

## PRESS RELEASE

### **62 PER CENT INCREASE IN FUNDS RAISED IN PUBLIC EQUITY MARKETS IN 2019-20; QIPs DOMINATE: primedatabase.com**

2019-20 witnessed a raising of Rs. 91,670 crore through the public equity markets which was 62 per cent higher than Rs. 56,485 crore that was raised in 2018-19, according to Pranav Haldea, Managing Director, PRIME Database Group, India's premier database on the capital market, which runs primedatabase.com. The mobilization, however, fell 48 percent short than the all-time high amount of Rs. 1,75,680 crore raised in 2017-18.

#### FUND MOBILIZATION-PUBLIC MARKETS

Rs. crore

Year	IPOs (incl. SME IPOs)	FPOs (incl. SME FPOs)	OFS (SE)	QIPs	IPPs	IDRs	InvITs/ RelTs	Total Equity	Bonds (Public)	Total Equity + Bonds
2019-20	20,786	35	17,326	51,216	-	-	2,306	91,670	14,996	1,06,666
2018-19	16,340	-	21,686	10,489	-	-	7,971	56,485	36,788	93,273
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, 13 main-board IPOs came to the market collectively raising Rs. 20,350 crore. This was an increase of 38 per cent from the Rs. 14,719 crore raised through 14 IPOs in 2018-19. **Number of companies and amounts raised through main board IPOs in the last 5 years are given in the table below:**

#### Main Board IPOs

Year	No. of Companies	Amount (Rs.crore)
2019-20	13	20,350
2018-19	14	14,719
2017-18	45	81,553
2016-17	25	28,225
2015-16	24	14,500
2014-15	8	2,770

The largest IPO in 2019-20 was from SBI Cards & Payment Services for Rs. 10,341 crore. The average deal size was Rs. 1,565 crore.

Only 4 out of the 13 IPOs 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. 7,842 crore accounted for 39 per cent of the total IPO amount. Offers for sale by promoters at

Rs. 4,160 crore accounted for a further 20 per cent of the IPO amount.

Out of the 13 IPOs, 11 companies had anchor investors, which collectively subscribed to 32 per cent of the total public issue amount. **Contribution from FPIs was 21 per cent while contribution from domestic institutional investors was 11 per cent of the amount.**

The overall response from the public to the mainboard IPOs of the year, according to primedatabase.com, was good. While **8 IPOs received a mega response of more than 10 times** (IRCTC at 109 times followed by Ujjivan Small Finance Bank (100 times), CSB Bank (48 times), Affle (48 times), Polycab (36 times), Neogen Chemicals (29 times), Indiamart Intermesh (20 times) and SBI Cards (19 times), 1 other IPO was oversubscribed by more than 3 times. The balance 4 IPOs were oversubscribed between 1 to 3 times.

As far as retail investors are concerned, the year witnessed a good response from them as well. The highest number of applications was received by SBI Cards at 26.95 lakhs followed by Ujjivan Small Finance Bank (14.36 lakhs), IRCTC (12.94 lakhs), Polycab (11.37 lakhs) and CSB Bank (9.20 lakhs).

According to Haldea, response to IPOs was further buoyed by **strong listing performance of IPOs** of the year. Of the 13 IPOs which got listed, 7 gave a return of over 10 per cent (based on closing price on listing date). IRCTC gave a stupendous return of 128 per cent followed by CSB Bank (54 per cent), Ujjivan Small Finance Bank (51), Indiamart Intermesh (34), Neogen Chemicals (23), Polycab (22) and Affle (17). **Moreover, unlike in previous years, despite the ongoing coronavirus pandemic and its subsequent impact on the market, 7 of the 13 IPOs are presently still trading above the issue price** (between 8 and 207 per cent above the issue price (closing price of 31<sup>st</sup> March, 2020).

**At the other end of the spectrum, during 2019-20, 50 companies looking to raise over Rs.34,633 crore allowed their SEBI approval to lapse**, despite approvals being valid for a period of one year and after having incurred a lot of time and costs.

**SME IPOs:** For the first time since the SME platform started, activity in this segment declined; there were only 45 SME IPOs, which collected a total of Rs. 436 crore in comparison to 106 IPOs in 2018-19 which collected Rs. 1,620 crore. **Number of SME IPOs and amounts raised in the last 5 years are given in the table below:**

#### SME IPOs

Year	No. of Companies	Amount (Rs.crore)
2019-20	45	436
2018-19	106	1,620
2017-18	154	2,213
2016-17	80	825
2015-16	50	311
2014-15	38	250

The largest SME IPO in the year, as per primedatabase.com, was from Jinaam's Dress (Rs. 40 crore).

