



---

## ORGANIZATIONAL ASPECTS OF PUBLIC OFFERING OF STOCKS IN STATE-OWNED COMPANIES

---

**BOTIROV AZAMAT AXMEDOVICH**

---

### Abstract

---

**Keywords:** *stock, state-owned companies, public offering, book-building, fixed price, capital, investor.*

---

*The article studies different approaches of scientists on public offering of stocks. Moreover, the real state of state-owned companies, public offering practices and its some features in Uzbekistan are analyzed. According to the analysis, relevant conclusions and proposals are given.*

---

### Author correspondence:

**BOTIROV AZAMAT AKHMEDOVICH**

*PhD, Associate Professor, "Corporate Finance and Securities" Department, Tashkent Institute of Finance, Uzbekistan*

*Email: [azamat-botirov@mail.ru](mailto:azamat-botirov@mail.ru)*

---

### Introduction

Due to the fact that special attention is paid to the effective organization of corporate financial relations in joint-stock companies in our country, it is necessary to use the practices of public offering of stocks. Organization of IPO operations in joint-stock companies and its successful implementation provides many opportunities for the company. In particular, through the initial public offering of stocks, a joint-stock company can raise a large amount of capital, increase the stock price, increase investment attractiveness, and build its international image. Therefore, it shows that it is relevant to study and analyze the issues of organizing the practice of public offering of stocks in joint-stock companies in state-owned companies.

### Literature review

Public offering of stocks has been studied by many economists because it is one of the most common operations in world practice. A. Ljungqvist studied the impact of the practice of public offering of stocks on the authorized capital of the company. "Public offering of stocks is an important stage in the life of the company. This practice ensures that the authorized capital is distributed among a wide range of investors, as a result of which the company can reduce the cost of financing its operations and investments" [1]. Financial resources attracted as a result of public offering of stocks play an important role in the company's activities.



J. Ritter and I. Welch paid attention to the formation of stock prices in IPO practices. "The investor's profit is calculated using the purchase and sale prices. In most cases in IPO practices, the sale price is formed at the moment of the sudden change, which means that underwriters' analysts almost always pay attention to this aspect" [2].

P. Jiang and others have researched the methods used in IPO practices and found that "public offering is one of the most important decisions companies make. Companies use two main methods to sell their stocks through an IPO. The book-building method, which is the main method of IPO in the USA, is used in most markets. An alternative method is the auction method, which is rarely used around the world. Compared to book-building and auction underwriters, auction underwriters cannot pursue their own interests" [3]. Today, in practice, a hybrid method consisting of fixed price method and book-building method is usually used.

S. Elmiraev thoroughly researched the practice of public offering of stocks. "Thorough preparation is a comprehensive basis for a successful IPO. After the internal preparation is ensured and agreed with the relevant partners, attention is paid to determining the price range of the stocks, which is chosen in all respects. It is also important in this process to determine the amount limit for the application of stocks by one investor. It should also be noted here that the time of receiving applications should be determined based on the current state of the economy. One of the reasons for the low demand is the fact that the public offering of stocks of "Kvars" JSC, "Qo'qonmexanikazavodi" JSC and UzautoMotorsJSC was organized in winter. Because it is precisely in the winter season, when the incomes of the population are relatively low and the expenses are high, offering them a campaign will not give enough results. The completion of the public offering of stocks does not indicate the completion of the IPO process. There is also a post-IPO phase, where it is necessary to continue mutually beneficial relationships with investors. For this, it is necessary to maintain the investment attractiveness by ensuring the regularity of dividends based on market profitability. This aspect, on the one hand, the increase in the stock price serves to increase the income of the investors, and on the other hand, it serves as a free advertisement for the placement of the next additional stocks" [4]. Correct implementation of the stages of IPO practice organization and following the sequence allows the successful implementation of the practice.

According to J. Kurbonov, S. Omonov and N. Nuralieva, "attracting a large amount of capital (funds) through the initial public offering of stocks in the financial market, achieving an increase in the price of stocks, increasing investment attractiveness, increasing its international it is possible to achieve aspects such as image formation. It should be recognized that the importance of institutional investors selected as financial advisors and underwriters is high" [5].



Taking into account the opinions of the above researchers, it can be noted that in our national practice, it is necessary to properly organize the practice of public offering of stocks, use optimal methods, and thereby accelerate the process of privatization of joint-stock companies with state participation in our country.

