

# IPO Market- Global and India

A Comprehensive Assessment (2009)

08 January 2010



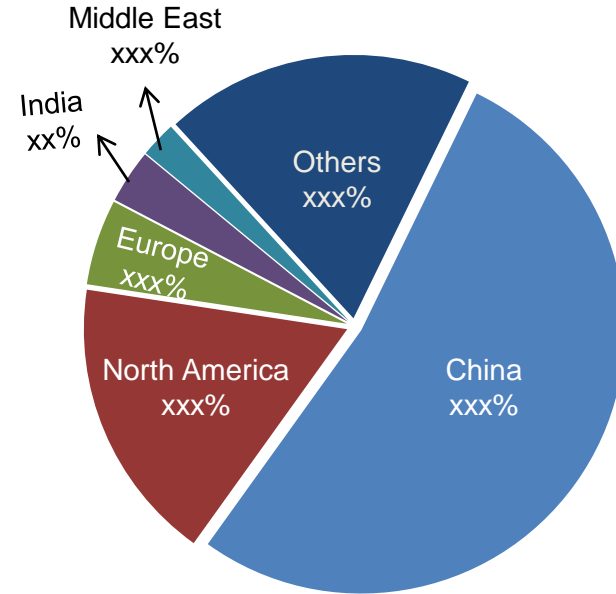
*Strategies for your Success*



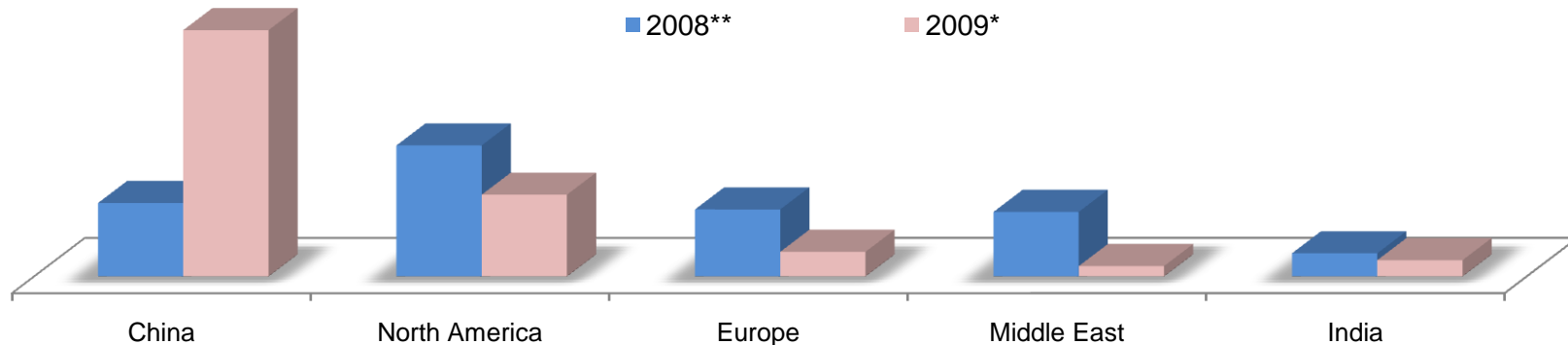
# Global IPO Market: What Happened in 2009

- ❑ IPO proceeds in North America declined by ~38% from \$xxB in first 11 months of 2008 to \$yyB in the same period of 2009
  - Number of IPOs declined by 27%
- ❑ European IPOs accounted for xx% of total global IPOs and a modest \$xxB proceed from Jan'09 to Nov'09
  - This compares with xx% of total global IPOs raising US\$xxxB in the same period of 2008
- ❑ IPO proceeds and activities have fallen dramatically in the Middle East from \$xxxB (from xx deals in the first 11 months of 2008) to \$xxB in the same period in 2009, with only xx IPOs
- ❑ Hong Kong Stock Exchange topped the list on the basis of funds raised with xxxxx%(\$xxB) followed by New York Stock Exchange with yyy% (\$yyB) and Shanghai Stock Exchange with zz% (\$zzzB)

