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Annual Review

PUBLIC EQUITY OFFERS REACH A RECORD RS. 30,511 CRORE IN 2004:PRIME DATABASE

The calendar 2004 has seen the emergence of a new Indian primary market-lesser issues but large quality issues, raising huge sums of money. According to Prithvi Haldea of PRIME, the premier database on the primary capital market, all myths about the shallowness of the market were dispelled with the year ending with an impressive upsurge in public offerings, with a total mobilization of Rs. 30,511 crore, (Table I) which is 14 times higher than the meagre Rs. 2,194 crore mobilized in the preceding year.

According to PRIME, the year's equity mobilization of Rs. 30,511 crore, in fact, is the highest-ever in the history of the Indian capital market, more than twice than the previous best of Rs.13, 887 crore raised in 1995 by a record 1,444 companies and significantly almost equal to the collective raising of Rs. 32,025 crore in the last 9 years-1995 to 2003 (Table II).

The huge increase came primarily due to offers for sale, which went up to Rs. 19,808 crore this year from Rs. 1,282 crore in the previous year. As per PRIME, a total of 13 companies, compared to five in the preceding year, made offers for sale. Significantly, a high 85 per cent or Rs. 16,819 crore of this was accounted for by 7 government divestments. On the other hand, 6 offers were made by the private sector aggregating Rs. 2,989 crore, such offers coming in from promoters, funds and other investors, with TCS leading the pack with divestment of Rs. 2,778 crore.

In terms of raising fresh capital too, the amount increased to an impressive Rs. 10,703 crore, higher by 11 times than Rs. 911 crore in the previous year, as per PRIME.

Significantly, the year, according to Mr. Haldea, saw a near-demise of small issues; there were only 5 issues of below Rs 10 crore. The Rs. 10-20 crore public issues appear a thing of the past; India is now in the big league. In this calendar year, there were three issues of over Rs. 5,000 crore each.

The first half of the year saw a mobilization of Rs. 19,190 crore, while the second half witnessed raisings of Rs. 11,321 crore.

According to PRIME, of the 34 equity issues, while only 21 were made through the bookbuilding route, these collectively mobilized over 99 per cent of the year's amount. Little wonder, this helped allocation to QIBs rise to a huge Rs.15,544 crore.

In yet another development, public offerings by listed companies emerged strongly. Compared to 3 in the previous year raising Rs. 494 crore, 9 listed companies went public raising Rs. 17,389 crore in 2004. Of this, while seven listed companies made divestments for Rs.14,136 crore, 2 companies raised Rs.3,253 crore in fresh capital. The remaining 25 cases were IPOs which collectively mobilized Rs. 13,122 crore.

By number, the performance of the year was much better as per PRIME. Compared to 15 public issues in the previous year, 2004 recorded 34 public issues, registering a 126 per cent increase.

Mr. Haldea stated that 'safety' continued to be the hallmark of the year's offerings. It may be recalled that courtesy the bad experiences of the mid 90s, further compounded by the misadventure' with several recent IPOs, investors have shown marked preference for safety. The year was characterized by good quality issuers; one or combination of well-established companies or promoters, divestments either by the Government or by venture capitalist and follow-on offerings, all auguring well for the investors, the capital market and the economy.

The 'safety' factor was evident by a 66 per cent share of the mobilization taken up by government undertakings (PSU divestments: Rs. 16,819 crore, PSU banks: Rs. 230 crore and other PSUs: Rs. 3,169 crore) and Rs. 10,234 crore by established private sector companies, according to PRIME. Only 1 new company entered the market to raise a meagre Rs. 59 crore and that too by the promoters of a well-established company. Clearly, there was no market for greenfield projects or for new promoters.

Courtesy high quality, the response from the public to the issues of the year was excellent with huge oversubscriptions reported for almost all the issues, as per PRIME. Several issues attracted a huge number of applications, with NTPC leading at 14.40 lakhs, follow by TCS at 12.42 lakhs and Bank of Maharashtra at 10.21 lakhs. Supporting this response was the buoyant secondary market almost through the year. The economic resurgence and the stable political climate only further improved the scenario.

The year also witnessed a near-demise of regional stock exchanges. Only 2 of the 34 issues went for listing only at such exchanges.

In terms of public debt issues, the amount declined by 55 per cent to Rs. 2,383 crore from Rs. 5,284 crore. Quite like the previous years, there was no debt mobilization by the corporate sector, the only issuers being ICICI Bank and IDBI.

