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SBICAP MAINTAINS LEAD IN PUBLIC ISSUE MANAGEMENT IN 1996-97

SBI Capital Markets maintained its top rank in fiscal 1996-97 in lead management of public issues with amount mobilisation at Rs.7773 crore as per the latest league table prepared by **PRIME**, the country's premier data base on the primary capital market. On the other hand, J.M.Financial with Rs.7222 crore improved to 2nd rank from 3rd and Kotak with Rs.7132 crore to 3rd from 6th. DSP with Rs.6768 crore was placed at the 4th position.

Major gains were also made by RR Financial climbing to 6th from 208th and ANZ Grindlays to 8th from 193rd. There was 1 new entrant in the top 10, this being Lodha Capital Markets. Other major gainers were Lloyds Finance (30th to 11th), Apple (22nd to 12th), Peregrine (nil to 13th), Anagram (45th to 16th),Lazard (40th to 17th) and Aryaman (97th to 18th).

According to **PRIME**, by number of assignments, SBICAP was, however, placed at the third position, with Prudential Capital Markets maintaining its first rank with 53 issues. Major gains by number of issues were made by DB Merchant who improved its rank from 12th to 2nd, Aryaman (59th to 4th), Suraj Securities (36th to 5th), Global Finance Corp. (44th to 6th), Onida (12th to 8th), Master Trust (10th to 8th) and Rajashree (40 to 10th). Incidentally, all these are medium-sized private merchant bankers. The ones displaced from top 10 were Keynote, Bank of Baroda, Canara Bank, Central Bank, KMF and Foresight.

Significantly, the top 10 by amount mobilisation included 2 financial institutions, 2 banks and 6 private merchant bankers while by number of issues, it included 1 bank and 9 private merchant bankers.

As far as lead management of **only debt issues is concerned, Kotak led the table** both by number of issues as well as by amount mobilized, followed by J.M.Financial and DSP as per **PRIME** league tables.

Among private merchant bankers, the ranking order by amount mobilisation (of more than Rs.100 crore each), was J.M.Financial, Kotak, DSP, Enam, RR Financial, Lodha Capital, Lloyds, Apple, Peregrine, Prudential, Anagram, Lazard and Aryaman.

The top private merchant bankers, by number of issues (more than 15 issues each) were Prudential (53), DB Merchant (33), Aryaman (29), Suraj Securities (25), Global Finance (19), Doogar & Associates (18), Onida (16), Master Trust (16), Rajashree (15) and Arihant Credit (15).

As far as foreign banks are concerned, only 3 of them were involved with the year's issues in lead management compared to 6 in the previous year. By both amount and numbers, ANZ Grindlays led with 3 issues followed by Hongkong (1) and ABN-Amro (1).

According to Mr.Prithvi Haldea, Managing Director of **PRIME**, with the declining number of public issues, the field of merchant banking became increasingly competitive. In 1992-93, only 67 merchant bankers had, between them, handled the 528 public issue assignments. In 1993-94, as many as 108 merchant bankers lead managed the 770 public issues of that year. In 1994-95, this number grew to 188 for 1373 issues and had reached a high 261 in 1995-96 for 1428 issues. **However, in 1996-97, only 234 merchant bankers were active who between them handled just 753 issues.**

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Little wonder, the **average number of assignments handled by a merchant banker fell to 3.2** in 1996-97, down from 7.1 in 1994-95 and 5.5 in 1995-96.

Not only the market size did not grow with total public issue mobilisation at Rs.11648 crore compared to Rs.11822 crore in the previous year, nearly 60 per cent of the mobilisation was through mega debt issues, which were 'cornered' handled by 10 merchant bankers. Only the balance 40 per cent (or Rs 4671 crore) was left for the hundreds of other merchant bankers.

Significantly, according to PRIME, of the total 435 registered category 1 merchant bankers, only 234 were active in 1996-97, and even from these as many as 79 handled only 1 issue each and another 45 only 2 issues each. **As many as 201 category 1 merchant bankers did not handle any issue assignment.** On the other hand, a handful of 31 merchant bankers lead managed more than 10 issues each during the year.

That the market was bad for merchant bankers, states Mr.Haldea, is revealed by the fact that of the total 1162 all categories merchant bankers, as many as 720 did not handle any assignment during the year in any capacity. The 442 active merchant bankers included 6 financial institutions, 15 state corporations, 19 nationalised banks, 6 bank subsidiaries, 18 private sector banks, 3 foreign banks and 375 private merchant bankers. The major decline was in the private merchant bankers, down from 472 last year.

As many as 58 merchant bankers who had lead managed public issues in 1995-96, did not handle any assignment in 1996-97. Among banks, it included American Express, Credit Lyonnaise, Citibank, Standard Chartered, SBBJ, IIBI, TFCI, Bank of Rajasthan, State Bank of Mysore, MSFC, Syndicate Bank, State Bank of Patiala, RIICO, DFC and UCO Bank. Among private merchant bankers, the non-active list included prominent names like Ashok Leyland, India Securities, Nicco Uco, Parag Parikh, Weizmann, IIT, Western India, Videocon Leasing, Cholamandalam, P.N.Vijay, VCK and Kirloskar.

Table

**THE TOP 10 MERCHANT BANKERS
PUBLIC ISSUES : 1996-97**

RANK	TOTAL AMOUNT (Rs.crore)
1	SBICAP 7773
2	JM FINANCIAL 7222
3	KOTAK 7132
4	DSP 6768
5	ENAM 3830
6	RR FINANCIAL 2237
7	LODHA CAPITAL 2037
8	ANZ GRINDLAYS 1800
9	IDBI 1661
10	I-SEC 1602

NOTE: If an issue has been handled by more than one merchant banker, full credit for such an issue has been given to all concerned merchant bankers.