

29th December, 2014

PRESS RELEASE

RS.39,127 CRORE RAISED IN PUBLIC EQUITY MARKETS IN 2014, QIPs DOMINATE: PRIME DATABASE

2014 witnessed a **raising of Rs.39,127 crore through public equity markets** which was 14 per cent lower than the Rs.45,440 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 could have been much better but for the continuous deferment of several PSU offerings. The year, of course, fell substantially short of Rs.99,022 crore, the highest amount that has ever been raised (in 2010).

FUNDS MOBILIZATION-PUBLIC MARKETS

Rs. crore

Year	IPOs	FPOs	OFS (SE)	QIPs	IPPs	IDRs	Total Equity	Bonds (Public)	Total Equity + Bonds
2014	1,528	497	5,000	31,684	418	0	39,127	24,016	63,144
2013	1,619	6,959	23,964	8,075	4,823	0	45,440	34,643	80,083
2012	6,938	0	23,769	4,705	841	0	36,253	23,365	59,619
2011	5,966	8,055	0	3,459	0	0	17,481	27,268	44,749
2010	37,535	31,577	0	26,147	0	2,487	97,746	2,727	1,00,474
2009	19,544	23	0	34,676	0	0	54,242	3,500	57,742
2008	16,904	23	0	3,586	0	0	20,514	0	20,514
2007	34,179	10,962	0	23,400	0	0	68,542	1,000	69,542
2006	19,862	4,817	0	3,935	0	0	28,615	0	28,615
2005	9,990	12,764	0	0	0	0	22,754	4,095	26,848

Source: PRIME Database

QIPs

According to PRIME, fund raising in 2014 was substantially through the **33 QIPs which saw Rs.31,684 crore** being raised from institutional investors, the **highest in 5 years**. These offers accounted for as much as 81 per cent of the total amount mobilized during the calendar year. **The largest QIP of 2014 was the State Bank of India QIP in January 2014 raising Rs. 8,032 crore.**

OFS (SE)

Offers for Sale through Stock Exchanges (OFS), one of the major routes used in the last 2 years, albeit primarily for helping promoters of already-listed companies in complying with the minimum public shareholding (MPS) requirement, saw a huge drop from Rs. 23, 964 crore raised last year to just Rs. 5,000 crore raised in this calendar year.

IPOs

According to Haldea, the big disappointment again though has been the lack of IPOs. Despite a stable government coming into power and the resultant buoyant secondary market, only 6 main-board IPOs (previous year 3 IPOs for Rs. 1,284 crore) came to the market viz. Sharda Cropchem Rs.352 crore, Monte Carlo Fashions Rs.350 crore, Snowman Logistics Rs.197 crore, Wonderla Holidays Rs.181 crore, Shemaroo Entertainment Rs.120 crore and NCML Industries Rs.60 crore, collectively raising a meager Rs.1,261 crore*, **the lowest in 13 years**, the previous low being in 2001 when only Rs. 296 crore had been raised. The highest-ever mobilization through IPOs was in 2010 at Rs. 37,535 crore.

The year, however, again witnessed a flurry of activity on the SME platform; there were as many as 40 SME IPOs which collected a total of Rs. 267 crore (previous year 35 IPOs for Rs. 335 crore).

2014 highlights the continuing dismal state of fund raising through the IPO route by unlisted companies in the last four years with 2011 at Rs. 5,966 crore, 2012 at Rs. 6,938 crore and 2013 at Rs.1,619 crore. Number of companies and amounts raised through IPOs in the last 13 years are given in the table below:

IPOs

Year	No. of Companies	Amount (Rs.crore)
2002	6	1,981
2003	12	1,700
2004	25	13,121
2005	53	9,990
2006	73	19,862
2007	100	34,179
2008	37	16,904
2009	20	19,544
2010	64	37,535
2011	37	5,966
2012	25	6,938
2013	38	1,619
2014	46	1,528

As per Haldea, it is a matter of grave concern that in the past 6-year period, as many as **103 companies which received SEBI approval (since 1st January 2009) to collectively raise Rs. 47,840 crore allowed these to lapse**, despite approvals being valid for a period of one year and after having incurred a lot of time and costs. In addition, **62 companies which had filed their offer documents with SEBI (since 1st January 2009) to collectively raise Rs. 19,973 crore withdrew their offer documents**. If these 165 companies had been able to hit the market, an additional huge Rs.67,813 crore, almost the same as the Rs. 73,130 crore which was actually raised in the 6-year period, would have been raised.

At the other extreme were **10 IPOs (since 1st January 2009) that failed to elicit response from the investors after floating their IPOs**, primarily because of the valuations (Samvardhana Motherson- Rs.1,665 crore, Loha Ispaat- Rs.198 crore, Galaxy Surfactants- Rs. 193 crore, Tara Health Foods- Rs. 175 crore, Scotts Garments-Rs.136 crore, Sai Silks- Rs.89 crore, Plastene India- Rs. 75 crore, Goodwill Hospital- Rs. 62 crore, Fatpipe Networks- Rs.49 crore and Swajas Air Charters- Rs. 36 crore).

