

29th December, 2005

Annual Review

PUBLIC EQUITY ISSUES REACH A RECORD RS. 22,754 CRORE IN 2005:PRIME DATABASE

The calendar 2005, despite an extremely bullish secondary market and a high-return primary market, has ended with a mobilization of only Rs. 22,754 crore through public issues (Table I) which is 25 per cent lower than the previous year which had seen raisings of Rs. 30,511 crore, the highest-ever. According to Prithvi Haldea of PRIME, the premier database on the primary capital market, nevertheless, the year's mobilization of Rs. 22,754 crore is still the second highest-ever in the history of the Indian capital market (Table II).

According to PRIME, the mobilization in 2005 would have been much larger but for the PSU divestments that continued to be in the pipeline but never matured. In the previous year, an impressive amount of Rs. 16,819 crore was accounted for by PSU divestments which went down to nil in 2005. In light of this, the performance of 2005 can surely be considered as impressive.

By number of issues, the performance of the year was much better. Compared to 34 public issues in the previous year, 2005 recorded 72 public issues, registering a 47 per cent increase, as per PRIME.

According to Mr.Haldea, bookbuilding issues continued to dominate; of the 72 equity issues, though only 50 were made through the bookbuilding route, these collectively mobilized over 97 per cent of the year's amount.

Interestingly, follow on public offerings (FPOs) by listed companies continued to dominate. Compared to nine such issues in the previous year raising Rs. 17,389 crore or 57 per cent of the total amount, 19 listed companies made FPOs in 2005 raising Rs. 12,764 crore or 56 per cent of the total amount. The remaining 53 issues were IPOs which collectively mobilized Rs. 9,990 crore.

The good news in 2005 has been the very sharp rise in raising of fresh capital (which typically goes into productive assets) with the amount increasing to an impressive Rs. 20,380 crore, higher by nearly 2 times than Rs. 10,703 crore in the previous year, as per PRIME.

Courtesy divestments, the previous year had been dominated by offers for sale(where the proceeds goes to the seller- promoters, funds and other investors- and not to the company) which had aggregated a huge Rs. 19,808 crore . There was a marked decline in offers for sale in 2005, going down to only Rs. 2,374 crore. In the previous year, Rs. 16,819 crore of these was accounted for by government divestments and Rs. 2,989 crore by the private sector.

Significantly, the year, according to Mr.Haldea, continued to witness a near-demise of small issues; there were only two issues of below Rs 10 crore as against only 5 that were seen last year. 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 was one issue of over Rs. 5,000 crore, compared to 3 in the preceding year.

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. While Rs. 6056 crore was raised by PSU banks and other PSUs, Rs. 16,698 crore was mobilized by established private sector companies. No new company entered the market. Clearly, there was no appetite 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 large number of applications, with PNB leading at 8.48 lakhs, followed by IDFC at 6.20 lakhs and Suzlon at 5.14 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. All 72 issues listed at BSE and/or NSE.

In terms of public debt issues, the amount mobilized increased by 72 per cent to Rs. 4,095 crore from Rs. 2,383 crore in 2004. 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
2005	2374	20380	22754	4095	26849
2004	19808	10703	30511	2383	32894
2003	1283	911	2194	5284	7478

**TABLE I
PUBLIC EQUITY OFFERINGS OF 2005**

SNO.	COMPANY	OPENING DATE	ISSUE AMOUNT (Rs.crore)	FACE VALUE (Rs.)	OFFER PRICE (Rs.)
PSUs/ DIVESTMENTS					
SUB TOTAL			0.00		
BANKS					
1	DENA BANK	24/01/2005	216.00	10.00	27.00
2	PUNJAB NATIONAL BANK	07/03/2005	3120.00	10.00	390.00
3	ALLAHABAD BANK	06/04/2005	820.00	10.00	82.00
4	ORIENTAL BANK OF COMMERCE	25/04/2005	1450.00	10.00	250.00
5	YES BANK LTD.	15/06/2005	315.00	10.00	45.00
6	SYNDICATE BANK	07/07/2005	250.00	10.00	50.00
7	ICICI BANK LTD. - INST.	01/12/2005	3837.50	10.00	525.00
	- RETAIL	01/12/2005	1912.50	10.00	498.75
SUB TOTAL			11921.00		
OTHERS					
1	JET AIRWAYS (INDIA) LTD.	18/02/2005	1899.35	10.00	1100.00
2	UTV SOFTWARE COMMUNICATIONS LTD.	21/02/2005	91.00	10.00	130.00
3	EMAMI LTD.	04/03/2005	35.00	2.00	70.00
4	GATEWAY DISTRI PARKS LTD.	09/03/2005	151.20	10.00	72.00
5	IVRCL INFRASTRUCTURES & PROJECTS LTD.	18/03/2005	144.90	10.00	395.00
6	JAIPRAKASH HYDRO-POWER LTD.	22/03/2005	576.00	10.00	32.00
7	GOKALDAS EXPORTS LTD.	30/03/2005	132.81	10.00	425.00
8	3I INFOTECH LTD.	30/03/2005	230.00	10.00	100.00
9	SAKSOFT LTD.	30/03/2005	7.50	10.00	30.00
10	SHRINGAR CINEMAS LTD.	05/04/2005	43.20	10.00	53.00
11	ALLSEC TECHNOLOGIES LTD.	13/04/2005	42.41	10.00	135.00
12	MANGALAM DRUGS & ORGANICS LTD.	19/04/2005	14.30	10.00	22.00
13	INDIA INFOLINE LTD.	21/04/2005	90.27	10.00	76.00
14	SHOPPER 'S STOP LTD.	28/04/2005	136.98	10.00	238.00
15	CYBER MEDIA (INDIA) LTD.	04/05/2005	16.93	10.00	60.00
16	NANDAN EXIM LTD.	12/05/2005	12.00	10.00	20.00
17	SHREE GANESH FORGINGS LTD.	18/05/2005	15.00	10.00	30.00
18	BEEYU OVERSEAS LTD.	26/05/2005	10.00	10.00	14.00
19	JINDAL POLY FILMS LTD.	09/06/2005	300.00	10.00	360.00
20	UNIPLY INDUSTRIES LTD.	09/06/2005	12.00	10.00	24.00
21	PROVOGUE (INDIA) LTD.	10/06/2005	60.74	10.00	150.00
22	MSP STEEL & POWER LTD.	20/06/2005	16.00	10.00	10.00
23	NECTAR LIFESCIENCES LTD.	22/06/2005	92.88	10.00	240.00
24	ERA CONSTRUCTIONS (INDIA) LTD.	24/06/2005	41.04	10.00	72.00
25	SPL INDUSTRIES LTD.	29/06/2005	63.00	10.00	70.00
26	YASH PAPERS LTD.	30/06/2005	18.82	10.00	14.00
27	IL&FS INVESTSMART LTD.	04/07/2005	142.50	10.00	125.00
28	SHRI RAMRUPAI BALAJI STEELS LTD.	08/07/2005	44.00	10.00	22.00
29	VIVIMED LABS LTD.	09/07/2005	17.50	10.00	70.00
30	INFRASTRUCTURE DEVELOPMENT FINANCE CO.LTD.	15/07/2005	1372.24	10.00	34.00
31	HT MEDIA LTD.	04/08/2005	407.62	10.00	530.00

