

Equity Market Deals May Hit Record \$20b

Six companies have raised about ₹22,300 cr via qualified institutional placements since April 1

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Mumbai: Bankers expect equity capital market deals worth a record \$20 billion (₹1.3 lakh crore) to be struck this financial year, including partial privatisations by the government of India, with the pace having been set by six companies that raised about ₹22,300 crore through qualified institutional placements (QIPs) since April 1.

Forthcoming Issues

IPO	Tentative Size (₹ Cr)	QIP	Tentative Size (₹ Cr)
NSE	10,000	Piramal Enterprises	5,000
General Insurance	5,500	Cadila Healthcare	1,000
New India Assurance	4,000	JSW Steel	2,500
ReNew Power Ventures	3,900	Federal Bank	2,500
HDFC Standard Life	2,660	Andhra Bank	1,100

Initial public offers (IPOs), follow-on public offers (FPOs) and QIPs will likely help fund-raising efforts hit a new high amid the

continuing equity boom. QIPs set a record in FY10, raising ₹40,000 crore, while that for IPOs was ₹41,000 crore in FY08. That

was the record for overall equity capital market (ECM) deals in India as well, with 122 companies raising about ₹67,000 crore through IPOs and FPOs, according to Prime Database.

All these records will be broken this fiscal, according to bankers, who believe that the first half of the current financial year is likely to be dominated by QIPs. In the second half, funds will be raised through IPOs and FPOs.

'Fair Valuations' >>> 19

'Fair Valuations' Driving Demand for QIPs and IPOs

►► From Page 1

“With several large equity issuances in IPO and QIP formats, we are confident that over \$20 billion worth of ECM deals will get done this year, which include disinvestments,” said V Jayasankar, the head of equity capital markets at Kotak Mahindra Capital Co.

“Investors are looking at new avenues of investments given that valuations in Indian markets are quite fair at this stage and this is driving the demand for QIPs and IPOs.”

Piramal Enterprises, Cadila Healthcare, Federal Bank, Hindustan Copper, Andhra Bank, Jammu and Kashmir Bank, JSW Steel and others

are planning to raise funds through QIPs. State Bank of India's recent ₹15,000-crore QIP, the largest ever such placement in India, saw demand from several foreign portfolio investors across geographies, domestic institutional buyers and top individual shareholders who hold significant portfolios in India.



“Companies are looking to position themselves for a gradual but accelerating capex growth cycle and, as a result, more such companies are planning to raise funds through QIPs or other options,” said Sanjeev Jha, head of global capital markets, Bank of America Merrill

Lynch. “Although there is enough appetite from global and domestic funds, investors remain focused on quality issuances and we have seen a lot of long-term investors participating in these QIPs.”

Several financial sector companies including General Insurance, New India Assurance, United India Insurance, National Insurance, Oriental Insurance, HDFC Life Insurance, ICICI Lombard, Reliance Nippon, National Stock Exchange, Renew Power Venture, UTI Mutual Fund and Lodha Developers are looking to launch IPOs in FY18.

Reliance Mutual Fund recently announced its intention to go public. Other mutual funds will follow, ban-

kers said. The Indian government, on the other hand, will seek to raise ₹72,500 crore through divesting stakes in state-run enterprises during the current fiscal.

As per the budget, the government's divestment programme for the forthcoming fiscal includes the listing of three railway public sector units—Indian Railway Catering and Tourism Corp. (IRCTC), Indian Railway Finance Corp. (IRFC) and Ircon—and five general insurance companies.

The government is also planning to divest a part of its stake in the National Thermal Power Corp, Rural Electrification Corp, Power Finance Corp, Neyveli Lignite Corp, and hydro power company NHPC.