Geographical Breakdown 2009\* (Based on Proceeds)



Proceeds (\$B)

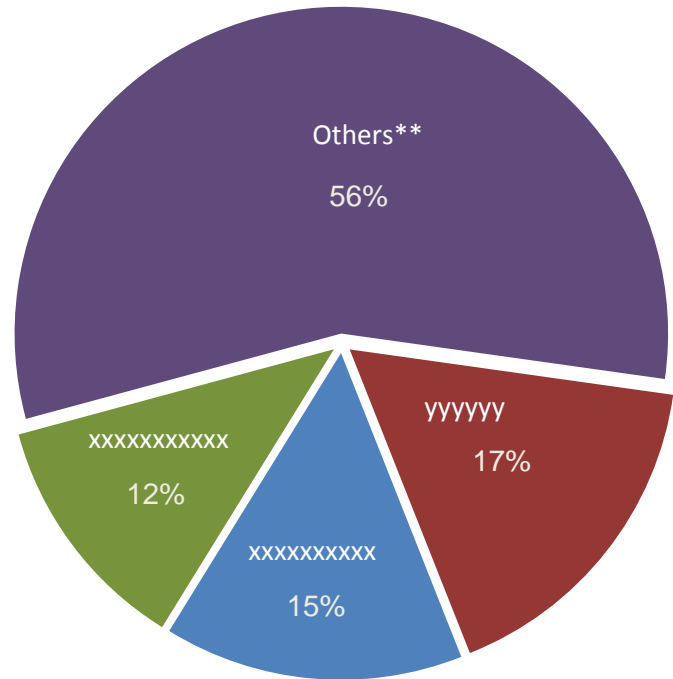
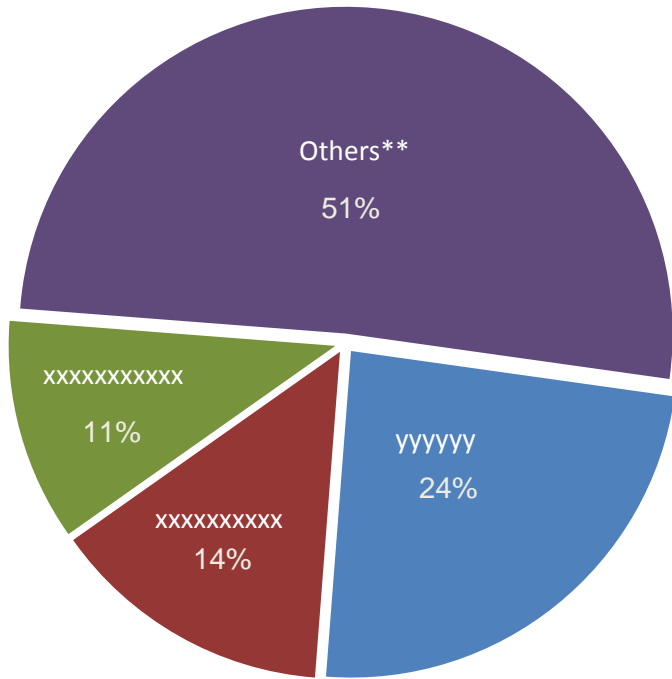


\*From Jan'09 – Nov'09    \*\*From Jan'08 – Nov'08    \*\*\*From Jan'08- Dec'08

# Global IPO Market: Sector Comparison

Volume (2008)#: 745

Volume (2009)#: 459\*



\*Till Nov'09

# Largest IPOs in 2009: Global

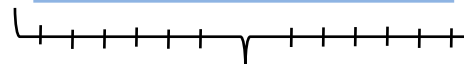
- ❑ China dominated the largest IPO list, representing seven of the ten initial public offerings
  - Top five IPOs in 2009 includes two construction firms from China and three financial companies, two from Brazil and one from China
- ❑ BancoSantander Brasil SA's \$8.1B was the largest IPO of the year across the globe in 2009, followed by \$7.3B IPO of China State Construction
  - The largest IPO of 2009 (Banco Santander Brasil SA, Brazil, \$8.1B) was just 45% (in terms of value) of the largest IPO of 2008 (Visa, US, \$17.86B), but equivalent to largest IPO of 2007 (VTB Bank, Russia, \$8B)
  - Financial sector was the pick with 4 largest IPOs in top 10, contributing 47% of the top 10 IPO proceeds

