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Merchant bankers expect activity to pick up after Diwali

Tania Kishore Jaleel
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The last two days of September saw 20 companies rushing to file their draft red herring prospectus with SE-BI.

The amount these companies plan to raise adds to approximately Rs 21,000 crore, according to SMC Capital.

Mr Prithvi Haldea, Chairman and Managing Director of Prime Database, explained that there was such a rush as by filing it before the end of September companies can file their DRHPs based on the audited results of March 2009.

"If the DRHPs are filed after September 30, the companies will have to go through the tedious process of carrying out a special audit for the month of September. By filing it before the end of September, these companies have saved a lot of time and money," he added.

Some of the companies that

Big guns	
	(in Rs cr)
Reliance Infratel	5,000
Emaar MGF Land	3,850
Sahara Prime Citi	3,450
Lodha Developers	3,000
Ambience	2,000

filed their DRHPs between September 28 and 30 include Reliance Infrastructure (Rs 5,000 crore), Emaar MGF (Rs 3,850 crore), Sahara Prime City (Rs 3,450 crore), **Lodha Developers** (Rs 3,000 crore), IL&FS Transportation Networks (Rs 600 crore) and Mandhana Industries (Rs 250 crore).

"Before March 2010, many of these companies which have filed their DRHPs with SEBI are likely to hit the market. As these companies have filed it in September after getting SEBI's observation letter, the best time would be after December. That month will

not see much action as it is the holiday season, particularly for foreign fund managers," said Mr Dara J Kalyaniwala, Vice President-Investment Banking at PL Capital Markets.

VARIETY TO CHOOSE FROM

There is a variety for the retail investors to choose from the upcoming IPOs, said Mr B Madhuprasad, Vice-Chairman at Keynote Corporate Services.

Gravita India and Rosemerta Technologies, which have filed their DRHPs with SEBI, are being managed by Keynote. Mr Madhuprasad said that these issues are in the initial stages of audit and will hit the market in the new year before March.

Merchant bankers expect activity to pick up in the primary markets after Diwali. "After Diwali one may see IPOs which were filed some time ago. By extending the

validity period for the DRHPs from 90 days to one year, SEBI has allowed better planning and more flexibility. We are seeing many filings with SEBI as there is renewed confidence," said Mr Manasije Mishra, MD and CEO at HSBC InvestDirect.

As for the PSU public offers, Mr S. Pradhan, Joint Secretary, Department of Divestment at the Ministry of Finance, said that he is quiet hopeful that there will be divestments by four to five more PSUs. "There is a toss up between NTPC and REC as to who will come out FPOs first, which I am hopeful will come through during the next few months. Satluj Jaal Vidyut Nigam and NMDC will also be hitting the market with their IPOs."

In 2009, so far, 13 companies have hit the market. NHPC's Rs 6,000-crore issue was the biggest IPO of the year.