### Analysis and results

In the privatization of state-owned joint-stock companies through the IPO practice, there are a number of aspects that should be taken into account when determining whether the company is ready for an IPO. These include the company's profitability, growth prospects and the ability to forecast its future financial results, the ability of the management team and board of directors to successfully transition to a public company, the ability of management to meet the investor relations requirements, the company's competitive position, the state of general markets and the market for the company's particular industry. conditions, etc. should be emphasized separately (Fig. 1).

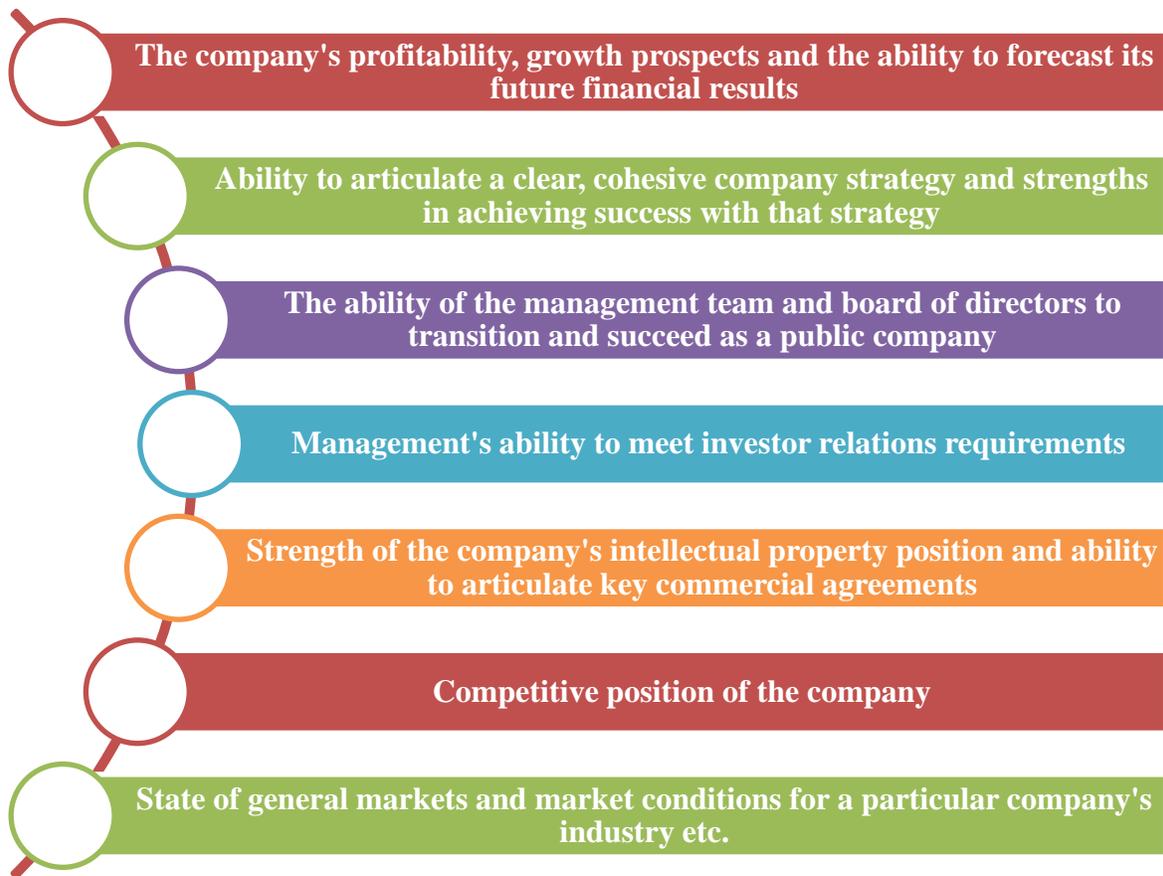


Figure 1. Points to consider when determining whether a company is ready for an IPO [6]



Resolution PQ-102 of the President of the Republic of Uzbekistan was adopted on March 24, 2023, and additional measures to reduce state participation in the economy were reflected in this Resolution. In this Decision, it can be observed that the list of enterprises whose stock packages will be privatized through public auctions based on the principle of “one stock - one lot” is formed on the basis of the public IPO procedure on the local stock market (Table 1).