What is worrisome is that it means that these 175 companies wishing to raise Rs. 70,491 could not meet their financing requirements and had to either cancel/defer their expansion program or downsize it or raise monies from alternative sources.

As far as retail investors are concerned, the year was again listless for them. While the 40 SME IPOs were not open to them, the allocation to them in the balance 6 IPOs where they could participate was very small. In terms of number of applications, the highest number that was achieved was by Monte Carlo Fashions at 3.36 lakhs followed by Sharda Cropchem (3.09 lakhs), Snowman Logistics (2.54 lakhs), Wonderla Holidays (1.84 lakhs) and Shemaroo Entertainment (1.80 lakhs).

The response from the public to the IPOs of the year, according to PRIME, was mixed. 3 IPOs received a mega response (Sharda Cropchem at 51 times, followed by Snowman Logistics at 46 times and Wonderla Holidays at 32 times). 3 others were oversubscribed by more than 3 times while the balance 38 IPOs, for which response data is available, were oversubscribed between 1 to 3 times.

According to Haldea, the pipeline though is looking much stronger with 7 companies wanting to raise Rs. 2,965 crore already holding SEBI approval and another 12 companies wanting to raise Rs. 5,362 crore awaiting SEBI approval.

The biggest disappointment for the primary market has again been the lack of divestments by the Government. Despite a huge target of Rs.58,425 crore for FY 2014-15 and continuing announcements, with 9 months already gone, **only Rs. 1,780 crore, or just 3 per cent of the target**, has been achieved. Again, like in previous years, bulk of the divestments may take place in the last quarter of the fiscal.

FPOs

As per PRIME, the year saw only 1 FPO of Engineers India of Rs.497 crore (The previous year had also witnessed just 1 company (Power Grid) raising monies through this route).

IPPs

As per PRIME, the year saw just 1 IPP of Muthoot Finance of Rs.418 crore (The previous year had witnessed 12 companies raising Rs. 4,823 crore through this route).

On an overall basis, PSUs raised just Rs.2,277 crore or 6 per cent of the total equity mobilisation (Engineers India FPO and OFS of SAIL, NALCO and NTPC). This was much lower than Rs.25,354 crore which had been raised by them in 2013.

Investment Bankers- League Table

For the above equity issuances (IPOs, FPOs, OFS (SE), QIPs, IPPs), the ranking of investment banks is as follows (If an issue has been handled by more than one Lead Manager, full credit for such an issue has been given to all the concerned Lead Managers):

2014 Rank	2013 Rank	Investment Banker	Issue Amount (Rs.Crore)	% of Issue Amount
1	10	J.P.MORGAN	19792.35	50.6
2	7	AXIS CAPITAL	14856.40	38.0
3	13	BANK OF AMERICA-MERILL LYNCH	14651.81	37.4
4	4	DEUTSCHE BANK	14170.04	36.2
5	9	UBS	13117.11	33.5
6	11	HSBC	12693.27	32.4
7	1	CITIGROUP	12448.01	31.8
8	3	SBI CAPS	11251.62	28.8
9	15	CLSA	9361.18	23.9
10	24	EDELWEISS	6380.01	16.3

SME ITP

The SME Institutional Trading Platform launched this year saw 20 companies being listed (14 at BSE and 6 at NSE).

Public Bonds

In the public bonds market, 33 issues raised Rs.24,016 crore (lower than 32 issues raising Rs.34,643 crore last year).

Rights

Mobilisation of resources through rights issues recorded an increase in 2014. By amount, the period saw **Rs. 5,224 crore being raised**, which was **higher by 27 per cent** than Rs. 4,101 crore that was raised in the preceding year. By number, according to PRIME, the year witnessed 18 companies using the rights route (previous year, 12 companies). This also included 2 companies from the SME segment which came out with rights issues raising Rs.25 crore.

The largest rights issue in the period, as per PRIME Database, was from Tata Power (Rs. 1,993 crore), followed by Indian Hotels (Rs.1,000 crore), NCC (Rs.599 crore), IL&FS Transportation (Rs.525 crore) and Lakshmi Vilas Bank (Rs.410 crore).

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)
2009	23	3,774
2010	23	9,203
2011	21	7,665
2012	17	7,295
2013	12	4,101
2014	18	5,224

As of now, the **early part of 2015 is also likely to see little action on the rights front.** According to PRIME, at present, there are only 3 companies wishing to raise Rs. 3,400 crore which have SEBI approval while there are another 4 companies wishing to raise Rs. 187 crore which have applied for SEBI approval.

**NCML IPO amount not finalized*