**OFS (SE):** According to primedatabase.com, Offers for Sale through Stock Exchanges (OFS), which is for dilution of promoters' holdings, saw a decrease, from Rs. 21,686 crore raised in 2018-19 to Rs. 17,326 crore raised in 2019-20. Of this,

the Government's divestment accounted for Rs. 1,134 crore or just 7 per cent of the overall amount). The largest OFS was that of SBI Life Insurance in September (Rs. 3,524 crore) followed by Avenue Supermarts (Rs. 3,428 crore) and HDFC Asset Management (Rs. 2,039 crore). OFS accounted for 19 per cent of the total year's public equity markets amount.

**QIPs:** 13 companies mobilized Rs. 51,216 crore through QIPs. This was 388 per cent higher than Rs. 10,489 crore raised in the previous year. The largest QIP of 2019-20 was from Bharti Airtel raising Rs. 14,400 crore, accounting for 28 per cent of the total QIP amount. QIPs were dominated by banks, NBFCs and telecommunication companies with them accounting for 79 per cent (Rs. 40,256 crore) of the overall amount.

**IPPs:** No company used the IPP route.

**InvITs/ReITs:** The amount raised through InvITs and ReITs saw a decrease of 71 per cent from previous year, from Rs. 7,971 crore in 2018-19 to only Rs. 2,306 crore in 2019-20.

### **Fresh Capital**

Of the total amount of Rs. 91,670 crore, the fresh capital amount was Rs. 55,932 crore (61 percent); the remaining Rs. 35,738 crore being offers for sale.

### **Divestments**

**2019-20 has been a mediocre year for divestments with Rs.49,823 crore being raised by the Government.** ETFs at Rs.30,869 crore (62 per cent) have constituted a lion's share of divestment followed by CPSE to CPSE sale at Rs.13,883 crore (28 per cent), Enemy share sales at Rs. 1,881 crore (4 per cent), Public Offers (IPO of IRCTC and OFS of RITES) at Rs.1,768 crore (4 per cent) and Buybacks (MOIL, MDL and SPMCIL) at Rs. 822 crore (2 per cent).

For 2020-21, the Government has set a target of Rs. 1,20,000 crore. Reduction in the Government's holding in 26 listed CPSEs to 75 per cent (which is also a mandatory SEBI requirement) alone can contribute to over Rs. 15,000 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 several CPSEs for strategic sale.

### **Outlook for 2020-21**

**According to Haldea, just when things were starting to look up for the primary market, the coronavirus pandemic outbreak has wreaked havoc.** The IPO pipeline continues to remain strong with 26 companies holding SEBI approval wanting to raise nearly Rs. 26,056 crore and another 6 companies wanting to raise nearly Rs. 7,500 crore awaiting SEBI approval. However, it is highly unlikely that any of these issues will hit the market till the time the uncertainty around coronavirus ends.

**Public Bonds:** Public bonds market saw a near 59 per cent decrease with 35 issues raising Rs. 14,996 crore# in comparison to 20 issues raising Rs. 36,788 crore last year. The largest issue was from Tata Capital Financial Services raising Rs. 2,158 crore followed by Tata Capital Housing Finance (Rs. 2,000 crore) and L&T Finance (Rs.1,408 crore).

**Rights Issues:** Mobilisation of resources through rights issues, according to primedatabase.com, recorded a huge increase in 2019-20. **By amount, the period saw Rs. 55,998 crore being raised, which was higher by 2,700 per cent than Rs. 1,999 crore that was raised in 2018-19.** This was primarily on account of 2 large issues of Vodafone Idea (Rs.25,000 crore) and Bharti Airtel (Rs.24,939 crore). By number, the year witnessed 13 companies using the rights route in comparison to 8 companies in the previous year. **Number of rights issues and amounts raised in the last 5 years are given in the table below:**

### **Rights Issues**

Year	No. of Companies	Amount (Rs.crore)
2019-20	13	55,998
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

Source: primedatabase.com

# Sakthi Finance Ltd. and Kosamattam Finance Ltd. Debt Public Issues base issue amount considered