| Company Name                 | Country   | Offer Date | Issue Size (\$B) | Industry       | Return (%)* |
|------------------------------|-----------|------------|------------------|----------------|-------------|
| Banco Santander Brasil SA    | Brazil    | 06 Oct'09  | 8.1              | Financial      | 4.0%        |
| China State Construction     | China     | 23 Jul'09  | 7.3              | Capital Goods  | 12.9%       |
| Metallurgical Corp. of China | Hong Kong | 16 Sep'09  | 5.1              | Capital Goods  | (15.3%)     |
| VisaNet (Cielo)              | Brazil    | 25 Jun'09  | 4.3              | Financial      | 2.3%        |
| China Minsheng Banking       | Hong Kong | 19 Nov'09  | 3.9              | Financial      | (4.0%)      |
| China Pacific Insurance      | Hong Kong | 16 Dec'09  | 3.8              | Financial      | (8.5%)      |
| Maxis                        | Malaysia  | 09 Nov'09  | 3.3              | Communications | 7.4%        |
| Sands China                  | Hong Kong | 21 Nov'09  | 2.4              | Consumer       | (8.9%)      |
| China Longyuan Power         | Hong Kong | 04 Dec'09  | 2.3              | Energy         | 23.0%       |
| China Shipbuilding Industry  | China     | 10 Dec'09  | 2.2              | Transportation | 2.7%        |

\* Offer price to closing price on 31<sup>st</sup> Dec'09

# Most of Indian IPOs in 2009 Were Subscribed at Higher Band

| Trade Date | Company                           | Sector         | Size (INR M) | Price Bottom Range | Offering Price vs. Price Range | Price Top Range | Performance One Month Post IPO (%) |
|------------|-----------------------------------|----------------|--------------|--------------------|--------------------------------|-----------------|------------------------------------|
| 02 Mar'09  | Edserv Softsystems                | Education      | 238          | 55                 | 60 ▲                           | 60              | (65.8%)                            |
| 29 Jun'09  | Rishabhdev Technocable            | Industrial     | 226          | 29                 | 33 ▲                           | 33              | (39.2%)                            |
| 16 Jul'09  | Mahindra Holidays & Resorts India | Hospitality    | 2,780        | 275                | 300 ▲                          | 325             | 12.0%                              |
| 03 Aug'09  | Excel Infoways                    | Outsourcing    | 482          | 80                 | 85 ▲                           | 85              | 6.5%                               |
| 12 Aug'09  | Raj Oil Mills                     | CGR**          | 1,140        | 100                | 120 ▲                          | 120             | (32.6%)                            |
| 20 Aug'09  | Adani Power                       | Energy & Power | 30,165       | 90                 | 100 ▲                          | 100             | 1.1%                               |
| 01 Sep'09  | NHPC                              | Energy & Power | 60,385       | 30                 | 36 ▲                           | 36              | (4.2%)                             |
| 22 Sep'09  | Jindal Cotex                      | Industrial     | 844          | 70                 | 75 ▲                           | 75              | 14.4%                              |
| 23 Sep'09  | Globus Spirits                    | CGR**          | 750          | 90                 | 100 ▲                          | 100             | (13.5%)                            |
| 30 Sep'09  | OIL India                         | Industrial     | 27,772       | 950                | 1,050 ▲                        | 1,050           | 7.8%                               |
| 09 Oct'09  | Pipavav Shipyard                  | Industrial     | 4,956        | 55                 | 58 ▲                           | 60              | (1.9%)                             |
| 26 Oct'09  | Thinksoft Global Services         | TMT*           | 456          | 115                | 125 ▲                          | 125             | 136.4%                             |
| 15 Oct'09  | Euro Multivision                  | TMT*           | 660          | 70                 | 75 ▲                           | 75              | (58.9%)                            |
| 30 Oct'09  | Indiabulls Power                  | Energy & Power | 15,291       | 40                 | 45 ▲                           | 45              | (26.9%)                            |
| 24 Nov'09  | Den Networks                      | TMT*           | 3,900        | 195                | ▲ 195                          | 205             | 0.0%                               |
| 25 Nov'09  | Astec Lifesciences                | Industrial     | 615          | 77                 | 82 ▲                           | 82              | 0.4%                               |
| 11 Dec'09  | Cox and Kings (INDIA)             | Hospitality    | 6,104        | 316                | 330 ▲                          | 330             | 33.7%***                           |



