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DIFFERENT STROKES

CLA stillborn?



The Central Listing Authority (CLA), which was proposed with much fanfare a couple of years ago, has been grounded just as it seemed set for take off. First, came the long search to find an appropriate CEO. Then, began the tortuous process of finding its own office space and it began to formulate the first set of guidelines on preferential allotment. But just as it seemed ready to get off the ground, its first CEO has already resigned. All this leads to two possible conclusions. Either, the Securities and Exchange Board of India (Sebi) is not serious about setting up the CLA or vested interests are worried that it will dilute their control over public issues. The pity is that when the market for public issues is beginning to look up after a decade in the doldrums, the entity that was to scrutinise IPOs and prevent dubious offerings is nowhere on the scene.

Vanishing Companies

While on dubious companies and their promoters, the list of vanishing companies that had been frozen at around 229 by a joint task force of the Sebi and the Ministry of Company Affairs (MCA) seems to have expanded by another 550 or so. The Bombay Stock Exchange has listed 604 companies that are not available at the addresses reported to the bourse. Of these, only 40 or so figure in the MCA-Sebi list. Even if a score or so resurface at another address, it could still treble the list of companies that vanished with over Rs 10,000 crore of public money. The MCA-Sebi combine has already filed FIRs against scores of these companies and nearly 600 directors. Moreover, Sebi has also barred the directors of many of these companies from accessing the capital market for over five years. However, NGOs such as the Midas Touch Investors Association allege that of the 1,300-odd directors on the 229 companies acknowledged as vanished by the regulators only 600 or so have been barred from the market. The remaining 700-plus not been punished as yet. High-level sources in the Finance Ministry feel that regulators must hasten the process. They say that regulatory agencies have identified the vanished companies on the basis of a proper investigation. If they filed direct complaints instead of FIRs, wouldn't they shorten the procedure and increase the chances of swift action?

Dull sparkle

Although it is easy to get carried away by the noise created by the consumer goods industry, traders say that the buying mania is rather subdued this Diwali. Soaring gold prices, which shot past Rs 6,465 per 10 grams before Dhanteras were a big damper for investment-conscious Indians. Garment and textile retailers, who were planning for a big festive season that combined Ramzaan and Diwali, say that sales are nearly 50 per cent below expectations. Even consumer goods retailers report that the Rs 20,000-crore industry has done less than expected business. However, there are contradictory reports about

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...spending. Some reports suggest that customers have moved away from jewellery to gold coins (bought from banks) and from retail outlets to big shopping malls, which offer better discounts and a bigger choice. But this is probably a false picture and real numbers are probably likely to signal a dull festive season.

Successful campaign

Unlike television programmes, there are no TRPs to measure the popularity of advertisements. But for companies that dare to experiment with new faces, the popularity of their models is a good indicator of success. For instance, Indian Airlines' advertisement featuring the captain in mufti and the little moppet has been such a hit that it has turned both characters into stars. The 'captain' has turned into the dependable face selling paints and securities, while the little girl is even getting movie offers. IA's excellent advertising was timed with improved service standards and the freedom to structure fares and mileage deals to attract customers. But all this will only make a real difference now that the government has, at long last, cleared IA's purchase of 43 Airbuses worth almost Rs 10,000 crore, especially since the government seems determined to allow private carriers to fly more global destinations. If the decision is implemented without any further hitch or sabotage, then IA can probably avoid the new tax levied on leased aircraft that become applicable in April 2005.

Tailpiece: *Watchoutinvestors.com* is a website created out of investors' unclaimed dividend and is meant to empower them to make correct invest decisions. A capital market wag says that investor interest will be even better served if the regulators use the website to refer to actions against the company by other regulators or attempts by companies to hide behind a name change. Watchoutinvestors.com gives them easily searchable, cross-referenced information that can hasten their investigation and decision-making process. But will they ever use it? Watch this space.

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