

# EMEIA – India market insight

With subdued IPO activity during Q2, 2020, due to the stringent lockdown amidst the pandemic, India Inc. is taking a wait-and-watch approach

“The experience in the last three months has been unprecedented as COVID-19 has severely impacted both, human lives and the economy. Similar to global markets, there has been limited to no activity in the Indian IPO market. Investors and analysts are keeping a close watch on the latest updates provided by companies about their performance as valuations become attractive for deal making. Companies are looking to utilize the current time toward preparing for future fund raising. We expect IPO activity to pick up during the end of 2020 or early 2021.”



**Sandip Khetan**  
*EY India IPO Leader*

# EMEIA – India IPO market insight

## Highlights from the market

- ▶ Indian stock exchanges (BSE and NSE including SMEs) ranked seventh in the world in terms of number of IPOs in Q2 2020. There were no cross-border deals and there were no IPOs in the main markets.
- ▶ In June 2020 a Draft Red Herring Prospectus was filed by two companies in the main markets.
- ▶ Other than IPO market, we have seen marquee activities by Jio Platforms that have pushed Indian PE/VC investment in May/June 2020 to above US\$10 billion.
- ▶ As regards to SME markets, there were 4 IPOs in Q2 2020 versus 14 IPOs and 11 IPOs in Q2 2019 and Q1 2020 respectively, representing a significant drop of 71% and 64% respectively as compared to Q2 2019 and Q1 of 2020.
- ▶ Consumer Products & Retail and diversified industrial products were the active sectors (in terms of number of IPOs) with two IPOs in each sector. These four IPOs were launched on SME markets with approximately US\$ 2.08 million.
- ▶ There are several measures that SEBI has rolled out amid the ongoing pandemic, which provide temporary relaxations including extending the validity of observations on draft offer documents of companies; increasing permissible issue size variations from 20% to 50%, increasing the time period for the declaration of results by listed companies, etc. and the BSE SME Segment has also eased the eligibility criteria.
- ▶ As part of the government's measures, an economic package of US\$ 279 Billion (approx. 10% of Indian GDP) was announced to reduce the financial strain on the country due to the pandemic including INR500 billion equity infusion for MSMEs through Fund of Funds to also encourage units to list on the main markets.
- ▶ Although there has not been much activity, companies are considering their long term growth plan and have started to engage in conversations towards their IPO preparation in this economic slowdown. For e.g., The Government of India has recently invited bids for the proposed IPO of Life Insurance Corporation of India (LIC). This is likely to be the biggest ever IPO to be seen in India.

## Markets

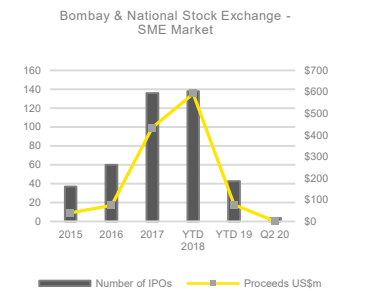
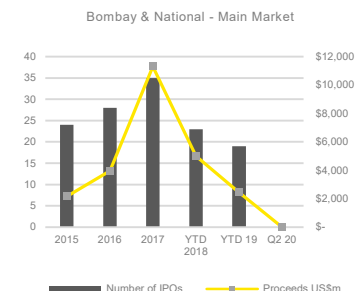
YTD 2020	Change on prior year	Q2 2020	Change on prior year quarter
<b>16</b> IPOs	▼ 75%	<b>4</b> IPOs	▼ 81%
<b>\$1.41b</b> Proceeds	▼ 44%	<b>\$0.002b</b> Proceeds	▼ 100%
<b>\$1.0m</b> median deal size	▼ 50%	<b>\$0.38m</b> median deal size	▼ 81%

### Main markets

Q2 2020	Change on prior year quarter
<b>-</b> IPOs	▼ 100%
<b>-</b> Proceeds	▼ 100%
<b>-</b> median deal size	▼ 100%

### SME markets

Q2 2020	Change on prior year quarter
<b>4</b> IPOs	▼ 71%
<b>\$0.002b</b> Proceeds	▼ 93%
<b>\$0.38m</b> median deal size	▼ 75%



All amounts in table are in US\$

## Activity Q2 2020

### Sectors by highest number of IPOs

**Consumer Products & Retail**  
2 IPOs  
\$ 1.33 m

**Diversified industrial products**  
2 IPOs  
\$ 0.75 m

### IPOs largest by proceeds

**Laxmi Goldorna House Ltd**  
\$1 m  
Consumer Products & Retail

**Nirmitee Robotics India Ltd**  
\$0.43 m  
Diversified industrial products

**Billwin Industries Ltd**  
\$0.33 m  
Consumer Products & Retail

### Bombay & National - Main Market IPO pricing and performance

First-day average return

-

Share price development since IPO

-

+ or - indicates change compared to offer price at IPO

### Equity index

**BSE SENSEX**  
-14.2%  
India

All amounts in table are in US\$. + or - indicates change since 1 January 2020



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### Sandip Khetan

Partner and National Leader  
Financial Accounting Advisory Services (FAAS), EY India  
[sandip.khetan@in.ey.com](mailto:sandip.khetan@in.ey.com)

### Jigar Parikh

Partner  
Financial Accounting Advisory Services (FAAS), EY India  
[jigar.parikh@in.ey.com](mailto:jigar.parikh@in.ey.com)

### Veenit Surana

Director  
Financial Accounting Advisory Services (FAAS), EY India  
[veenit.surana@in.ey.com](mailto:veenit.surana@in.ey.com)