



**ORIGINAL RESEARCH PAPER**

**Management**

**INITIAL AND SECONDARY PUBLIC OFFERINGS OF JOINT STOCK COMPANIES**

**KEY WORDS:** shares, IPO, investor, Uzbekistan

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**ABSTRACT**

The article analyzes the current state of attracting capital through IPO and SPOs in Uzbekistan using the case of JSC of "Kvarts" and develops scientific proposals and practical recommendations aimed at eliminating issues regarding IPOs, and also outlines ways for entering international markets.

**INTRODUCTION**

Under the globalization of the economy, corporate structures have to compete internationally. For this purpose, it is necessary to continuously develop their activities, implement innovative projects, acquire new markets. Implementation of new projects is directly related to large-scale capital investments. In particular, IPO operations, secondary public placement (SPO) operations have also taken place in Uzbekistan. In particular, according to the Decree of the Cabinet of Ministers of May 10, 2017 "On organizing the public offering of shares," Kvarts Joint Stock Company in 2017-2018 carried out IPO practice, and in 2018 the "Kokand Mechanical Plant" Joint Stock Company successfully carried out SPO practice.

On the basis of the above, it is important to note that the issue of expanding the scale of such operations by joint-stock companies in Uzbekistan, and paying special attention to IPO practices in this process is one of the pressing issues on the agenda. Therefore, the state program on implementation of the Strategy of Action in the five priorities of development of the Republic of Uzbekistan in 2017-2021 in the "Year of Active Investments and Social Development" is the realization of the first and second public offer of shares of some joint-stock companies with state and economic associations the issue was determined strictly.

In order to ensure the success of public offering of shares in the future, it is necessary to formulate relevant conclusions on the basis of critically analyzing the experience of Kvarts and Kokand Mechanical Plant joint-stock companies during the years of operation. Therefore we explain our opinions in case of JSC "Kvarts"

**LITERATURE REVIEW**

Tursunova N., (2017) who has carried out scientific research on the effective organization of shares placement practices, describes IPO practice as a modern form of financing of corporate structures and attracting financial resources from the international capital market and focuses on the organizational aspects of the issue. Ross S. A., Westerfield R. W. and Jordans B. D. (2013) as a significant and high-cost investment attraction, review IPO process stages, IPO pricing, and change in stock exchange rates after IPO. IPO practice is one of the main directions of the financial strategy in the modernization of economy by a group of scientists led by ., (2014), and demonstrates the role of IPO in the economic development of Japan, South Korea, Singapore, China and Malaysia. Bender R., and Ward K. (2009) emphasize the importance of IPO practice in corporate finance strategy and emphasize the importance of successful corporate placement, listing options, listing options and other options.

**ANALYSIS AND RESULTS**

The subscription campaign for the public offering of IPOs by Kvarts began on 5 December 2017 and continued until 3 April 2018. At the same time 4 574 934 shares were offered for sale at the price range from 3,000 to 9100 UZS. The IPO results, which were received on April 9, 2018, were fully satisfied (Table 1).

#	Range of prices UZS	Number of shares	Number of applications	Division of shares	Total payment UZS
1.	9 100,00	20	1	20	182 000
2.	8 300,00	50	1	50	415 000
3.	7 000,00	200	1	200	1 400 000
4.	6 000,00	450	2	450	2 700 000
5.	5 000,00	11 961	16	11 961,00	59 805 000
6.	4 800,00	200	1	200	960 000
7.	4 700,00	4 574	2	4 574,00	21 497 800
8.	4 550,00	2 000	1	2 000,00	9 100 000
9.	4 500,00	2 212	3	2 212,00	9 954 000
10.	4 100,00	955	1	955	3 915 500
11.	4 000,00	19 830	16	19 830,00	79 320 000
12.	3 827,00	2 287	1	2 287,00	8 752 349
13.	3 700,00	4 574	2	4 574,00	16 923 800
14.	3 640,00	2 425	9	2 425,00	8 827 000
15.	3 634,18	100	1	100	363 418
16.	3 500,00	18 650	65	18 650,00	65 275 000
17.	3 400,00	4 927	3	4 927,00	16 751 800
18.	3 300,00	5 012	6	5 012,00	16 539 600
19.	3 200,00	15 356	23	15 356,00	49 139 200
20.	3 160,00	7 074	4	7 074,00	22 353 840
21.	3 155,00	1 400	1	1 400,00	4 417 000
22.	3 150,00	2 015	3	2 015,00	6 347 250
23.	3 111,00	13 722	6	13 722,00	42 689 142
24.	3 106,00	1 000	1	1 000,00	3 106 000
25.	3 101,00	1 000	1	1 000,00	3 101 000
26.	3 100,00	48 293	63	48 293,00	149 708 300
27.	3 086,00	385	1	385	1 188 110
28.	3 080,00	535	1	535	1 647 800
29.	3 055,00	1 400	1	1 400,00	4 277 000
30.	3 051,00	900	2	900	2 745 900
31.	3 050,00	23 545	21	23 545,00	71 812 250
32.	3 040,00	897	3	897	2 726 880
33.	3 033,30	1 600	2	1 600,00	4 853 280
34.	3 033,00	635	5	635	1 925 955
35.	3 031,00	81	1	81	245 511
36.	3 030,00	18 535	28	18 535,00	56 161 050
37.	3 025,00	8 647	5	8 647,00	26 157 175
38.	3 021,00	2 412	3	2 412,00	7 286 652
39.	3 020,00	75 418	50	75 418,00	227 762 360
40.	3 018,00	580	1	580	1 750 440
41.	3 017,00	3 577	2	3 577,00	10 791 809
42.	3 015,00	27 128	24	27 128,00	81 790 920
43.	3 013,00	1 400	1	1 400,00	4 218 200
44.	3 011,00	600	1	600	1 806 600
45.	3 010,00	56 982	48	56 982,00	171 515 820
46.	3 007,00	2 287	1	2 287,00	6 877 009
47.	3 006,00	9 148	4	9 148,00	27 498 888
48.	3 005,00	49 786	26	49 786,00	149 606 930
49.	3 004,00	64	1	64	192 256
50.	3 003,00	5 334	4	5 334,00	16 018 002

