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## **JANUARY WITNESSED HIGHEST NUMBER OF PUBLIC ISSUES IN A MONTH**

Near panic conditions in the secondary markets has continued to keep most good and mega issues away. Only the desperate and the dubious ones are presently entering the market. And their numbers is not small. According to Mr.Prithvi Haldea of PRIME data base, January witnessed a phenomenal 161 public issues, the highest in this year, as compared to 147 in December, 121 in November and 85 in October, in fact, the month's figure was higher than even September (116) August (71), July (60), June (68) May (122) and April (136).

On the amount front, however, the issues of January collectively raised only Rs.616 crore as per PRIME. The mobilisation, as such, was lower than Rs.847 crore in December and Rs.1180 crore in November though higher than Rs.338 crore in October, Rs.436 crore in September and Rs.333 crore in August. The figures of the earlier months of this year were : July (Rs.2133 crore), June (Rs.351 crore), May (Rs.756 crore) and April (Rs.885 crore).

According to Mr.Haldea, the market in January was, like in previous months, characterised by a flood of small finance companies. As many as 57 of the 161 issues (35%) were from this sector. Moreover, small issues continued to crowd, with 106 of the 161 issues (66%) being below Rs.3 crore. of which as many as 15 were below Rs.1 crore. The only major public issue in the month was the debenture issue of Kotak Mahindra (Rs.100 crore).

There was again an unusual bunching of issues in the second half of January which had 114 of the 161 issues. On 29th alone, as many as 27 issues opened for subscription followed by 16 issues on 22nd and 14 issues on 18th.

High premia issues are still keeping away from the market. Only 22 of the 161 issues in January were offered at a premium (December 30 out of 147, November 19 out of 121, October 19 out of 85, September 29 out of 116, August 14 out of 70, July 11 out of 60, June 22 out of 68, May 34 out of 122 and April 46 out of 136). The high premia (above Rs.50) issues in January were from Jindal Worldwide (Rs.105.00) and FDC (90.00) according to PRIME.

As far as the public response is concerned, on an initial reckoning, most companies of the first half of January, for which the data is presently available could not close their issues on the earliest closing dates. The issues which had to extend till the last date

included Dada Chemicals, Everest Marketing, Porsche Capital Markets, Tantia Leasing, Coral India Finance and Elegant Footwear.

On a comparable note, the first ten months of the current financial year have seen 1085 public issues aggregating Rs.7876 crore which is higher than 970 issues for Rs.7829 crore in the corresponding ten months of the previous year. This represents a 12 per cent increase in number of issues and only a nominal 1 per cent increase by amount as per PRIME.

As per Mr.Haldea, the mobilisation in the balance 2 months of the current year will, in all probabilities, be on a low key courtesy the uncertainties due to impending general election compounded by political turmoil which has already had a drastic impact on secondary markets. Almost all large as well as high premia issues have been withdrawn or have been indefinitely deferred despite having obtained SEBI approvals.

Even if the secondary markets were to revive in the near future, it would still not leave enough time for the mega issues to file their prospectus, get the approvals and float their issues before the year end. According to the PRIME data base, the only mega public issues for which prospectus have already been filed and SEBI consent is awaited are IDBI (1000.00 crore). Krishna Bhagya (250), Jindal Polyester (Rs.220 crore), Jindal Ferro (184) and Madhumilan Syntex (124). In addition, the mega issues which have already obtained SEBI approval and could enter the market before March include DLF Power (Rs.195 crore), IRFC (500), IFCI (400), Lloyds Finance (190), Nova Electro (131), Punj-Lloyd (100) and Spic Petrochemicals (455). However, no mega issue has been announced till date for February.

As per Mr.Haldea, this is likely to result in a drop of at least 20 per cent in amount mobilisation in 1995-96 compared to last year, something which is going to happen for the first time in several years. Last year, a total of Rs.13312 crore had been mobilized through public issues.

On the number of issues front, the situation, however, would continue to be buoyant. Nearly 150 issues have already firmed up their plans for February. Moreover, as on 31st January, there were as many as 614 pending issues holding SEBI approval. With 150 plus issues gone in February, there would still be over 450 companies who are ready to enter the market in addition to the daily new approvals. This should bring the current year's total close to 1343 issues of the last year.