

26th December, 2006

Annual Review

PUBLIC ISSUES MOBILISE RS. 24,141 CRORE IN 2006 : PRIME DATABASE

Despite an extremely bullish secondary market for most part of the year and a high-return primary market, 2006 has ended with a mobilization of Rs. 24,141 crore through public issues – IPOs and FPOs (Table I). This is only 6 per cent higher than the previous year which had seen raisings of Rs. 22,754 crore. According to Prithvi Haldea of PRIME, the premier database on the primary capital market, nevertheless, the year's mobilization of Rs. 24,141 crore is still the second highest-ever in the history of the Indian capital market (Table II).

According to PRIME, the mobilization in 2006 would have been much larger but for the lack of PSU divestments. In 2004, an impressive Rs. 16,819 crore was accounted for by PSU divestments. This went down to nil, both in 2005 and 2006. Moreover, the secondary market crash in May led to nearly 3 months of cooling off of the primary market. In light of the above, the performance of 2006 can surely still be considered as impressive.

Interestingly, follow-on public offerings (FPOs) by listed companies did not dominate any more. Last year, there were 19 such issues raising Rs. 12,764 crore or 56 per cent of the total amount. This year, though 19 listed companies made FPOs, these raised a meagre Rs. 4,817 crore or 20 per cent of the total amount. Listed companies used other means including QIPs to raise resources. **During 2006, IPOs clearly dominated with 73 issues collectively mobilizing Rs.19,324 crore, up by 93 per cent from Rs.9,990 crore in 2005.**

By number of issues, the performance of the year was much better. Compared to 72 public issues in the previous year, 2006 recorded **92 public issues**, registering a 28 per cent increase, as per PRIME.

According to Mr.Haldea, bookbuilding issues continued to dominate. Of the 92 issues, though only 70 issues (76 per cent) were made through this route, these collectively **mobilized over 97 per cent** of the year's amount.

On another front, there was a **continued dominance of fresh capital**, which typically goes into productive assets as against offers for sale where the proceeds goes to the seller- promoters, funds and other investors- and not to the company. Fresh capital increased to an impressive Rs. 23,199 crore, 14 per cent higher than Rs. 20,380 crore in the previous year. Offers for sale raised only Rs.942 crore in 2006. 2004 had been dominated by offers for sale which had aggregated a huge Rs. 19,808 crore, though these had declined in 2005 to only Rs. 2,374 crore.

As per PRIME, **Energy companies, through 3 issues dominated** with a 35 per cent share at Rs.8,374 crore (led by Cairns and Reliance), followed by the **real estate sector** with a 17 per cent share at Rs.3,993 crore through 12 companies (led by Parsvnath, Lanco and Sobha).

The year continued to witness a near-demise of small issues; there was no issue of below Rs 10 crore, compared to 2 seen in 2005 and 5 in 2004. India is now in the big league. In this calendar year too, there were **5 issues of over Rs. 1,000 crore each** compared to 6 in the preceding year. The year also witnessed the largest-ever IPO - from Cairns India for Rs.5,260.79 crore.

Most significantly, the year, according to Mr.Haldea, was characterized by **good quality issuers**; one or combination of well-established companies or promoters. Strict entry norms of SEBI and stock exchanges, combined with compulsory participation of QIBs, are playing a very important role in improving the quality of issues. **Little wonder, almost all IPOs gave impressive returns; of the 65 out of 73 IPOs listed till date, as many as 63 offered an exit at a premium on the listing date, with the gains exceeding 20 per cent in 48 issues and 10 per cent in 59 cases. In some cases, the gains were close to 100 per cent.**

Courtesy the 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 Reliance Petroleum leading at 19.49 lakhs.

The year also witnessed a total demise of regional stock exchanges. All 73 IPOs listed at BSE and/or NSE.

In terms of public debt issues, the amount mobilized went down to nil from Rs. 4,095 crore in 2005 and Rs.2383 crore in 2004.