**Table 1**

**The list of enterprises whose stock packages are privatized through public auctions based on the procedure of public IPO on the local stock market based on the principle of “one stock - one lot” [7]**

T/r	Company	Public share, percent	Selling stocks	
			percent	volume
1.	“Navoiy KMK” AJ	100	2,0	300 000 000
2.	“Olmaliqkon-metallurgiyakombinati” AJ	98,54	2,0	12 300 297
3.	“O‘zbekistonmetallurgiyakombinati” AJ	84,4	2,0	9 330 978
4.	“UZBAT” AJ	2,6	2,6	641 747
5.	“O‘zbektelekom” AJ	96,57	2,0	5 746 211
6.	“O‘zsanoatqurilishbank” ATB	95,2	2,0	4 878 435 656
7.	“Asakabank” ATB	98,96	2,0	842 745 407
8.	AT “Xalqbanki”	100	2,0	148 667 596
9.	“Qishloqqurilishbank” ATB	98,34	2,0	311 141 316
10.	“Aloqabank” ATB	66,6	2,0	223 319 146
11.	“Turonbank” ATB	98,77	2,0	17 460 499
12.	“Mikrokreditbank” ATB	98,9	2,0	66 429 463
13.	“Ipakyo‘li” ATB	0,0003	0,0003	192 888
14.	“Trastbank” ATB	0,001	0,001	598
15.	“Garantbank” ATB	0,01	0,01	294 396
16.	“O‘zbekinvest” EISK AJ	83,33	7,33	20 686 463
17.	“Alskom” AJ	3,9	3,9	1 137 311
18.	“O‘zagrosug‘urta” AJ*	94,5	2,0	664 617
19.	“O‘ztemiryo‘lkonteyner” AJ	90	4,0	134 651
20.	“Dori-darmon” AJ	36,1	20,0	4 014 400
21.	“O‘zbekistonRespublikasi Tovar-xomashyobirjasi” AJ*	26,4	2,0	1 499 168
22.	“O‘zbekgeofizika” AJ	96,8	2,0	23 240 292
23.	“Qurilishmashlizing” AJ	73,5	22,5	3 825 000
24.	“O‘zog‘irsanoatloyiha” AJ	81,7	5,7	671 238
25.	“Toshuyjoyliti” AJ	61,5	10,5	482 084
26.	“Tashgiprogor” AJ	41,8	15,8	85 673
27.	“Boshtransloyiha” AJ	32,1	6,1	271 556



28.	“Andijonbiokimyo zavodi” AJ	96,0	20,0	2 541 782
29.	“O‘zbekneftgaz” AJ	99,94	2,0	849 738 934
30.	“Hududgazta’minot” AJ	100	2,0	529 261 741
31.	“Issiqlikelektr stansiyalari” AJ	99,99	2,0	3 993 422
32.	“O‘zbekiston milliy elektr tarmoqlari” AJ	100	2,0	1 040 462 222
33.	“Hududiy elektr tarmoqlari” AJ	100	2,0	1 693 616 290
34.	“O‘zbek gidroenergo” AJ	100	2,0	146 221 337
35.	“Minoraqurilish ekspeditsiyasi” AJ	37,1	11,1	3 588 800
36.	“Janubsanoat montaj” AJ	20,7	20,7	337 653
37.	“Qo‘qon neftgaz parmalash ishlari” AJ	61,3	10,3	33 424 896
38.	“Ko‘prik qurilish” UK**	100	2,0	-
39.	“Elektron onlayn-auksionlarni tashkilotish” DUK**	100	10,0	-
40.	“Qimmatli qog‘ozlarning markaziy depozitariysi” DUK**	100	10,0	-

\* The share of the economic society in which the state share has a dominant position is sold;

\*\* Will be sold after reorganization as a joint stock company.

In order to reduce the state share in the economy of our country, the Decision of the President of the Republic of Uzbekistan dated March 18, 2022 No. PQ-168 was adopted. In this Decision, the privatization of a number of state-owned joint-stock companies and economic management bodies was determined (Table 2).