Year	Offers for Sale	Fresh Capital	Total Equity	Bonds	(Rs.crore) Total
2004	19808	10703	30511	2383	32894
2003	1283	911	2194	5284	7478

**TABLE I
PUBLIC EQUITY OFFERINGS OF 2004**

SNO.	COMPANY	OPENING DATE	ISSUE AMOUNT (Rs.crore)	FACE VALUE (Rs.)	OFFER PRICE (Rs.)
PSUs/ DIVESTMENTS					
1.	INDIAN PETROCHEMICALS CORP.LTD. - INST.	20-02-2004	849.48	10.00	170.00
	- RETAIL	20-02-2004	353.38	10.00	161.50
2.	CMC LTD. - INST.	23-02-2004	144.64	10.00	485.00
	- RETAIL	23-02-2004	45.80	10.00	460.75
3.	IBP CO.LTD. - INST.	23-02-2004	229.84	10.00	620.00
	- RETAIL	23-02-2004	120.82	10.00	589.00
4.	DREDGING CORP.OF INDIA LTD. - INST.	26-02-2004	168.00	10.00	400.00
	- RETAIL	26-02-2004	53.20	10.00	380.00
5.	GAIL (INDIA) LTD. - INST.	27-02-2004	1215.85	10.00	195.00
	- RETAIL	27-02-2004	411.51	10.00	185.25
6.	PETRONET LNG LTD.	01-03-2004	391.47	10.00	15.00
7.	POWER TRADING CORP.OF INDIA LTD.	01-03-2004	93.60	10.00	16.00
8.	OIL & NATURAL GAS CORP.LTD. - INST.	05-03-2004	8546.65	10.00	750.00
	- RETAIL	05-03-2004	1995.75	10.00	712.50
9.	NATIONAL THERMAL POWER CORP.LTD.	07-10-2004	5368.15	10.00	62.00
SUB TOTAL			19988.13		
BANKS					
1.	BANK OF MAHARASHTRA	25-02-2004	230.00	10.00	23.00
2.	ICICI BANK LTD.	02-04-2004	3245.80	10.00	280.00
SUB TOTAL			3475.80		
OTHERS					
1.	CHAKKILAM INFOTECH LTD.	12-01-2004	2.33	10.00	10.00
2.	I-POWER SOLUTIONS INDIA LTD.	12-01-2004	1.11	10.00	10.00
3.	PATNI COMPUTER SYSTEMS LTD.	27-01-2004	430.65	2.00	230.00
4.	BRAHMANAND HIMGHAR LTD.	12-02-2004	4.00	5.00	5.00
5.	FOUR SOFT LTD.	16-02-2004	19.88	5.00	25.00
6.	BIOCON LTD.	11-03-2004	315.00	5.00	315.00
7.	DISHMAN PHARMACEUTICALS & CHEMICALS LTD.	29-03-2004	60.09	10.00	175.00
8.	RAMKRISHNA FORGINGS LTD.	02-04-2004	12.25	10.00	20.00
9.	DATAMATICS TECHNOLOGIES LTD.	12-04-2004	113.30	5.00	110.00
10.	NEW DELHI TELEVISION LTD.	21-04-2004	109.00	4.00	70.00
11.	VISHAL EXPORTS OVERSEAS LTD.	29-04-2004	27.00	5.00	45.00
12.	TATA CONSULTANCY SERVICES LTD.	29-07-2004	5420.49	1.00	850.00
13.	CREW B.O.S.PRODUCTS LTD.	19-08-2004	12.25	10.00	35.00
14.	SAH PETROLEUMS LTD.	30-08-2004	31.78	5.00	35.00
15.	INDIABULLS FINANCIAL SERVICES LTD.	06-09-2004	51.66	2.00	19.00
16.	MSK PROJECTS (INDIA) LTD.	27-09-2004	24.00	10.00	40.00
17.	S.A.L.STEEL LTD.	01-11-2004	58.80	10.00	14.00
18.	SPANCO TELESYSTEMS & SOLUTIONS LTD.	01-11-2004	7.54	10.00	25.00
19.	DECCAN CHRONICLE HOLDINGS LTD.	25-11-2004	149.28	10.00	162.00
20.	DWARIKESH SUGAR INDUSTRIES LTD.	29-11-2004	32.50	10.00	65.00
21.	BHARATI SHIPYARD LTD.	02-12-2004	82.50	10.00	66.00
22.	INDOCO REMEDIES LTD.	17-12-2004	73.50	10.00	245.00
23.	IMPEX FERRO TECH LTD.	22-12-2004	8.00	10.00	10.00
SUB TOTAL			7046.91		
GRAND TOTAL			30510.83		

SOURCE : PRIME DATABASE

TABLE II
PUBLIC EQUITY OFFERINGS

CALENDAR YEARWISE SUMMARY

YEAR	NO. OF ISSUES	ISSUE AMOUNT (Rs. crore)
1989	132	2316.49
1990	142	969.80
1991	167	1349.80
1992	403	4965.10
1993	662	9489.98
1994	1129	8942.93
1995	1444	13886.87
1996	1169	5732.66
1997	125	2182.24
1998	19	364.63
1999	38	2236.97
2000	128	3055.26
2001	15	391.85
2002	6	1981.47
2003	15	2193.70
2004	34	30510.83

SOURCE : PRIME DATABASE