Year	Offers for Sale	Fresh Capital	Total Equity	Bonds	(Rs.crore)
					Total
2006	942	23199	24141	0	24141
2005	2374	20380	22754	4095	26849
2004	19808	10703	30511	2383	32894
2003	1283	897	2180	5284	7463
2002	32	1949	1981	4549	6531

TABLE I

PUBLIC EQUITY OFFERINGS OF 2006
(Descending order by amount)

SNO.	COMPANY	ISSUE OPENING DATE	ISSUE AMOUNT (Rs.crore)
IPOs			
BOOKBUILDING			
1	CAIRN INDIA LTD.	11/12/2006	5260.79
2	RELIANCE PETROLEUM LTD.	13/04/2006	2700.00
3	PARSVNATH DEVELOPERS LTD.	06/11/2006	1089.77
4	LANCO INFRATECH LTD.	06/11/2006	1067.34
5	GMR INFRASTRUCTURE LTD.	31/07/2006	788.50
6	SUN TV LTD.	03/04/2006	602.79
7	SOBHA DEVELOPERS LTD.	23/11/2006	569.17
8	TECH MAHINDRA LTD.	01/08/2006	465.23
9	MAHINDRA & MAHINDRA FINANCIAL SERVICES LTD.	21/02/2006	400.00
10	GUJARAT STATE PETRONET LTD.	24/01/2006	372.60
11	JAGRAN PRAKASHAN LTD.	25/01/2006	369.44
12	DECCAN AVIATION LTD.	18/05/2006	363.28
13	GITANJALI GEMS LTD.	16/02/2006	331.50
14	GVK POWER & INFRASTRUCTURE LTD.	02/02/2006	256.54
15	UNITY INFRAPROJECTS LTD.	19/05/2006	232.40
16	ENTERTAINMENT NETWORK (INDIA) LTD.	23/01/2006	213.84
17	B.L.KASHYAP & SONS LTD.	20/02/2006	200.02
18	INOX LEISURE LTD.	27/01/2006	198.00
19	DEVELOPMENT CREDIT BANK LTD.	29/09/2006	185.90
20	VISA STEEL LTD.	23/02/2006	171.00
21	INFO EDGE (INDIA) LTD.	30/10/2006	170.36
22	VOLTAMP TRANSFORMERS LTD.	24/08/2006	168.49
23	NITCO TILES LTD.	22/02/2006	168.00
24	ESS DEE ALUMINIUM LTD.	04/12/2006	156.60
25	ALLCARGO GLOBAL LOGISTICS LTD.	01/06/2006	140.33
26	UTTAM SUGAR MILLS LTD.	16/03/2006	136.00
27	PRIME FOCUS LTD.	25/05/2006	115.00
28	ROYAL ORCHID HOTELS LTD.	12/01/2006	112.53
29	R SYSTEMS INTERNATIONAL LTD.	28/03/2006	110.21
30	PLETHICO PHARMACEUTICALS LTD.	10/04/2006	110.00
31	ADHUNIK METALIKS LTD.	13/03/2006	100.00
32	BLUE BIRD (INDIA) LTD.	16/11/2006	92.14
33	HANUNG TOYS & TEXTILES LTD.	28/09/2006	90.25
34	GAYATRI PROJECTS LTD.	26/09/2006	85.55
35	SOLAR EXPLOSIVES LTD.	09/03/2006	83.60
36	HOV SERVICES LTD.	04/09/2006	81.00
37	KEWAL KIRAN CLOTHING LTD.	20/03/2006	80.60
38	GWALIOR CHEMICAL INDUSTRIES LTD.	11/09/2006	80.00
39	PYRAMID SAIMIRA THEATRE LTD.	11/12/2006	75.13
40	EMKAY SHARE & STOCK BROKERS LTD.	31/03/2006	75.00
41	GODAWARI POWER & ISPAT LTD.	28/03/2006	70.43