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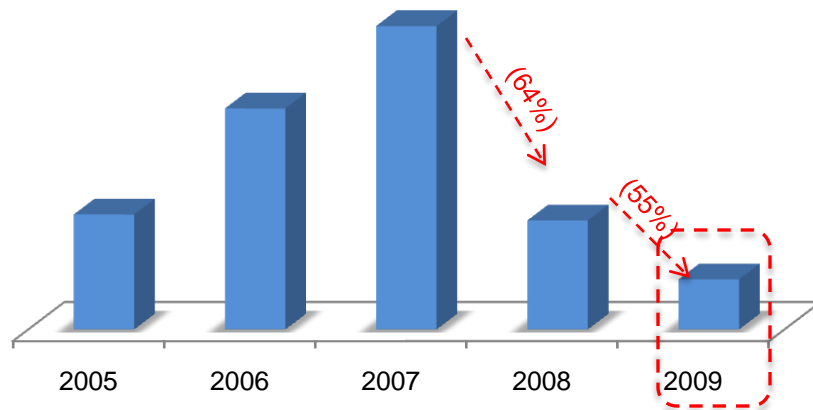
\*Telecom, Media & Technology, \*\*Consumer Goods & Retail, \*\*\* as on 6 Jan 2010

# India IPO Activity Ramping Up Out of Deep Slumber... (1/2)

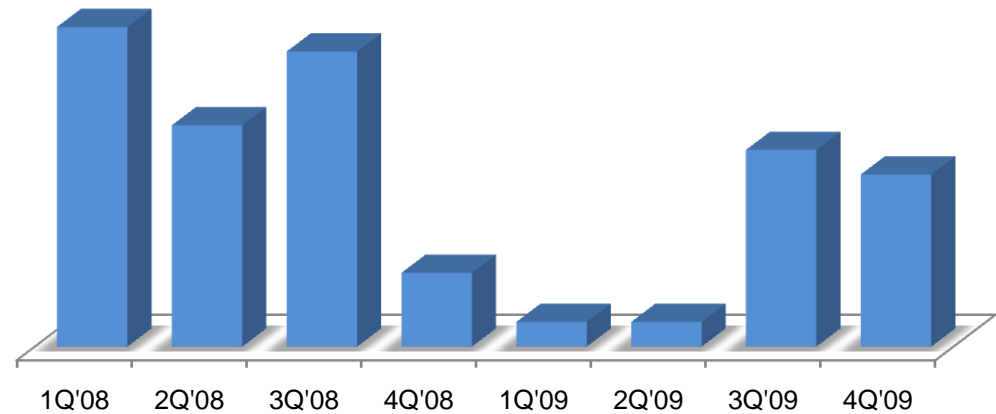
- ❑ Even though the Sensex surged ~8,000 points or 81% in 2009, public issues remained stagnant for most part of the year
  - With secondary markets going north since Mar'09, primary market picked up the pace in 2<sup>nd</sup> half of 2009 and accounted for xx listings out of total ofxxin 2009
- ❑ Continuing the trend witnessed in 2008, number of IPOs declined by 55% in 2009 over 2008 and 83% on 2007 levels
- ❑ In 2008 and 2009, number of IPOs oversubscribed by more than 10 times, was a mere 25% compared to ~50% in 2007

- ❖ Only 1 IPO was withdrawn in 2009 as compared to 3 in 2008
- ❖ IPO market got active in 3<sup>rd</sup> and 4<sup>th</sup> quarter of 2009