SNO.	COMPANY	OPENING DATE	ISSUE AMOUNT (Rs.crore)	FACE VALUE (Rs.)	OFFER PRICE (Rs.)
32	SASKEN COMMUNICATION TECHNOLOGIES LTD.	11/08/2005	130.00	10.00	260.00
33	FCS SOFTWARE SOLUTIONS LTD.	22/08/2005	17.50	10.00	50.00
34	AMAR REMEDIES LTD.	25/08/2005	42.00	10.00	28.00
35	TALBROS AUTOMOTIVE COMPONENTS LTD.	01/09/2005	47.50	10.00	102.00
36	SOUTHERN ONLINE BIO TECHNOLOGIES LTD.	14/09/2005	11.07	10.00	10.00
37	ALPS INDUSTRIES LTD.	20/09/2005	31.80	10.00	120.00
38	SUZLON ENERGY LTD.	23/09/2005	1496.34	10.00	510.00
39	AURIONPRO SOLUTIONS LTD.	27/09/2005	27.00	10.00	90.00
40	PARADYNE INFOTECH LTD.	30/09/2005	13.86	10.00	42.00
41	SHREE RENUKA SUGARS LTD.	07/10/2005	110.00	10.00	285.00
42	GUJARAT INDUSTRIES POWER CO.LTD.	13/10/2005	200.00	10.00	68.00
43	K.M.SUGAR MILLS LTD.	14/10/2005	33.28	10.00	52.00
44	BANNARI AMMAN SPINNING MILLS LTD.	19/10/2005	94.50	10.00	135.00
45	PBA INFRASTRUCTURE LTD.	24/10/2005	30.00	10.00	60.00
46	VIKASH METAL & POWER LTD.	24/10/2005	25.00	10.00	20.00
47	PRITHVI INFORMATION SOLUTIONS LTD.	25/10/2005	135.00	10.00	270.00
48	PIRAMYD RETAIL LTD.	10/11/2005	60.00	10.00	120.00
49	BOMBAY RAYON FASHIONS LTD.	11/11/2005	94.33	10.00	70.00
50	AIA ENGINEERING LTD.	17/11/2005	148.05	10.00	315.00
51	TRIVENI ENGINEERING & INDUSTRIES LTD.	18/11/2005	240.00	1.00	48.00
52	ABG SHIPYARD LTD.	18/11/2005	157.25	10.00	185.00
53	EVEREST KANTO CYLINDER LTD.	22/11/2005	90.00	10.00	160.00
54	COMPULINK SYSTEMS LTD.	25/11/2005	27.23	10.00	60.00
55	KERNEX MICROSYSTEMS (INDIA) LTD.	28/11/2005	99.01	10.00	250.00
56	REPRO INDIA LTD.	28/11/2005	43.23	10.00	165.00
57	PVR LTD.	08/12/2005	166.50	10.00	225.00
58	TULIP IT SERVICES LTD.	09/12/2005	108.00	10.00	120.00
59	RADHA MADHAV CORP.LTD.	12/12/2005	20.00	10.00	20.00
60	RAMSARUP INDUSTRIES LTD.	13/12/2005	30.00	10.00	60.00
61	PUNJ LLOYD LTD.	13/12/2005	642.11	10.00	700.00
62	GINNI FILAMENTS LTD.	19/12/2005	48.00	10.00	22.00
63	EDUCOMP SOLUTIONS LTD.	19/12/2005	50.00	10.00	125.00
64	CELEBRITY FASHIONS LTD.	19/12/2005	81.90	10.00	180.00
65	BARTRONICS INDIA LTD.	20/12/2005	45.00	10.00	75.00
SUB TOTAL			10832.65		
GRAND TOTAL			22753.65		

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
2005	72	22753.64

SOURCE : PRIME DATABASE