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## **PUBLIC EQUITY MOBILIZATION AT ONLY RS. 34,519 CRORE\* IN 2012-13; PSUs DOMINATE WITH 69 PER CENT SHARE: PRIME DATABASE**

The fiscal 2012-13, has witnessed a raising of only Rs. 34,519 crore through public equity issues. According to Prithvi Haldea of PRIME, the country's premier database on primary capital market, this mobilization was higher by 44 per cent, up from Rs. 23,989 crore in the preceding year. The mobilization in the year could have been higher but for the deferment of some large PSU offerings and continuing volatility in the secondary market, through the year. The year, of course fell substantially short of Rs.52,219 crore, the highest amount that has ever been raised (in 2007-08).

Year	Amount (Rs.crore)
2012-2013	34,519
2011-2012	23,989
2010-2011	46,182
2009-2010	46,941
2008-2009	2,034
2007-2008	52,219
2006-2007	24,993
2005-2006	23,676
2004-2005	21,432
2003-2004	17,807
2002-2003	1,039
2001-2002	1,082

**Significantly, the raisings in 2012-13, according to Haldea, would have been much lower but for the 35 Offers for Sale done through stock exchange auction system, which only technically fall under the category of public issues. These 35 offers accounted for Rs. 28,024 crore or over 81 per cent of the total Rs. 34,519 crore.**

**According to Haldea, PSUs dominated the year with a total collection of Rs. 23,857 crore or 69 per cent of the total amount.** This was higher than Rs.17,470 crore that had been raised by them in 2011-12. The entire amount was through divestments **(significantly lesser, though, than the divestment target of Rs.30,000 crore)**. 7 PSUs entered the market during the year: NTPC (Rs.11,469 crore), NMDC (Rs.5,980 crore), Oil India (3,145 ), SAIL (1,516 ), Hindustan Copper (808 ), NALCO (629 ), and Rashtriya Chemicals & Fertilisers (310 ).

**According to PRIME, there were a total of 68 public issues during the year, compared to 37 issues in the preceding year.** This included 33 IPOs which collectively raised a meager Rs.6,495 crore or 19 per cent of the total amount (compared to 34 IPOs in the preceding year mobilizing Rs.5,893 crore). On the other hand, 35 OFS raised Rs.28,024 crore , compared to Rs.18,096 crore mobilized by 3 companies in the preceding year. All these OFS were prompted by the SEBI Guidelines required dilution of promoters' holdings.

Of the 68 public issues, as many as 24 issues listed on the SME platforms of NSE/BSE collectively raising only Rs.206 crore or 0.60 per cent of the total amount.

**Excluding the 35 offers for sale, the average deal size fell to just Rs. 197 crore from Rs. 299 crore in the preceding year. The largest IPO of the year was from Bharti Infratel (Rs.4,173 crore).**

**Alarmingly, only 14 per cent or Rs. 4,913 crore was raised during the year through fresh capital**, which typically goes into creation of productive assets, with the remaining Rs. 29,606 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 method of offering, 12 of the 68 issues of the year, as per PRIME, **were through the bookbuilding route** (Rs. 6,339 crore) with 21 small issues through the fixed price method (Rs. 156 crore), and 35 through the auction method (Rs.28,024 crore).

**The facility of anchor investors was used by 8 companies**, who on the whole, were allotted 31 per cent of the amount reserved for the QIBs.

**According to Haldea, ASBA failed to make its mark even in 2012-13. Despite 6 years in operation, only about 35 per cent of applications of retail investors came through this route.**

**The response from the public to the equity issues of the year was on the whole very moderate, according to Haldea.** Only 2 issues were oversubscribed by more than 3 times. The highest oversubscription was received by CARE at 34 times, followed by PC Jeweller at 6 times. At the other extreme were 3 IPOs that failed to elicit response from the public and had to be withdrawn (Plastene India, Sai Silks and Samvardhana Motherson Finance). What emerged clearly was the selective interest, and not frenzy, of the investors.

**In terms of number of applications, CARE led with 3.20 lakhs**, followed by PC Jeweller (1.75 lakhs) and Bharti Infratel (0.55 lakhs).

According to PRIME, **this year, like last year, did not witness any revival of the regional stock exchanges.** All IPOs went for listing only at the national exchanges, with BSE getting 30 IPOs and NSE getting 12 of these.

**The year also saw activity in the public bonds market, according to PRIME. As many as 20 issues raised over Rs.21,000 crore, compared to 20 issues which had raised a higher Rs. 35,611 crore last year.**

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\* Tentative issue amount as final bookbuilt price of some issues is yet to be determined.