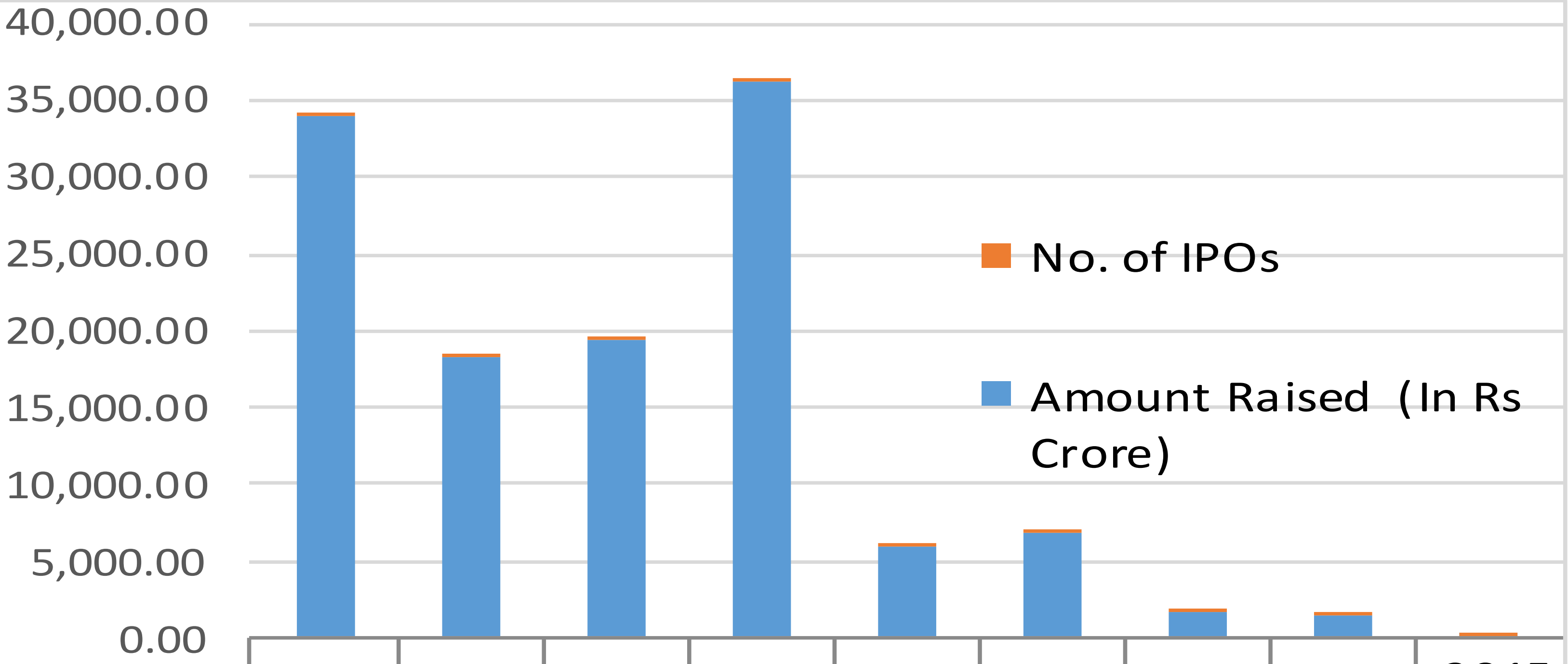
Primary Market - IPO Markets : India

- Issuers sell securities to investors- Cash inflows to the company.
- Till 1992, the Controller of Capital Issues regulated the offer price of the IPO.
- Three different approaches were used for determining “fair” value.

- Example: net asset value was acceptable for young companies, a premium was added to that for companies with a longer history of profitability.
- Later, came the “fixed price” method where the company and its bankers would establish a price.
- Then came the “book building” method, since many of the IPOs were large PSU’s. Essentially book building is a process of understanding supply and demand for the IPO within a price band before it goes to market. Retail investors get this final price.