No. of IPOs: 2005 - 2009



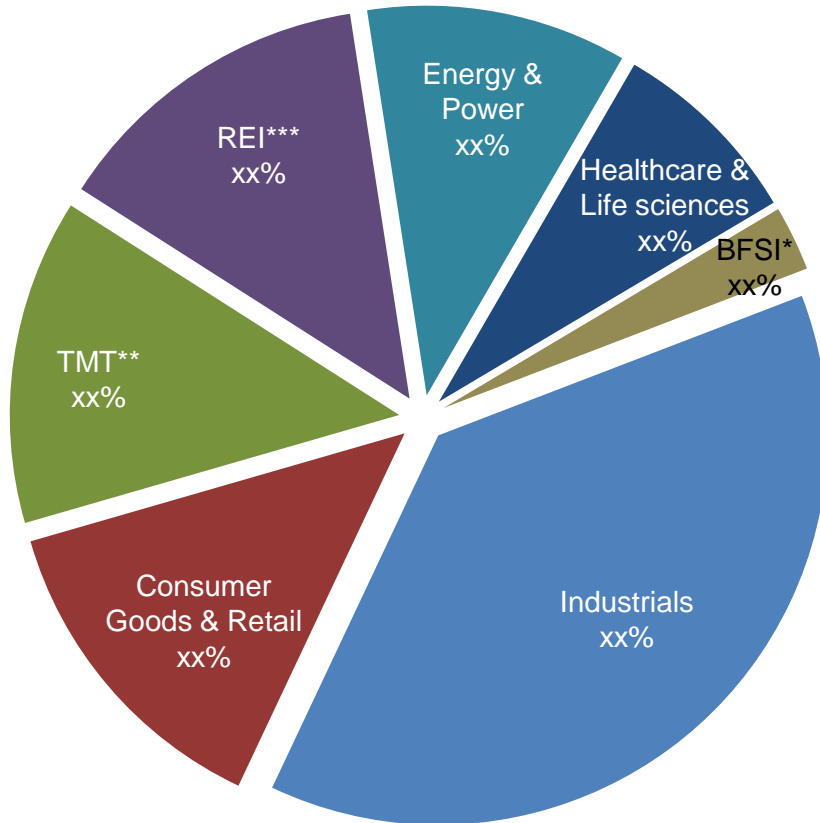
No. of IPOs: 2009



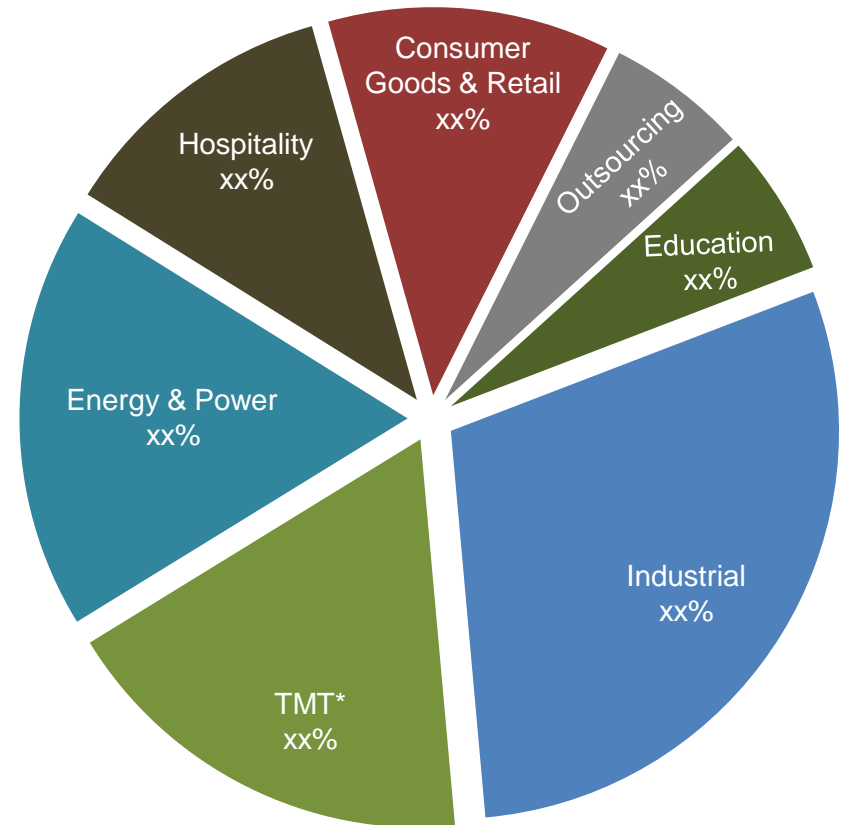
\* On the basis of listings

# Sector Wise Comparison (Volume)

Volume (2008)#: 37



Volume (2009)#: 17



- ❖ REI\*\*\*, Healthcare and BFSI\* sectors didn't have any offerings in 2009, but contributed more than 25% (in total volume) in 2008
