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Annual Review

**PUBLIC OFFERINGS MOBILIZE A RECORD RS. 22,145 CRORE
IN FISCAL 2004:PRIME DATABASE**

The fiscal 2003-04 witnessed a huge upsurge in public offerings. On a gross basis, the total mobilization at Rs. 22,145 crore was higher by 286 per cent than Rs. 5,732 crore mobilized in the preceding year, according to Prithvi Haldea of PRIME, country's premier database on the primary capital market.

However, in terms of fresh capital, the amount was still a meagre Rs. 2,307 crore, though higher by 135 per cent than Rs. 980 crore in the previous fiscal.

According to PRIME, the huge increase came by way of offers for sale, up from Rs. 59 crore to Rs. 15,514 crore. A total of 12 companies, compared to 2 in the preceding year, made offers for sale during the year. Significantly, a high 98 per cent or Rs. 15,127 crore of this was accounted for by 7 Government divestments. 5 offers were made by the private sector aggregating Rs. 387 crore, such offers coming in from promoters, funds and other investors.

These put together, the amount offered through equity issues during the year increased by 17 times to Rs. 17,821 crore compared to last year's mobilization of Rs. 1,039 crore. In fact, according to PRIME, the year's equity mobilization was the highest-ever in the history of the Indian capital market, higher than even the Rs.13,312 crore raised in 1994-95. Significantly, the year's mobilization at Rs.17,821 crore was 28 per cent higher than last 7 year's (1996-97 to 2002-03) collective raising of Rs. 13,881 crore.

In terms of debt, the amount declined by 8 per cent from Rs. 4,693 crore to Rs. 4,324 crore. Quite like the previous years, there was no debt mobilization by the corporate sector. ICICI Bank at Rs. 1,352 crore raised less money than its last year's collection of Rs.2,342 crore, while IDBI raised more money at Rs. 2,972 crore than its last year's figure of Rs. 2,351 crore.

(Rs.crore)

	Offers for Sale	Fresh Capital	Bonds	Total
2003-04	15514	2307	4324	22145
2002-03	59	980	4693	5732

By number too, the performance of the year was much better. According to PRIME, compared to 14 public issues in the previous year, 2003-04 recorded 35 public issues, registering a 150 per cent increase, of which 29 were equity issues and 6 were debt issues. Significantly, the year saw a near-demise of small issues; there were only 4 below Rs 10 crore issues. Of the 29 equity issues, 15 were made through the bookbuilding route.

The response from the public to the equity issues of the year on the whole was excellent. The main reason for the performance of the primary market, according to Mr. Haldea, was the buoyant secondary market almost through out the year. The economic resurgence and the stable political climate only further improved the scenario. Significantly, the year started and ended with PSU divestments; while Maruti was the first issue of the year, the 6 divestment offers dominated the market in February-March.

In yet another development, public offerings by listed companies emerged as the mainstay. Compared to nil in the preceding 2 years, 3 such companies raised fresh capital aggregating Rs.494 crore while 7 were divestments for Rs.14136 crore. The remaining 19 cases were IPOs.

Mr. Haldea stated that 'Safety' continued to be the hallmark of the year's offerings. It may be recalled that courtesy the bad experiences of the mid 90s, further compounded by the misadventure' with several recent IPOs, investors had shown marked preference for safety. Little wonder, from zero per cent in 1994-95, the share of debt in total public issue mobilization had risen consistently: while it was 25 per cent in 1995-96, it ranged between 60 per cent and 94 per cent between 1996-97 and 2002-03. **In 2003-04, though the share of debt declined, the 'Safety' factor was evident through a 94 per cent share of the equity taken up by government undertakings (PSU divestments: Rs. 15,128 crore, PSU banks: Rs. 950 crore and other PSUs: Rs. 678 crore).** Significantly, all 35 issues were made by existing companies, in most cases with well-known promoters. Clearly, there was no market for greenfield projects or for new promoters, said Mr. Haldea.

The cost of projects of all the companies which entered the market during the year aggregated a meagre Rs.904 crore. A high had been reached in 2000-01 when issues had funded projects aggregating Rs. 5,415 crore. The largest project of the year, for which a public issue was made, was that of Biocon (Rs. 413 crore).

According to PRIME, the year also witnessed a near-demise of regional stock exchanges. As many as 29 of 35 issues went for listing only at BSE/NSE.