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ISSUES ABOUND, RESPONSE STILL POOR IN JUNE

In the post-election scenario, the number of issues reached a high 127 during the month of June (higher than 73 in May, and 105 in April though lower than 158 in March, 187 in February and 161 in January) according to Mr.Prithvi Haldea of **PRIME**, the countrys premier data base on the primary capital market.

The month scored better both by number and amount of public issues in comparison to the same month of the previous 9 years. The number of public issues and amounts offered in June over the last 10 years is given below:

Month	No. of Issues	Amount (Rs.lacs)
June 1996	127	68372.01
June 1995	68	35121.53
June 1994	80	61862.44
June 1993	21	17410.44
June 1992	28	14587.16
June 1991	1	58.95
June 1990	8	2317.38
June 1989	12	40604.65
June 1988	2	420.00
June 1987	6	2615.91

However, according to **PRIME**, the response from public to the issues has been consistently declining, with June continuing at a low level. As many as 59 companies (46%) could not close their issues on the earliest closing dates (May: 56%, April: 42%, March: 35%, February : 24%, January : 23%, December : 14%, November : 13%, October : 9%).

Of these 59 companies, 51 (40%) had to extend their issues till the last closing date while 8 companies (3%) had to extend their earliest closing date by 1-6 days.

Significantly, as per **PRIME**, 120 of the 127 issues (95%) were initial public offerings who together offered Rs. 46824.51 lacs (69%) of the month's public issue amount. Only 7 issues were made by existing listed companies which were Metropoli Overseas, Alliance Credit & Investments, Blue Chip India, Parasrampurua Synthetics, Veccee Cementolites & Industries, Mafatlal Finance and Gujarat Lease Financing.

Like in the previous several months, as many as 88 issues (69%) were not appraised by any bank/ financial institution (May : 73%, April : 69%, March : 64%, February : 72%, January : 66%, December : 57%, November : 55%). This scenario will now change after the implementation of the new SEBI guidelines.

There were 10 issues of over Rs.1000 lacs during the month with no mega issue of above Rs.10000 lacs. 59 of the 127 issues (47%) were below Rs. 300 lacs each while 105 issues (83%) were below Rs.500 lacs each. There were 8 issues of less than Rs. 100 lacs.

During the month, premia constituted a low 22% share of the total public issue amount while debt offering was 13%. There were only 2 issues with premia of Rs.50.00 and above during the month. These were Jain Studios (Rs.80.00) and Ambika Cotton Mills (Rs.68.00).

According to Mr.Haldea, premium issues continued to keep away. During June, Equity at par issues dominated with a 50% share followed by equity at premium issues with 33% share. By numbers, equity at par led with 100 issues. The other instruments offered during the month were equity at premium (24 issues), NCD (3 issues) and CCPS (1 issue).

The net amount offered to the Indian public, after providing for preferential allotments, was Rs.49440.83 lacs, constituting 72% of the month's total public issue amount.

Reservations included for shareholders of promoters' companies aggregating Rs.52.06 lacs and for employees aggregating Rs.186.55 lacs. In addition, 76 issues were offered for subscription on a preferential basis to Non-Resident Indians aggregating Rs.9354.67 lacs. While mutual funds/financial institutions had preferential reservation in 74 issues aggregating Rs.9337.91 lacs.

The month had 23 companies (18%) which would have a post issue capital of below Rs.5 crore while 84 companies are in the Rs.5 crore - Rs.10 crore range and 20 companies above Rs.10 crore.

As per **PRIME**, only 23 of the 127 issues (18%) of the month were underwritten with 31% of the total public issue amount being underwritten. 179 brokers from 23 stock exchanges participated in the underwriting of the month's public issues. Leading the group were 24 brokers of the NSE, who together did 28% of the total underwriting offered to the brokers, thereby displacing Bombay from the first position.

Looking at the depressed market conditions, only 13 of the 127 issues (10%) demanded the entire issue price as application money. On the other hand, 57 companies (45%) demanded 25% or less as application amount.

41 industries were involved in the month's 127 public issues. Like the previous several months, financial sector led with 39 companies followed by 17 in the textile sector.