- ❖ 2 IPOs from REI\*\*\* and 1 each from TMT\*\* and Energy & Power sector made their debut in 2009, but are to be listed in 2010

# On the basis of listings

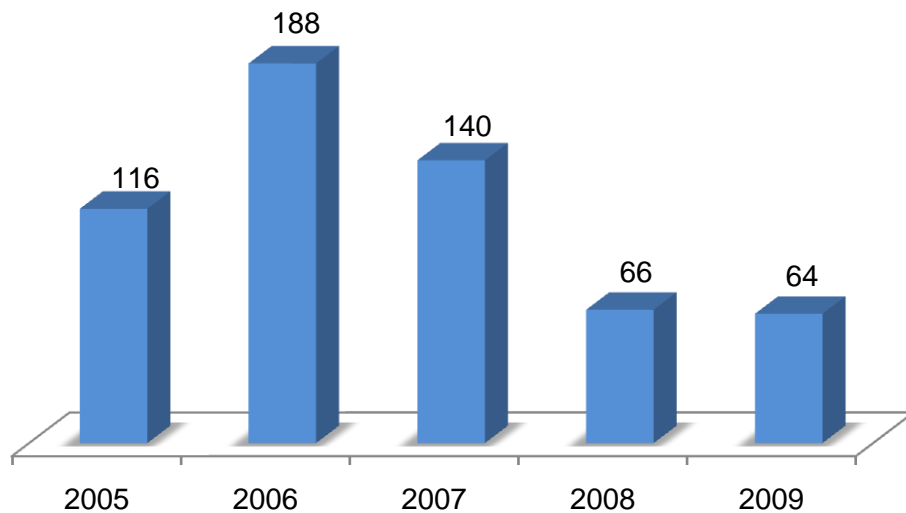
\*Banking, Financial Services & Insurance, \*\* Technology, Media & Telecommunication, \*\*\* Real Estate & Infrastructure

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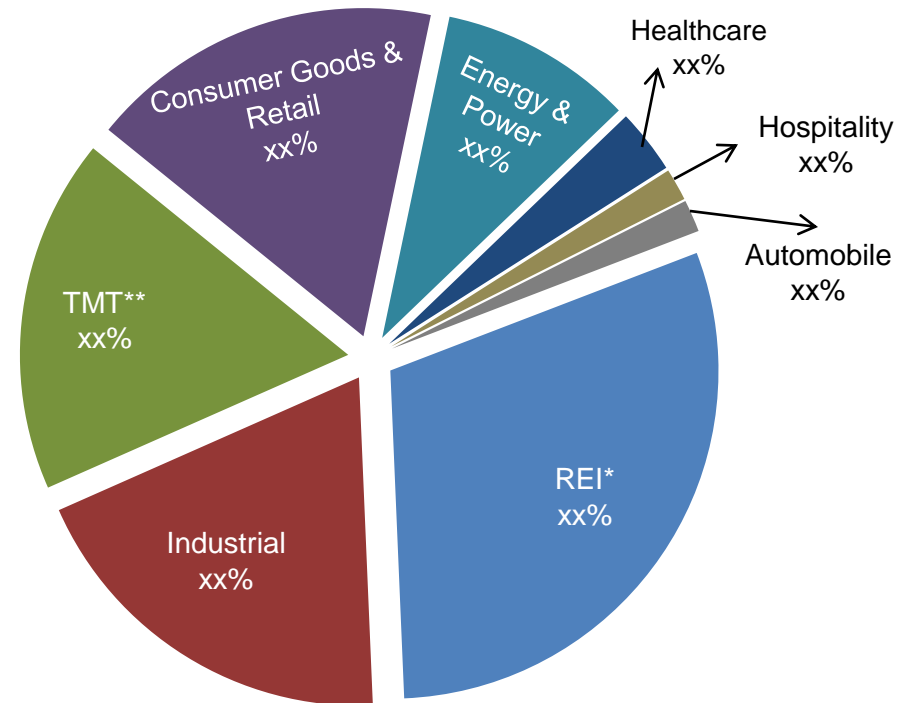
# Offer Document Filled With SEBI

