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## **Hectic pre-budget capital raising activity**

Uncertain of the shape the market may take after the Budget, many companies have decided to raise money beforehand. There has been a hectic pre-budget capital raising activity, according to Mr. Prithvi Haldea, Chairman of Prime Database. In the last week of June, as much as Rs.6,553 crore was raised, which accounted for over 56 per cent of the total capital of Rs. 11,714 crore mobilized in the entire recently concluded first quarter of April to June. The quarter saw 1 IPO (Rs. 278 crore), 1 FPO (23), 3 rights (29), 3 ADRs/GDRs (125) and 10 QIPs (11259). QIPs cornered over 96 per cent of the total money mobilized, according to Prime.

Mahindra Holiday was the solitary IPO in the entire quarter, while Rishabdev Technocable was the solitary FPO during the quarter. The leading QIP issuers during the quarter included Unitech (Rs.4410 crore), Indiabulls Real Estate (2656), HDIL (Rs. 1674 crore), Sobha Developers (526), Shree Renuka Sugars (506) and PTC (500).

According to Prime, in the preceding quarter (January to March 2009), a tiny amount of Rs. 872 crore had been raised. This included 1 IPO, 4 rights and 2 GDRs/ADRs (with no QIPs). As such, compared to the preceding quarter, the June quarter has witnessed an increase of over 13 times.

On the other hand, in the same quarter of the preceding year (April to June 2008), only Rs. 2,623 crore had been raised, as per Prime Database. This included 13 IPOs, 2 rights, 7 GDRs/ADRs and 1 FCCB issues (and no QIPs). As such, compared to the same quarter of the preceding year, the recent June quarter has witnessed an increase of over 4 times.

According to Mr. Haldea, the expectations from the Budget are huge and as such its impact on the market too shall be enormous. The capital raising plans of India Inc are totally dependent upon the state of the secondary market that will emerge after the Budget. If the Budget disappoints and the secondary market goes crashing, the companies would have to yet again put their plans on hold.

Most companies have been waiting for a stable or a buoyant secondary market, a prerequisite for fresh capital raising. There is no paucity of issuers. If the market goes on an upward trajectory post Budget, one can hope for a steady stream of issuances thereafter, feels Mr. Haldea.

As per Prime Database, on the IPOs/FPOs front, the first to hit the market would be the 19 companies who have been holding SEBI approval to raise Rs.8,959 crore. This includes two PSUs-NHPC (Rs. 2500 crore) and Oil India (1400). Also in the list are Adani Power (2200), Godrej Properties (750) and Pipavav Shipyard (700). Second in the string would be the 15 companies who have filed with SEBI and are awaiting approval to raise Rs. 2,186 crore. This list has only small issues, except Great Eastern Energy (Rs. 700 crore). Simultaneously, scores of companies who have gone into the preparatory mode shall start filing their offer documents with SEBI. In addition to the above would be other PSU divestments through the IPO/FPO route.

On the rights front, the first to hit the market, according to Prime, would be the 9 companies who have been holding SEBI approval to raise Rs.1,605 crore. This includes Fortis Healthcare (Rs. 1000 crore) and Wire and Wireless (450). Second in the string would be the 14 companies who have filed with SEBI and are awaiting approval to raise Rs. 3,637 crore. This list includes Religare Enterprises (Rs. 1,850 crore) and TV18 (Rs. 510 crore).

As per Prime, also in the pipeline are QIPs. Since January 2009, as many as 50 companies have already announced their plans to raise money through this route, and this list is growing daily. This includes Hindalco, Cairn, GVK Power, HDFC, JSW Steel, Essar Oil, Lanco Infratech, Parsvanath and Omaxe. The total amount planned to be raised by QIPs exceeds Rs. 60,000 crore, according to Mr. Haldea.

The first IDR may also happen in the coming quarter. On the other hand, there may be a few ADR/GDR issues, feels Mr. Haldea.