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SBICAP MAINTAINS LEAD IN PUBLIC ISSUE MANAGEMENT IN 1997-98

SBI Capital Markets maintained its top rank in fiscal 1997-98 in lead management of public issues, being involved with issues aggregating Rs.2751 crore. This has been reported by **PRIME**, the country's premier data base on the primary capital market. Kotak Mahindra with Rs.2558 crore improved to 2nd rank from 3rd while JM Financial with Rs.2539 crore, DSP with Rs.2419 crore and Enam with Rs.2241 crore were placed at 3rd, 4th and 5th positions respectively. (When an issue is handled by more than one merchant banker, full credit for such issues is given to all concerned merchant bankers).

As per the **PRIME** league tables, by number of assignments, SBICAP reached the top spot with 10 issues, up from 3rd rank in the previous year, followed by Kotak Mahindra improving from 16th to second rank with 7 issues. Major gains by number of issues were made by JM Financial (16th to 2nd), DSP (25th to 4th) and Enam (62nd to 4th). Incidentally, for the first time, all the 5 merchant bankers who figured in the top 5 by amount also were in the top 5 by number of assignments.

As far as lead management of **only debt public issues** is concerned, **Kotak again led the table** both by number of issues as well as by amount followed by SBI Capital.

According to Mr.Prithvi Haldea of **PRIME**, the declining number of public issues made merchant banking business extremely competitive and as predicted, a major shakeout in this sector has begun. **In 1997-98, of the total 435 category 1 merchant bankers, only 65 could succeed in getting the meagre 66 public issues which entered the market.** In 1992-93, 67 merchant bankers had, between them, handled 528 public issue assignments. In the earlier years, there were 108 merchant bankers for 770 public issues in 1993-94, 188 for 1373 issues in 1994-95, 261 for 1428 issues in 1995-96 and 234 for 753 issues in 1996-97.

There was bad news for merchant bankers on all fronts. First, the market size did not grow; the total public issue mobilisation was a meagre Rs.3061 crore, down from Rs.11648 crore in 1996-97 and Rs.11822 crore in 1995-96. Secondly, over 63 per cent of the mobilisation was through debt issues, which were 'cornered' by only 13 merchant bankers.

Little wonder, as per the PRIME report, only 65 merchant bankers were active in lead management in 1997-98, down from 234 in 1996-97, and even from these as many as 41 handled only 1 issue each and another 11 only 2 issues each. Alarming, as many as 175 merchant bankers, who had lead managed public issues in 1996-97, did not handle even one assignment and, on the whole, a phenomenal 370 category 1 merchant bankers did not handle even a single lead management assignment in 1997-98. **Worse, of the total 1163 all categories**

merchant bankers, 1064 did not handle any issue in any capacity during the year.

The revenues from underwriting also hit rock-bottom, according to **PRIME**. Compared to Rs.912 crore offered for underwriting in 1996-97, only Rs.269 crore was underwritten in 1997-98. This figure was a high Rs.10286 crore in 1994-95.

As far as the PRIME league table for rights issues is concerned, I-SEC maintained its top rank in lead management, being involved with issues aggregating Rs.1038 crore. followed by SBICAP (up from 10th to 2nd rank), IFCI Financial, IDBI and JM Financial. During the year, there were a total of 50 rights issues aggregating Rs.1741 crore.