- ❑ In 2009, 64 companies filled offer document with SEBI to raise nearly INR 400B through public issues. Besides, more than 100 listed firms have announced plans to raise INR 1T through qualified institutional placement (QIPs) and more than 31 listed firms want to raise money through rights issues
  - Out of the 64 offer documents filled with SEBI in 2009, only 6 IPOs made their debut
- ❑ Real Estate & Infrastructure sector witnessed the highest filling (30%), followed by Industrial and Telecom, Media & Technology with 19% and 17% respectively in 2009
- ❑ Offer document filled with SEBI in 2009 declined to almost 34% from 2006
  - 2006 witnessed the highest filling in last 5 years

DHRP Filled: Volume



DHRP Filled (2009): Sector Breakup



\*Real Estate & Infrastructure, \*\* Telecom, Media & Technology

# IPOs: Sector Wise Comparison in 2009

## IPOs Issued and Listed in 2009

| Sector*                     | IPO Proceeds (INR M) | % of IPO Proceeds | IPO Volume | % of IPO Volume |
|-----------------------------|----------------------|-------------------|------------|-----------------|
| Energy & Power              | 105,842              | 67.5%             | 3          | 17.6%           |
| Industrial                  | 34,413               | 22.0%             | 5          | 29.4%           |
| Hospitality                 | 8,884                | 5.7%              | 2          | 11.8%           |
| Telecom, Media & Technology | 5,016                | 3.2%              | 3          | 17.6%           |
| Consumer Goods & Retail     | 1,890                | 1.2%              | 2          | 11.8%           |
| Outsourcing                 | 482                  | 0.3%              | 1          | 5.9%            |
| Education                   | 238                  | 0.2%              | 1          | 5.9%            |
| <b>Total</b>                | <b>156,765</b>       | <b>100%</b>       | <b>17</b>  | <b>100%</b>     |

Out of the total Energy proceeds, NHPC IPO contributed 57%

Out of the total Industrial proceeds, OIL India IPO contributed 81%

Out of the total TMT\*\*\* proceeds, Den Networks IPO contributed 74%

## IPOs Issued in 2009 But To Be Listed in 2010

| Sector*                      | IPO Proceeds (INR M) | % of IPO Proceeds | IPO Volume | % of IPO Volume |
|------------------------------|----------------------|-------------------|------------|-----------------|
| Energy & Power               | 38,187               | 81.8%             | 1          | 25.0%           |
| Real Estate & Infrastructure | 4,620**              | 9.9%              | 2          | 50.0%           |
| Telecom, Media & Technology  | 3,853                | 8.3%              | 1          | 25.0%           |
| <b>Total</b>                 | <b>46,661**</b>      | <b>100%</b>       | <b>4</b>   | <b>100%</b>     |

JSW Energy was the 2<sup>nd</sup> largest IPO issued in 2009 but was only subscribed by 1.68x times

\* Ranked in order of IPO Proceeds

\*\* Doesn't Include MBL Infrastructure due to non clearance by SEBI

\*\*\* Technology, Media & Telecommunication

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