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ELECTIONS LEAD TO DROP IN PUBLIC ISSUE MOBILISATION IN APRIL

Unlike the secondary market which has shown an upward trend against all expectations, the elections have had an adverse impact on the primary capital market according to Mr.Prithvi Haldea of **PRIME**, the country's leading data base on the primary market. Not many promoters are willing to take chances in the uncertain scenario, and definitely not the promoters of larger issues.

Not surprisingly, the issues of April collectively raised a meagre Rs.378 crore, down from Rs.1735 crore raised in March as also lower than Rs.1377 crore in February, Rs.614 crore in January, Rs.847 crore in December and Rs.1180 crore in November.

As far as the public response is concerned the same too has been pathetic. On an initial reckoning by **PRIME**, many companies of the first half of April, 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 Jakyani Finance, Gourishankar Finance, Sabhya Financiers, Hare Shree Finance, Trywell International, Supreme Woollen Mills, Associated Transrail Structures, Himgiri Fincap, Paro Steel, Rich Paints, Flexo Film, Poonam Rasayan, Global Syntex, Partap Industries, Finanalysis Credit, Floral Aroma, Kripal Spings, Magicut Tools, Hansu Controls, Gowri Polymers, Dee Kartavya Finance and Chimique Laboratories.

As has been happening frequently now, in April too three issues were cancelled/withdrawn on the eve of the opening of their subscription lists. These were the issues of Gokul Agro Industries, Curefast Remedies and Mitec Industries.

The premia and mega equity issues continued to keep away. The market was, however, flooded by as many as 105 public issues during the month. This, however, marks a fall from 159 issues in March, 184 in February and 161 in January, 147 in December and 121 in November.

According to **PRIME**, but for the single above Rs.10 crore issue of Khandwala Securities, the market in April was again characterised by a large number of small issues with 51 of the 105 issues (49 per cent) being below Rs.3 crore, of which 5 were even below Rs.1 crore. However, after several months, there was a fall, though marginal, in the number of issues from finance companies, courtesy the SEBI guidelines imposed in October last year. Only 27 of the 105 issues (26%) were from this sector, down from 32 per cent in March and 40 per cent in February.

As per Mr.Haldea, premia issues continued to be remain in the cupboards. Only 18 of the 105 issues in April were offered at a premium with the only high premia (above Rs.50) issues being from Khandwala Securities (Rs.110), Kripa Chemicals (65) and H-Lon Machines (65).

Unlike earlier months, there was no unusual bunching of issues in either half of the month. However, on 22nd alone, as many as 21 issues each opened for subscription, followed by 14 issues on the 15th.

The full impact of elections on the primary market would be felt in May. As per the data presently available, the month may not witness more than 40 issues according to **PRIME**. The rush, if at all, would start in the later part of June once a new and stable Government comes in place.