,213 crore). Number of SME IPOs and amounts raised in last 5 years are given in the table below:

SME IPOs

Year	No. of Issues	Amount (Rs.crore)
2018-19	106	1,620
2017-18	154	2,213
2016-17	80	825
2015-16	50	311
2014-15	38	250
2013-14	37	286

Source: primedatabase.com

The largest SME IPO in the year, as per primedatabase.com, was from Sirca Paints (Rs.74 crore).

OFS (SE): According to primedatabase.com, Offers for Sale through Stock Exchanges (OFS), which is for dilution of promoters' holdings, saw an increase from Rs. 17,431 crore last year to Rs. 21,567 crore in this year. This was accounted for primarily by the government's divestment at Rs. 10,649 crore (49 per cent of overall amount). The largest OFS was that of Axis Bank (Rs. 5,358 crore) followed by Coal India (Rs.5,274 crore). OFS accounted for 38 per cent of the total year's public equity markets amount.

QIPs: Already-listed companies barely used the QIP route with just 13 companies mobilizing Rs.10,489 crore. This was **83 per cent lower than the Rs. 62,520 crore raised in the previous year**. The largest QIP of 2018-19 was from DLF raising Rs.3,173 crore, accounting for 30 per cent of the total QIP amount. QIPs were dominated by real estate sector with their contribution being 42 per cent (Rs.4,373 crore) of the overall amount.

IPPs: No company used the IPP route.

Fresh Capital

Of the total amount of Rs. 56,440 crore, the amount raised through fresh capital was only Rs. 22,255 crore (39 per cent); the remaining Rs. 34,185 crore being offers for sale.

Divestments

2018-19 was the second best year ever with Rs. 84,179 crore being raised by the Government, the best year being 2017-18 which saw over Rs. 1 lakh crore being raised. ETFs constituted a major share of divestment proceeds at Rs. 45,080 crore (54 per

cent). This was followed by CPSE to CPSE sales which accounted for Rs.15,834 crore (19 per cent), Public Offers (IPOs and OFS) at Rs. 12,566 crore (15 per cent), Buybacks at Rs.10,682 crore (13 per cent) and Sale of Shares to employees at Rs. 17 crore.

According to Haldea, it is the first time ever that the divestment target has been achieved two years in a row. For 2019-20, the Government has set a target of Rs. 90,000 crore. Reduction in the Government’s holding in 23 listed CPSEs to 75 per cent (which is also a mandatory SEBI requirement) alone can contribute to over Rs. 22,000 crore of this. Further, the Government has also placed a roadmap for several unlisted profit making CPSEs to get listed. Lastly, the Government has also identified 38 CPSEs for strategic sale.

Outlook for 2019-20

According to Haldea, fund raising in 2019-20 is going to be significantly impacted by the outcome of the general elections. **While there are 64 companies holding SEBI approval wanting to raise over Rs. 63,000 crore and another 8 companies wanting to raise about Rs. 7,600 crore awaiting SEBI approval,** as we have seen in the past few months, this pipeline can vanish quickly in case markets are volatile and a bearish sentiment is prevailing. Already in 2018-19, **9 companies which were looking to collectively raise Rs. 6,495 crore let their SEBI approval lapse,** despite approvals being valid for a period of one year and after having incurred a lot of time and costs. According to Haldea, if the elections throw up a fractured mandate, many more companies are likely to allow their approval to lapse. On the other hand, if a stable Government comes into power, a flurry of IPOs are likely to be launched.

Public Bonds: The public bonds market saw hectic activity with 26 issues raising **Rs.36,715 crore[@], 7 times higher than the 8 issues raising Rs. 5,167 crore last year.** The largest issues were Dewan Housing Finance (Rs.10,945 crore) followed by Shriram Transport Finance (Rs.3,649 crore) and Tata Capital Financial Services (Rs.3,373 crore).

Rights: Mobilisation of resources through rights issues, according to **primedatabase.com, recorded a steep decline in 2018-19.** By amount, the period saw only Rs. 1,999 crore being raised, which was lower by 91 per cent than Rs. 21,400 crore that was raised in the preceding year. By number, the year witnessed 8 companies using the rights route (previous year, 21 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)
2018-19	8	1,999
2017-18	21	21,400
2016-17	13	3,424
2015-16	12	9,239
2014-15	17	6,750
2013-14	13	4,573

The largest rights issue in the year, as per primedatabase.com, was from Hatsun Agro Product (Rs.528 crore) followed by Hindustan Construction (Rs.498 crore) and Max Ventures & Industries (Rs.450 crore).

Source: primedatabase.com

** Amount of Main Board IPO of Rail Vikas Nigam has been calculated on basis of lower price band
 @Muthoottu Mini Financiers and Kosamattam Finance. Debt Public Issues base issue amount considered*