51.	3 002,00	5 000	3	5 000,00	15 010 000
52.	3 001,00	87 853	47	87 853,00	263 646 853
53.	3 000,50	1 000	1	1 000,00	3 000 500
54.	3 000,00	1 919 253	2784	1 919 253,00	5 757 759 000
	TOTAL	2 475 269	3 305	2 475 269	7 523 817 149
	Shares on sale	4574934	Share in total	54,11%	

**Table 1. IPO results**

Source: [www.dalal.uz](http://www.dalal.uz) website of official brokerage "Dalal Standard" LLC

As can be seen from the table above, 54,11 percent of 45,7434 shares put up for sale are placed. At the same time, all shares received were fully satisfied. One of the reasons why the auctioned stock is not fully placed is that the period of acceptance of an application is unclear. Because in Uzbekistan in November-March there is a sharp increase in expenditures of the population compared to the previous months. Applications for Kvarts were accepted at that time. If Kvarts promotions were traded in May and October, there would certainly be a full sale of shares. This aspect should be taken into account in subsequent operations.

The following table shows the information on applications received by the authorized broker LLC "Dalal Standard" and National Bank for Foreign Economic Activity of the Republic of Uzbekistan (Table 2):

#	Name of the branch	Number of shares	Price in thousand UZS	Number of applications
1	"DALAL STANDARD" LLC	147 887	449 984	129
2	Tashkent city branch of National Bank	39 677	120 278	40
3	National Bank Gulistan branch	18 645	56 169	20
4	National Bank Kashkadarya Branch	4 561	19 268	12
5	National Bank Bukhara Branch	9 821	29 692	11
6	National Bank Tashkent Region Branch	12 388	38 417	90
7	National Bank Fergana branch	76 360	237 226	232
8	National Bank Andijan Branch	9 618	28 854	9
9	National Bank Samarkand branch	2 827	8 496	4
10	National Bank Navoi branch	5 299	16 029	95
11	National Bank Jizzakh branch	6 063	18 195	12
12	National Bank Namangan Branch	1 405	4 583	10
13	National Bank Nukus branch	2 506	7 518	7
14	National Bank Khorezm branch	14 944	44 874	10
	<b>Total</b>	<b>352 001</b>	<b>1 079 582</b>	<b>681</b>

**Table 2. Distribution of applications filed by "DALAL STANDARD" LLC by region.**

Source: [www.dalal.uz](http://www.dalal.uz) website of official brokerage "Dalal Standard" LLC

As can be seen from the table above, "DALAL STANDARD" LLC and the National Bank of the Fergana branch have received the most applications, and the highest sales respectively correspond to both organizations.

The results of the sales across regions for public offering of shares of "Kvarts" JSC are presented in the table below. (Table 3).

#	Region	Number of shares	Price (in million UZS)
1.	Tashkent City	655715	1 975,9
2.	Fergana	1641787	5 006,3
3.	Syrdarya	18645	56,2

4.	Kashkadarya	10250	36,3
5.	Bukhara	9821	29,7
6.	Tashkent region.	12388	38,4
7.	Andijan	47650	143,5
8.	Surkhandarya	41275	123,8
9.	Samarkand	2947	8,9
10.	Navoi	5299	16,0
11.	Jizzakh	6063	18,2
12.	Namangan	1405	4,6
13.	Korakalpakistan autonomous Republic	7080	21,2
14.	Khorezm	14944	44,9
	<b>Total</b>	<b>2475269</b>	<b>7 523,8</b>

**Table 3.Orders for the purchase of shares of "Quartz" JSC and their distribution among regions**

Source: [www.dalal.uz](http://www.dalal.uz) website of official brokerage "Dalal Standard" LLC

The table above shows that most of the applications and purchased shares are in Ferghana region and Tashkent city. It can be explained by the fact that "Kvarts" is located in Ferghana region and closely acquainted with the issuer's activities.

**CONCLUSIONS**

In general, based on the above, it is possible to place shares at international stock exchanges as a clear subscription. The following conclusions regarding the organizational features of IPO operations have been developed:

Firstly, even if the IPO requires much time and expenses, it gives the opportunity of attracting more capital, as a result, JSC are able to invest in projects that are expected to bring higher returns.

Secondly, in the process of presentations to attract potential investors, it is necessary to take into account the level of taxation in the state where investor activities are organized. In countries with a high tax burden on dividends, the level making profit by buying stocks is extremely low.

Thirdly, it is necessary to pay attention to the seasonality factor at determining the period of public offering of shares at the national level. Because in the winter season, and in particular between November and March, the population's expenses are sharply higher than in the other months in Uzbekistan

Fourthly, it is necessary to take into account the level of initial payments and annual payments, which is one of the listing requirements, in arranging practice of publicly traded shares of stock companies operating in the international stock exchanges. Because implementation of such payments does not seriously affect the financial position of joint-stock companies.

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