42	GLOBAL VECTRA HELICORP LTD.	29/09/2006	64.75
43	ATLANTA LTD.	01/09/2006	64.50
44	ACTION CONSTRUCTION EQUIPMENT LTD.	01/09/2006	59.80
45	XL TELECOM LTD.	04/12/2006	59.35
46	FIEM INDUSTRIES LTD.	21/09/2006	56.17
47	SADBHAV ENGINEERING LTD.	03/02/2006	53.65
48	SHREE ASHTAVINAYAK CINE VISION LTD.	14/12/2006	52.80
49	PRATIBHA INDUSTRIES LTD.	16/02/2006	51.42
50	ACCEL FRONTLINE LTD.	28/09/2006	42.27
51	LOKESH MACHINES LTD.	07/04/2006	42.00
52	NITIN SPINNERS LTD.	06/01/2006	40.00
53	L.T.OVERSEAS LTD.	27/11/2006	39.40
54	JHS SVENDGAARD LABORATORIES LTD.	26/09/2006	35.96
55	NISSAN COPPER LTD.	04/12/2006	25.00
56	RUCHIRA PAPERS LTD.	23/11/2006	23.50
TOTAL			18849.91
FIXED PRICE			
1	SHIVALIK GLOBAL LTD.	09/03/2006	60.00
2	INDO TECH TRANSFORMERS LTD.	10/02/2006	51.29
3	DEEP INDUSTRIES LTD.	29/08/2006	40.68
4	SUNIL HITECH ENGINEERS LTD.	30/01/2006	34.65
5	SAKUMA EXPORTS LTD.	08/02/2006	33.33
6	GALLANTT METAL LTD.	06/03/2006	31.12
7	ROHIT FERRO-TECH LTD.	07/03/2006	31.02
8	SREE SAKTHI PAPER MILLS LTD.	17/01/2006	25.00
9	KAMDHENU ISPAT LTD.	03/04/2006	22.81
10	LUMAX AUTO TECHNOLOGIES LTD.	14/12/2006	22.59
11	RICHA KNITS LTD.	13/09/2006	22.50
12	KEW INDUSTRIES LTD.	28/08/2006	21.00
13	MALU PAPER MILLS LTD.	06/03/2006	20.00
14	DYNEMIC PRODUCTS LTD.	18/01/2006	15.44
15	CAMBRIDGE TECHNOLOGY ENTERPRISES LTD.	29/12/2006	15.40
16	JRG SECURITIES LTD.	17/04/2006	14.50
17	USHER AGRO LTD.	05/09/2006	13.22
TOTAL			474.55
FPOs			
BOOKBUILDING			
1	BANK OF BARODA	16/01/2006	1633.00
2	ANDHRA BANK	16/01/2006	765.00
3	UNION BANK OF INDIA	15/02/2006	495.00
4	PATEL ENGINEERING LTD.	03/05/2006	425.00
5	TANLA SOLUTIONS LTD.	11/12/2006	378.86
6	J.K.CEMENT LTD.	21/02/2006	296.00
7	SOUTH INDIAN BANK LTD.,THE	10/02/2006	150.00
8	D.S.KULKARNI DEVELOPERS LTD.	25/04/2006	133.65
9	OPTO CIRCUITS (INDIA) LTD.	31/03/2006	108.00
10	RATHI UDYOG LTD.	19/05/2006	58.00
11	RAJ RAYON LTD.	12/01/2006	55.25
12	GANGOTRI TEXTILES LTD.	18/05/2006	55.00

13	K SERA SERA PRODUCTIONS LTD.	16/02/2006	34.00
14	TANTIA CONSTRUCTIONS LTD.	27/03/2006	21.75
TOTAL			4608.50
FIXED PRICE			
1	ZENITH BIRLA (INDIA) LTD.	16/10/2006	106.00
2	BIRLA POWER SOLUTIONS LTD.	24/03/2006	50.40
3	GULSHAN SUGARS & CHEMICALS LTD.	22/11/2006	26.40
4	KOVILPATTI LAKSHMI ROLLER FLOUR MILLS LTD.	27/11/2006	14.30
5	POWERSOFT GLOBAL SOLUTIONS LTD.	23/03/2006	11.20
TOTAL			208.30
GRAND TOTAL			24141.26

SOURCE : PRIME DATABASE

TABLE II

PUBLIC EQUITY OFFERINGS – IPOs & FPOs

CALENDAR YEARWISE SUMMARY

YEAR	NO. OF ISSUES	ISSUE AMOUNT (Rs. crore)
1989	106	234.17
1990	117	365.89
1991	135	668.68
1992	359	1907.00
1993	612	5306.43
1994	1086	7099.74
1995	1405	9598.93
1996	1101	5113.52
1997	114	1998.75
1998	17	313.31
1999	36	2177.19
2000	125	2982.91
2001	13	295.81
2002	6	1981.47
2003	14	2179.80
2004	34	30510.83
2005	72	22753.64
2006	92	24141.26

SOURCE : PRIME DATABASE