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## PRIMARY MARKET LOOKS UP IN JUNE

In expectation of a stable government and a subsequent buoyant capital market, promoters had firmed up their plans in late April/May to open their public issues in June. Little wonder, the market has been flooded by nearly 125 public issues during June according to Mr.Prithvi Haldea of **PRIME**, the country's premier data base on the primary capital market. This marks an increase from 73 issues in May and 105 issues in April though is still lower than 159 in March, 184 in February and 161 in January.

The total mobilisation in June is likely to be around Rs.700 crore, quite similar to Rs.675 crore in May though much higher than Rs.378 crore in April. The mobilisation in the earlier months was Rs.1735 crore in March, Rs.1377 crore in February and Rs.614 crore in January.

According to **PRIME**, debt issues seem to have bounced back over the last 5-6 months, though till now it has been mainly confined to the financial institutions. During June, however, the private sector too has joined the fray with debt issues from Gujarat Lease Financing and Mafatlal Finance.

Compared to 3 in May, there are as many as 10 issues of Rs.10 crore plus during June, these being from Parasrampuria Synthetics (Rs.80 crore), Gujarat Lease Financing (60.00), Pasupati Fabrics (35.39), Mafatlal Finance (30.00), Alliance Credit (23.00), Jain Studio (19.61), GRML Capital Markets (18.75), Elque Polyester (15.99), Metropoli Overseas (12.68) and Ambica Cotton (11.82).

The market in June as per **PRIME**, is again dominated by small issues; 52 of the nearly 125 issues (43 per cent ) are below Rs.3 crore, of which 3 are even less than Rs.1 crore. However, like the previous 2 months, the dominance of issues from finance companies has continued to suffer, Only 36 of the 125 issues (28 per cent) are from this sector, quite similar to 29 per cent in May and 26 per cent in April though lower than 32 per cent in March and 40 per cent in February.

The promoters of premia issues are still hesitant. Only 24 of the nearly 125 issues in June are being offered at a premium, with the only high premia (above Rs.50) issues being from Jain Studios (Rs.80) and Ambika Cotton (68).

According to Mr.Haldea, there is, however, now a significant slowdown on another front. Courtesy the new guidelines of SEBI in April 1996, the number of new issue documents being submitted for vetting has been falling dramatically. A total of 143 documents had been filed in February, which rose to 221 in March and showed a further steep rise to 392 in April (with the week ending 18th April alone accounting for 279 documents). The same has now fallen to only 90 in May.

It is, however, pertinent to point out here that there is no imminent danger of the primary market drying up. As per the **PRIME** data base, in addition to 487 issues already holding valid SEBI approvals, there are another 882 issues which are currently pending with SEBI for vetting (as on 1st June 1996). These issues will ensure a fairly active primary market in the coming months.