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Annual Review

PUBLIC EQUITY ISSUES MOBILISE RECORD RS. 45,137 CRORE IN 2007 : PRIME DATABASE

An extremely bullish secondary market for most part of the year, combined with a high-return primary market saw 2007 with a record, highest-ever mobilization of Rs.45,137 crore through public equity issues, comprising both IPOs and FPOs, according to Prithvi Haldea, CMD of PRIME, the premier database on the primary capital market. This is 83 per cent higher than the previous year which had seen raisings of Rs.24,679 crore (Table I). Incidentally, Prime Database, in its year beginning press release, had estimated a raising of Rs. 45,000 crore for 2007.

According to PRIME, IPOs clearly dominated with 101 issues collectively mobilizing Rs.34,209 crore, up by 72 per cent from Rs.19,862 crore in 2006. Follow-on public offerings (FPOs) made by 6 listed companies helped raise Rs.10,928 crore, up from as many as 19 such issues last year which though had raised a small amount of Rs. 4,817 crore.

As per PRIME, the mobilization in 2007 would have been much larger but for the near-lack of PSU divestments. In 2004, an impressive Rs.16,819 crore was accounted for by PSU divestments, which went down to nil both in 2005 and 2006. Courtesy Power Grid, 2007 saw a meager divestment of Rs.995 crore.

By number of issues also, the performance of the year was in the positive. Compared to 92 public equity issues in the previous year, 2007 recorded **107 public issues**, registering a 16 per cent increase, as per PRIME.

According to Mr.Haldea, bookbuilding issues continued to dominate. Of the 107 issues, though only 93 issues (87 per cent) were made through this route, these collectively **mobilized over 99 per cent** of the year's amount.

On another front, according to Mr.Haldea, there was a **continued dominance of fresh capital**, which typically goes into productive assets as against offers for sale where the proceeds goes to the seller- promoters, funds and other investors- and not to the company. Fresh capital increased to an impressive Rs.43,060 crore, 81 per cent higher than Rs.23,737 crore in the previous year. Offers for sale raised only Rs.2,077 crore in 2007, compared to Rs.942 crore in 2006. It may be recalled that 2004 had been dominated by offers for sale (mainly courtesy PSUs) which had aggregated a huge Rs. 19,808 crore, though these had declined in 2005 to only Rs. 2,374 crore.

As per PRIME, a highlight of the year was the entering of the real estate sector in the listing domain in a big way. Real estate companies, through 12 issues, dominated with a 33 per cent share at Rs.15,185 crore, led by DLF. Among other sectors, **banking** had a 28 per cent share at Rs.12,639 crore through 4 companies while power and telecom had a 7 per cent share each.

India is now in the big league. In this calendar year too, according to PRIME, there were **6 issues of over Rs. 1,000 crore each** compared to 5 in the preceding year. **The year also witnessed the largest-ever IPO in India - from DLF for Rs.9187.50 crore.** The year continued to witness a near-demise of small issues; there was only 1 issue of below Rs 10 crore, quite like 2006 which had no such issue or 2005 which had just 2 such issues. The **average size** of public issue increased significantly to Rs.421 crore in 2007 from Rs.268 crore in 2006.

Most significantly, the year, according to Mr.Haldea, was again characterized by **good quality issuers**; one or combination of well-established companies or promoters. Strict entry norms of SEBI and stock exchanges, detailed disclosure norms, combined with compulsory participation of QIBs, have played a very important role in improving the quality of issues. **Little wonder, almost all IPOs gave impressive returns; of the 93 out of 101 IPOs listed till date, as many as 85 offered an exit at a premium on the listing date, with the gains exceeding 50 per cent in 38 issues and exceeding 10 per cent in 74 issues. In 16 cases, the gains were in excess of 100 per cent.**

Courtesy the high quality and bullish sentiments, response from the public to the issues of the year was excellent with **huge oversubscriptions** in almost all issues. As per PRIME, in fact, as many as 50 of the 101 IPOs received oversubscription of more than 10 times, the highest being Religare Enterprises at 159 times. Several issues attracted a large **number of applications**, with Power Grid leading at 12.26 lakhs, followed by Mundra Port at 11.05 lakhs.

The year also witnessed a complete demise of regional stock exchanges. All 101 IPOs **listed at BSE and/or NSE**, as per PRIME.

In terms of **public debt issues**, an amount of Rs. 1,000 crore was mobilized in 2007, compared to nil in 2006 and Rs.4095 crore in 2005.

PUBLIC EQUITY ISSUES-IPOs and FPOs

Year	IPOs	FPOs	Total Equity	Bonds	(Rs.crore)
					Total
2007	34209	10928	45137	1000	46137
2006	19862	4817	24679	0	24679
2005	9990	12764	22754	4095	26849
2004	13122	17389	30511	2383	32894
2003	1700	480	2180	5284	7464
2002	1981	0	1981	4549	6530

**TABLE I
TOP 10 PUBLIC EQUITY OFFERINGS OF 2007**

SNO.	COMPANY	ISSUE TYPE	ISSUE OPENING DATE	ISSUE AMOUNT (Rs.crore)
1	ICICI BANK LTD.	FPO	19/06/2007	10044.00
2	DLF LTD.	IPO	11/06/2007	9187.50
3	POWER GRID CORP.OF INDIA LTD.	IPO	10/09/2007	2984.45
4	IDEA CELLULAR LTD.	IPO	12/02/2007	2443.75
5	MUNDRA PORT & SPECIAL ECONOMIC ZONE LTD.	IPO	01/11/2007	1771.00
6	HOUSING DEVELOPMENT & INFRASTRUCTURE LTD.	IPO	28/06/2007	1707.75
7	POWER FINANCE CORP.LTD.	IPO	31/01/2007	997.19
8	PURAVANKARA PROJECTS LTD.	IPO	31/07/2007	856.28
9	CENTRAL BANK OF INDIA	IPO	24/07/2007	816.00
10	INDIAN BANK	IPO	05/02/2007	782.14

SOURCE : PRIME DATABASE

**TABLE II
PUBLIC EQUITY OFFERINGS – IPOs & FPOs**

CALENDAR YEAR	NO. OF ISSUES	ISSUE AMOUNT (Rs. crore)
1989	132	2316.49
1990	142	969.80
1991	167	1349.80
1992	403	4965.10
1993	662	9489.98
1994	1126	8924.77
1995	1429	13413.79
1996	1111	5459.04
1997	117	2105.60
1998	19	364.63
1999	38	2236.97
2000	125	2982.91
2001	13	365.31
2002	6	1981.47
2003	14	2179.80
2004	34	30510.83
2005	72	22753.64
2006	92	24679.26
2007	107	45137.09

SOURCE : PRIME DATABASE