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## **PUBLIC EQUITY RAISING AT ONLY RS. 9,582 CRORE IN FIRST HALF OF 2011-12: PRIME DATABASE**

The first half of the current fiscal has ended with a **mobilisation of only Rs.9,582 crore** through public equity issues. According to Prithvi Haldea of PRIME, the country's premier database on primary capital market, this mobilization is lesser than Rs.12,280 crore in the corresponding period of the preceding year, representing a fall of 22 per cent..

**By number, however, the recent period almost matched the previous year; 31 public issues compared to 32 issues.** This included 30 IPOs collectively raising Rs.5,004 crore or 52 per cent of the total amount (compared to 30 IPOs in the preceding year mobilizing Rs.11,280 crore). The amount raised through FPOs stood at Rs.4,578 crore through 1 company, compared to Rs.1000 crore mobilized by 2 companies in the corresponding period of the preceding year.

Financial Year (Apr-Sep)	Equity (Rs.crore)
2005-06	7622
2006-07	7381
2007-08	31831
2008-09	1984
2009-10	13065
2010-11	12280
2011-12	9582

*Source:PRIME Database*

**The average deal size fell further to Rs. 309 crore**, down from Rs. 353 crore in the corresponding period of the preceding year. **There were only 2 issues of above Rs.1,000 crore.** On the other hand, there were 11 issues of less than Rs. 50 crore, the smallest issue being Rs. 23.25 crore.

**As per PRIME, 88 per cent or Rs. 8,405 crore was raised through fresh capital** ,which typically goes into creation of productive assets, with the remaining Rs. 1,177 crore raised through offers for sale where the proceeds go to the sellers-government, promoters, venture funds and other investors and not to the company.

In terms of the method of offering, 30 of the 31 issues of the period, as per PRIME, **were through the bookbuilding route** cornering over 99 per cent of the amount, with only 1 small issue through the fixed price method. **The facility of anchor investors was used by only 4 companies.**

According to PRIME, the **banking and financial services** sector dominated with 7 companies raising Rs.7,621 crore (79.6 per cent of the total amount) followed by electronics-consumer & media with 2 issue raising Rs.324 crore (3.4 per cent) and electric/ electronics equipment with 2 issues raising Rs.320 crore (3.3 per cent).

**In addition to equity issues, the period saw a much greater activity in the public debentures market, according to PRIME. As many as 7 issues raised over Rs.4,589 crore, compared to 2 at Rs. 971 crore in the corresponding period of the preceding year.**

**The future outlook appears uncertain, despite the fact that there is no shortage of issuers... there are as many as 109 companies either holding SEBI approval or are awaiting approval.**

The biggest disappointment for the primary market has been the **lack of divestments** by the Government. Only 1 divestment (PFC) took place in the first half of current fiscal. The pipeline of divestment/PSU offerings continues to become larger by the day yet nothing of it seems to be materializing. Mr.Haldea feels, this is as good a time as ever for the Government to enlarge the investors' base and the capital market, and to raise money that it so desperately needs. For this, besides IPOs, it should change the method of FPO offering by first doing a closed auction for the QIBs and then a fixed price issue for the retail.