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**ONLY 21 COMPANIES, RS. 19,558 CRORE THROUGH IPOs/FPOs
IN 2009; AVERAGE DEAL SIZE HIGHEST EVER: PRIME DATABASE**

Despite a huge rise in the secondary market as represented by the indices, and despite a huge pipeline and rising expectations, **the public equity issue market, comprising both IPOs and FPOs, in 2009 witnessed just 21 companies, according to Mr. Prithvi Haldea, CMD of PRIME, the premier database on the primary capital market.** This poor number was substantially because of the nervous and volatile markets, courtesy an uneasy outlook on the economy, given the huge crisis in 2008. In fact, by number of issues, the performance of the year was very negative; compared to 38 public equity issues in the previous year representing a decline of 55 per cent (In 2007, there were 106 such issues).

Nevertheless, the year, according to PRIME, ended better than 2008 in terms of amount mobilized; a 16 per cent increase to Rs. 19,558 crore from Rs.16,927 crore. This was 43 per cent lower than 2007 which had seen a raising of Rs.45,142 crore (Table I).

What was significant in 2009, as per Mr. Haldea, was the **average deal size. This rose dramatically to Rs. 931 crore,** up from Rs. 445 crore in 2008 and Rs. 426 crore in 2007. In fact, the 2009 average deal size was the highest ever. The year 2009 saw as many as **5 issues of over Rs. 1,000 crore each** and for the first time ever, the year did not witness any issue below Rs. 10 crore.

As per PRIME, the mobilization in 2009 could have been much better with more PSU **divestments/fresh capital raisings.** The year witnessed only two such issues, both of which in fact had been in the pipeline for long. This included NHPC IPO for Rs.6,039 crore, which single-handedly accounted for 31 per cent of the year's total mobilization. The other IPO of Oil India raised Rs. 2777 crore.

According to PRIME, most of the large companies that entered the market in 2009 in fact were the ones that had been ready for more than a year, and had received SEBI's approval in 2007/2008 but were not able to enter the market courtesy poor conditions. This included the **refilled IPOs** of NHPC (Rs.6039 crore), Adani Power (3017), JSW Energy (2700), Cox & Kings (610) and Godrej Properties (469).

Unlike the 2005-2007 period which had seen a dominance of the **real sector, the year 2009, like 2008, continued to be severe on this sector, with its share being only 2 per cent of the money raised,** according to PRIME. The domination in 2009 was by the **power sector,** which through 4 issues cornered a 69 per cent share. Among other sectors, oil exploration / drilling/ refining had a 14 per cent share.

An unnerving feature of the year was that the **response to the issues of the year was very subdued,** according to Mr. Haldea. Only 5 of the 21 issues received oversubscription of more than 10 times while as many as 7 issues barely managed around a one-time subscription. What also emerged clearly was the apathy of the retail investors; in as many as 9 issues, their portion was not subscribed even 1 time, while in most other issues too, the response was weak with only 5 issues managing to get the retail subscribe their portion by more than 3 times. The poor retail response was primarily due to the poor QIB subscriptions from which the retail takes a lead, and because of poor post-listing performance of most IPOs of the year. The volatile state of the secondary market did not help the sentiments either.

What came to the rescue of the primary market was the new concept of **Anchor Investors** instituted by SEBI during the year. Starting with the Adani Power IPO in July 2009, 8 more IPOs had anchor investors who committed to nearly 30 per cent of the QIB portion and collectively took up a high 17 per cent of the aggregate issue amount.

According to Mr. Haldea, another feature that made its mark during the year was **ASBA**. Though it was introduced in 2008, this facility gained increasing popularity in 2009; nearly 10 per cent of the retail applications during the year were made using ASBA.

Significantly, **just 1 FPO** happened in the entire year, raising a meager Rs. 23 crore, according to PRIME. This was clear fallout of the preference of the listed companies to the QIP route.

For the first time, **the bookbuilding issues** cornered the entire share of the market, with not a single fixed price issue happening during the year.

On another front, according to PRIME, 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- government, promoters, funds and other investors- and not to the company. Fresh capital took an 88 per cent share at Rs.17,200 crore, up by 8 per cent from Rs.15,941 crore in the previous year. Offers for sale raised Rs.2,358 crore in 2009, compared to Rs.986 crore in 2008.

The year, like the preceding one, also witnessed a complete eclipse of the regional stock exchanges. All 20 IPOs were **listed only at BSE and NSE**, as per PRIME.

An important development in the year was the re-emergence of the **public issue of bonds**, with 3 companies (Tata Capital, L&T Finance, Shriram Transport) raising Rs.3,500 crore in 2009.

PUBLIC ISSUES-IPOs and FPOs

Year	IPOs	FPOs	Total Equity	(Rs.crore)	
				Bonds	Total
2009	19535	23	19558	3500	23058
2008	16904	23	16927	0	16927
2007	34179	10963	45142	1000	46142
2006	19862	4817	24679	0	24679
2005	9990	12764	22754	4095	26849
2004	13122	17389	30511	2383	32894
2003	1700	480	2180	5284	7464
2002	1981	0	1981	4549	6530

TABLE I

PUBLIC EQUITY OFFERINGS – IPOs & FPOs

CALENDAR 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	1126	8924.77
1995	1429	13413.79
1996	1111	5459.04
1997	117	2105.60
1998	19	364.63
1999	38	2236.97
2000	125	2982.91
2001	13	365.31
2002	6	1981.47
2003	14	2179.80
2004	34	30510.83
2005	72	22753.64
2006	92	24679.26
2007	106	45141.59
2008	38	16927.48
2009	21	19558.08

SOURCE: PRIME DATABASE

TABLE II

TOP 10 PUBLIC EQUITY OFFERINGS OF 2009

SNO.	COMPANY	ISSUE TYPE	ISSUE OPENING DATE	ISSUE AMOUNT (Rs.crore)
1	NHPC LTD.	IPO	07/08/2009	6038.55
2	ADANI POWER LTD.	IPO	28/07/2009	3016.52
3	OIL INDIA LTD.	IPO	07/09/2009	2777.25
4	JSW ENERGY LTD.	IPO	07/12/2009	2700.00
5	INDIABULLS POWER LTD.	IPO	12/10/2009	1758.15
6	COX & KINGS (INDIA) LTD.	IPO	18/11/2009	610.39
7	PIPAVAV SHIPYARD LTD.	IPO	16/09/2009	498.67
8	GODREJ PROPERTIES LTD.	IPO	09/12/2009	468.85
9	DEN NETWORKS LTD.	IPO	28/10/2009	392.40
10	D.B.CORP LTD.	IPO	11/12/2009	384.22

SOURCE: PRIME DATABASE