Number of IPOs in India



	2007	2008	2009	2010	2011	2012	2013	2014	2015 *
No. of IPOs	108	39	22	66	40	27	39	47	3
Amount Raised (In Rs Crore)	33,946	18,339	19,306	36,362	6,043.	6,865.	1,645.	1,479.	11.34

Number of issues per year (US)

Introduction to Investments
Prof S G Badrinath
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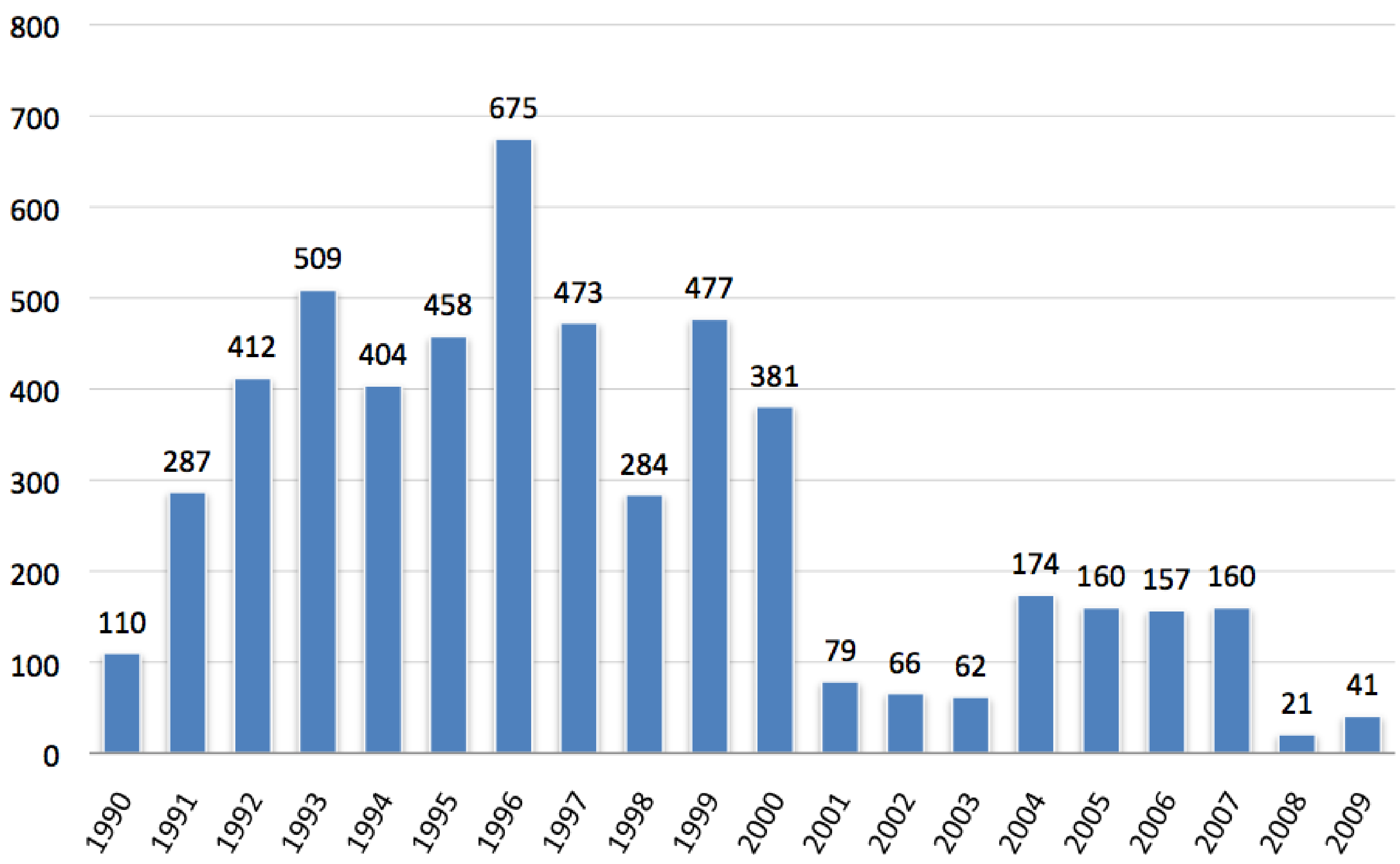

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