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FEBRUARY CONTINUES TO WITNESS RUSH OF PUBLIC ISSUES

Though most premia and mega issues are still keeping away, the small issues continue to flood the market. According to Mr. Prithvi Haldea of the PRIME database. February is witnessing a phenomenal 184 public issues, the highest in any month this year. This marks a continuing rise from 161 issues in January, 147 in December, 121 in November and 85 in October. In fact, February's figure is higher than even the earlier relatively good months of September (116) August (71), July (60), June (68) May (122) and April (136).

On the amount front too, the issues of February are collectively raising a high Rs.1377 crore as per PRIME. The mobilisation, as such, is higher than Rs.614 crore in January, Rs.847 crore in December, Rs.1180 crore in November, Rs.338 crore in October, Rs.436 crore in September and Rs.333 crore in August. The figures of the earlier months of this year were : July (Rs.2133 crore), June (Rs.351 crore), May (Rs.756 crore) and April (Rs.885 crore).

However, the market in February, like in several previous months, is again characterised by a plethora of small finance companies according to the PRIME analysis. As many as 74 of the 184 issues (40%) during the month are from this sector. Moreover, small issues continue to dominate, with 111 of the 184 issues (60%) being below Rs.3 crore. of which as many as 12 are even below Rs.1 crore.

The only major public issues (above Rs.10 crore) in the month are the debenture issue of IDBI (Rs.500 crore), Lloyds Finance (177.41), Search Chem (58.04), Cable Corporation (45.50), Biofil Chemicals (15.22), Vertex Machineries (13.66), Simplex Concrete Piles (13.53), Menon Pistons (11.48), VSD Confin (10.50) and Aditya International (10).

There is again an unusual bunching of issues in the second half of the month, with as many as 101 of the 184 issues opening between 16th and 29th. On 19th alone, as many as 20 issues opened for subscription, which is being followed by 15 issues each on the 26th and 27th.

According to Mr. Haldea, premia issues are still not confident of entering the market. Only 33 of the 184 issues in February are being offered at a premium (January 22 out of 161, December 30 out of 147, November 19 out of 121, October 19 out of 85, September 29 out of 116, August 14 out of 70, July 11 out of 60, June 22 out of 68, May 34 out of 122 and April 46 out of 136). The high premia (above Rs.50) issues in February are from Simplex Concrete Piles (Rs.90), Menon Pistons (80) and Lloyds Finance (60).

As far as the public response is concerned, on an initial reckoning, most companies of the first half of February, for which the data is presently available could not close their issues on the earliest closing dates. As per the PRIME data base, the issues which had to extend till the last date included Sterling Spinners, AJD Leasing, Parmeshwari Silk Mills, Neocure Therapeutics, Jatia Finance, Apt Labs, Universal Incast, Goldline International and Golden Capital Services.

Moreover, during the month, 2 issues have been cancelled by SEBI/ withdrawn on the eve of opening of their subscription list. These were from Electra Exports (Rs.2.80 crore) and Kalapi Flexible Containers (Rs.3.10 crore).

On a comparable note, the first 11 months of the current financial year have now seen 1269 public issues aggregating Rs.9247 crore. While the number is higher by 8 per cent than 1170 issues in the corresponding 11 months of the previous year, there is a phenomenal 25 per cent decline by amount compared to Rs.12356 crore in the corresponding period as per the PRIME data base.

The amount mobilisation in the balance month of March will, in all probabilities, be on a low key as due to uncertainties caused by impending general election compounded by political turmoil, companies have not filed their prospectus in time to open during March. According to Mr.Haldea, this is surely going to lead to a drop of at least 20 per cent in amount mobilisation in 1995-96 compared to last year, something which is going to happen for the first time in several years. Last year, a total of Rs.13312 crore had been mobilized through public issues.

As far as the number of issues are concerned, the present year, however, would catch up with the previous year. As nearly 100 issues have already firmed up their plans for March, this should bring the current year's total past the 1343 issues which had opened in the last year according to PRIME.