

India beats LSE, NYSE in IPOs

Public issues raised Rs 30,000 mn up to November 2006, and in 2007, it is likely to cross Rs 60,000 mn



MUMBAI

India has emerged as one of the top initial public offerings (IPOs) hotbeds in the world, breaking into the top-10 in terms of money raised as well as number of IPOs in the first 11 months of 2006.

An Ernst and Young (E&Y) survey shows that the number of IPOs from India's bourses (NSE plus BSE) now exceeds the total number of IPOs debuting at the New York Stock Exchange or the London Stock Exchange.

India accounted for 4 per cent of the total number of world's IPOs in the first 11 months of 2006, while NYSE accounted for 3 per cent. London's Alternative Investment Market leads with 11 per cent. In terms of money raised, India accounts for 3 per cent of the global total, the study says.



Eighty companies had their initial public offerings on Indian bourses during the year 2006. (File photo: EPA)

The E&Y survey for the full year is released every January. However, a peek into the trends up to November shows India and Korea are the two new emerging giants in terms of IPOs. Both in terms of number of IPOs and capital raised India is ranked eighth in the world. Coincidentally, South Korea is ranked tenth in both the lists. China plus Hong Kong lead the list of

capital raised with US at the second spot. US leads the list on the total number of deals with 188 deals, with Japan at the second spot with 166.

R Balachander, associate director for E&Y in India says, "In 2005, the total money raised from India was around Rs 2,500 crore. It included a lot of PSU activity. However, this year up to November 2006, it is already at

Rs 30,000 million and in 2007 we expect it to go far beyond and might cross Rs 6,000 crore. If a few big-ticket issues like the DLF IPO happens then India's total will be even higher."

Up to November, there were a total of 69 IPOs from India. In the full year 2006, as per the date of price determination, there were 11 more IPOs in December taking the

total to 80. If we add the additional equity offerings – also known as subsequent public issues, then the total number of public issues in 2006 went up to 120. Till November 2006 there were 1,559 IPOs done all over the world.

December also saw the big-ticket Cairn India IPO, which is yet to be listed and is on a borderline between 2006 and 2007. (HT)

Investor education key to revive market sentiments

By Vinod Kumar P.K.
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Sandeep Kadwe, the Director and Managing Consultant of Mitcon International, UAE, holds a Bachelor of Mechanical Engineering, MBA in marketing, MBA in finance, post-graduation in Capital Market Management from the University of Pune, India.

He has over 14 years of global experience in merger and acquisition (M&A), investment banking, corporate advisory, strategic, management and technology consulting for wide range of industrial sectors within the GCC and India. The core expertise of Kadwe is investment banking and capital markets. He has made presentations on On Line Stock Trading to Bahrain Stock Exchange, Kuwait Stock Exchange and Abu Dhabi Securities Market.

In an exclusive interview with The Evening Post, Kadwe spoke about the current status of the UAE stock markets, the market crash and its outlook for 2007. Excerpts:



Sandeep Kadwe

How did the UAE markets perform in 2006?

The Dubai Financial Market (DFM) index went down by almost 40 per cent during 2006 and similar trend was seen on the Abu Dhabi Securities Market (ADSM). Market heavyweight Emaar, which was trading at above Dh 24 in the beginning of 2006, saw a

low of Dh 10.65 during the year and traded at around Dh 12.5 towards the year-end. Liquidity was sucked from the market due to new initial public offerings (IPOs). As of now investor confidence is at a very low level.

What is the outlook for the UAE market in 2007?

The stock markets in the UAE will take time for the retail investors to return to the market. Many retail investors have lost their money and may not dare to enter the market soon. Needless to say, sustainable market revival is possible only if the retail investor returns to the market with confidence.

Why did the markets not perform well last year?

Several factors led to bad performance of the markets last year. The UAE capital markets lack depth and width to absorb the market shocks. The participant investors are limited and few investors or few transactions or rise and fall of few share prices can

drag the entire market down really hard. Mostly retail investors who cannot react quickly or those who are not equipped to take rational and timely decisions take the hit.

What should be done to revive the market?

I feel, boosting the investor confidence should be the priority. Investor education can play a big role in this. More and more qualified and audited information about the company and their performances need to reach the market efficiently. Also, more and more investors need to invest in the market besides the corporate funds or large investors.

By when do you expect local bourses to revive?

If there are correct measures taken to increase investor confidence and if more and more investors are investing in the market, I would expect substantial revival of the local bourses towards the last quarter of 2007.

What should be done to regain investors' confidence?

Investor's education is the key. We need to not only provide them with qualified, accurate and timely information but also train them to analyse this information and make them aware about the realistic market risks and returns. The retail investors should refrain from doing day trading. Also, there is a need to introduce and list more fundamentally strong companies on the local bourses so that investors can really get good choices.

Is 2007 the right time to invest in the market?

I would say, there are always good bargains available in the market. If your expectations on returns are realistic, you can still enter the market, make about 30 per cent per annum return and exit if you wish or partially book the profit, wait and watch. For long-term investors, I feel we can expect some more fundamentally strong IPOs to be listed early 2007. It could be a good buy.

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Daman begins insurance registration

DUBAI In line with its strategy to facilitate enrolment in the health insurance scheme, Daman - the national health insurance company—has announced the commencement of registration and issuance of individual and small group policies to applicants. The enrolment process for Phase II will officially start tomorrow in all Daman branches in Abu Dhabi and at the company's main office.

DFC showcases features at fair

DUBAI Dubai Flower Centre's (DFC) unique features were showcased at Horti Fair in Amsterdam. The salient features and unique advanced facilities at the Dubai Flower Centre (DFC) were showcased to an international audience at the International Horti Fair at the RAI International Exhibition and Congress Centre in Amsterdam, the Netherlands. The 80-square meter DFC exhibition stand which had five tenants was an ample illustration of the attractive elements that the Dubai facility offers.

DHL announces key appointments

DUBAI DHL, the leading express and logistics provider, has announced two key senior appointments to its Middle East and UAE teams – David Wild has become DHL Middle East's Commercial Director and Janet Jweihan has been appointed as General Manager for the UAE. The move consolidates DHL's position as market leader in the Middle East, where the company has been offering world-class express logistics services to customers for 30 years. Phil Couchman, Regional Director for DHL Middle East, said, "The vast experience and market knowledge of David and Janet uniquely qualify them for their new roles."