

EMEA – India market insight

COVID-backed under-performance in the first half of 2020; second half looks significantly better

“We have seen COVID-backed under-performance in the first half of 2020, while the second half looks significantly better. IPO’s attraction might continue to allure investors in the primary market after successful IPO subscriptions in recent times. Companies with higher standards of governance, differentiated business model and better financial positioning will find it easier to list. Indian shares have rallied recently led by upbeat investor sentiment as businesses opened up and economic activities restarted after stringent lockdown restrictions due to the coronavirus. September has seen the most activity as compared to the second quarter when the pandemic hit India.”



Sandip Khetan
EY India IPO Leader



EMEA – India IPO market insight

Highlights from the market

- ▶ Indian stock exchanges (BSE and NSE including SMEs) ranked ninth in the world in terms of the number of IPOs in year-to-date (YTD) 2020. There were no cross-border deals.
- ▶ In the main markets (i.e., BSE and NSE), there were four IPOs in Q3 2020 versus three IPOs in Q3 2019 and no IPO in Q2 2020. This represents an increase of 33% compared to Q3 2019 and a significant increase in IPO activity as compared to no activity in Q2 2020.
- ▶ As regards to SME markets, there were four IPOs in Q3 2020 versus four and nine IPOs in Q2 2020 and Q3 2019, respectively, representing no change as compared to Q2 2020 and a decrease of 56% over Q3 2019.
- ▶ Real estate (RE), hospitality and construction, technology and telecommunications were the most active sectors (in terms of the number of IPOs) with two IPOs launched in each sector (including main and SME markets). In terms of the issue size, an IPO by Mindspace Business Park REIT from RE, hospitality and construction sector was the largest in Q3 2020.
- ▶ The Securities and Exchange Board of India (SEBI) had rolled out several measures amid the ongoing pandemic. These provide several temporary relaxations and one-time measures, including extending the validity of observations on draft offer documents of companies, reducing the minimum subscription amount in rights issues by companies and increasing permissible issue size variations from 20% to 50%, to name a few.
- ▶ New guidelines are to be finalized for overseas listing of Indian companies. Once these enabling provisions are enacted into law, it would allow Indian companies to directly list on certain foreign stock exchanges.
- ▶ While many IPO plans had come to a standstill due to the pandemic, several startups have now gone ahead and announced their IPO plans.

YTD 2020 activity

24 IPOs

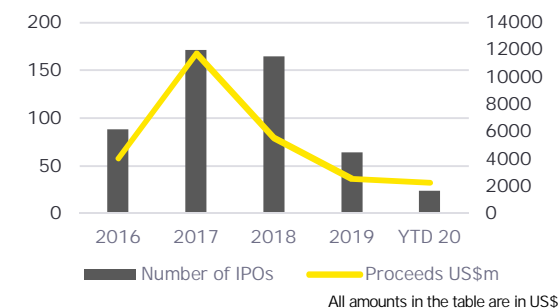
\$2259.78 m proceeds

Change on
YTD 2019

▼ 55%

▼ 11%

Main market \$2243m 5 IPOs	SME markets \$16.78m 19 IPOs
Main market Q3 2020 \$846m 4 IPOs	SME markets Q3 2020 \$4m 4 IPOs



Activity Q3 2020

Sectors

by number of IPOs

RE, hospitality and construction
2 IPOs | \$603m

Technology
2 IPOs | \$97m

Telecommunications
2 IPOs | \$83m

IPOs

largest by proceeds

Mindspace Business Park REIT
\$602m RE, hospitality and construction

Happiest Minds Technologies Limited
\$96m Technology

Route Mobile Limited
\$82m Telecommunication

All amounts in the table are in US\$

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Market listings

New issues: Main market (Q3 2020)

Issue date	Issuer name	Quarter	Sector	Proceeds in US\$m	Name of exchange
12-Aug-20	Mindspace Business Parks REIT	Q3 2020	RE, hospitality and construction	\$602.00	NSE and BSE
17-Sep-20	Happiest Minds Technologies Ltd	Q3 2020	Technology	\$96.00	NSE and BSE
21-Sep-20	Route Mobile Ltd	Q3 2020	Telecommunications	\$82.00	NSE and BSE
23-Jul-20	Rossari Biotech Ltd	Q3 2020	Diversified industrial products	\$66.00	NSE and BSE

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