

26th March, 1996

BONDS PUBLIC ISSUES DOMINATE MARCH

The month of March has been overwhelmingly dominated by the two bonds public issues of Indian Railway Finance Corporation and Krishna Bhagya Jal Nigam who collectively are raising Rs.1000 crore, representing 57 per cent of the month's total mobilisation effort according to Mr.Prithvi Haldea of PRIME data base.

The issues of March, not surprisingly are, therefore, collectively raising Rs.1741 crore which is higher than Rs.1377 crore in February, 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).

The premia and mega equity issues, on the other hand, have continued to keep away. The market was nevertheless flooded by as many as 159 public issues during the month as per PRIME. This, however, marks a fall from 184 issues in February and 161 issues in January though higher than 147 in December, 121 in November and 85 in October. In fact, March's figure is higher than even the earlier months of September (116) August (71), July (60), June (68) May (122) and April (136).

But for the two mega issues, the market in March, like in several previous months, is again characterised by a large number small finance companies. As many as 52 of the 159 issues (32 per cent) during the month are from this sector, though this is lower than 40 per cent in the previous month. Moreover, small issues continue to dominate, with 72 of the 159 issues (45 per cent) being below Rs.3 crore, of which 5 are even below Rs.1 crore as per PRIME analysis.

The major public issues (above Rs.10 crore) in the month, in addition to the bond issues of IRFC (Rs.750 crore) and Krishna Bhagya (250), are from Marico (63.44), SREI International Finance (47.59), Dhanalakshmi Bank (40), Mangal Finance (19.19), Zen Global (17.45), VIF Airways (17), Majestic Industries (16.80), Allianz Capital (15) and Eider Telecom (11.45).

According to Mr.Haldea, premia issues continue to be a casualty. Only 25 of the 159 issues in March are being offered at a premium (February 33 out of 184, January 22 out of 161 and December 30 out of 147). The only high premia (above Rs.50) issues in March are from Mastek (Rs.180), Marico (165) and Majestic Industries (50).

This time, there is an unusual bunching of issues in the first half of the month, with as many as 90 of the 159 issues opening between 1st and 15th. On 7th and 16th alone, as many as 21 issues each opened for subscription, which was followed by 18 issues on the 6th.

According to PRIME, as far as the public response is concerned, on an initial reckoning, many companies of the first half of March, for which the data is presently available could not close their issues on the earliest closing dates. The issues which had to extend till the last date include Premier Fincaps, Mazda Fabric, Zel Jewellers, Corporate Merchant Bankers, American Paints, Indo Korea Sports, Amulya Leasing, Supan Syntech, Atul Auto, Shree Rubber, J.K.L'Atelier, Mangal Finance, Heruk Agro Foods, Yogiware Fabrics, Shiva Sutex and Eider Telecom.