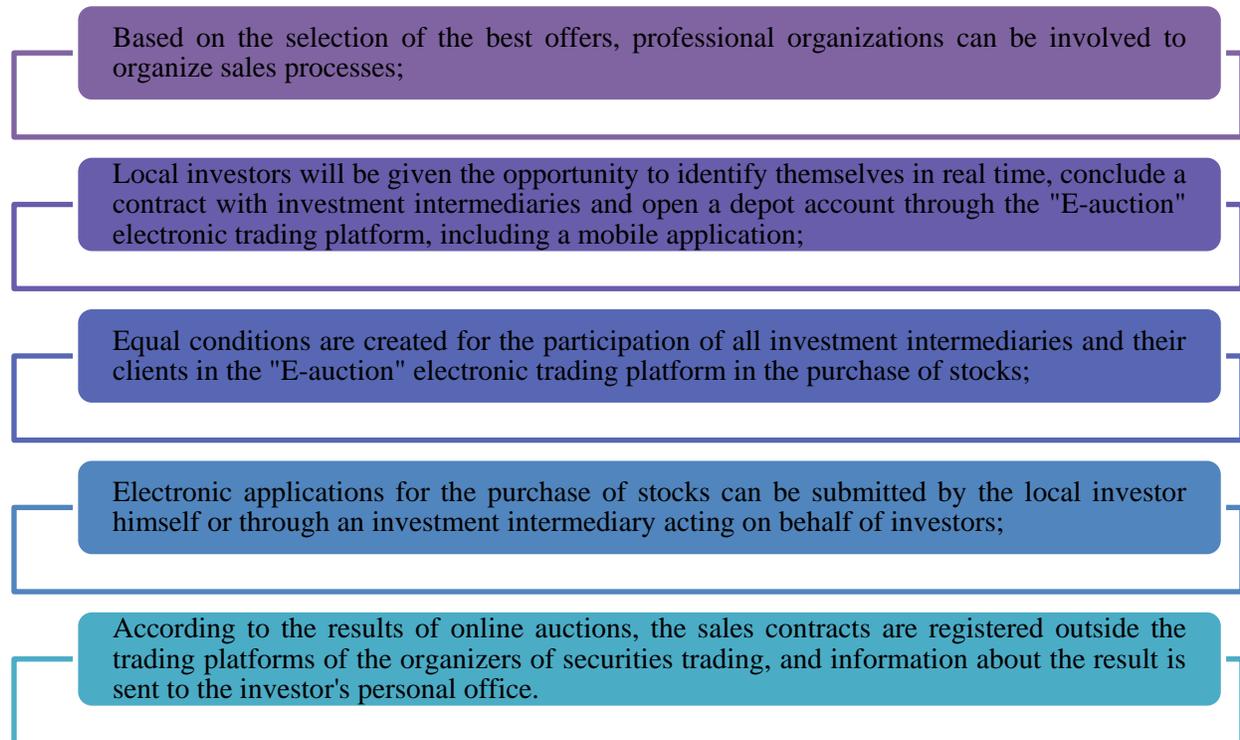
Table 2

Composition of state-owned companies scheduled for privatization [8]

T/r	Joint-stock company	Region	Share (percent)
1.	“Toshkent mexanika zavodi” AJ	Tashkent city	81,12
2.	“Olmazor KSZ” AJ	Tashkent city	7,68
3.	“O‘zog‘irsanoat loyiha” AJ	Tashkent city	7,95
4.	“Portlatish sanoat” AJ	Tashkent city	66,03
5.	“Janubsanoat montaj” AJ	Navairegion	20,68
6.	“Ohangaron shifer” AJ	Tashkent region	53,97
7.	“Shimbaymayashik” AJ	The Republic of Karakalpakstan	90,2
8.	“Podyomnik” AJ	Tashkent city	9,8
9.	“UZBAT” AJ	Tashkent city	2,6



It can be seen from Table 1 that in the near term, a number of large joint-stock companies are set to be gradually privatized, among them there are such large joint-stock companies as “Toshkent mexanikazavodi” JSC, “Ohangaronshifer” JSC, and “UZBAT” JSC.



**Figure 2. Some aspects of public IPO in the local stock market based on the principle of “one stock - one lot” of stock packages [9]**

Figure 2 focuses on some aspects of public IPO in the local stock market based on the principle of "one stock - one lot" of stock packages. On the basis of the selection of the best offers, professional organizations can be involved to organize sales processes, identify local investors in real time through the electronic trading platform "E-auction", including the mobile application, conclude contracts with investment intermediaries and open a depot account number. creation of opportunity, creation of equal conditions for the participation of all investment intermediaries and their clients on the electronic trading platform "E-auction" in the purchase of stocks.



---

## **Conclusion**

The following conclusions were formed based on the study of the issues of organizing the practice of public offering of stocks in joint-stock companies with state participation.

Firstly, organizing the practice of public offering of stocks in joint-stock companies with state participation is one of the optimal ways to reduce the state's share in the economy.

Secondly, it is necessary to implement the positive aspects of the book-building and fixed price methods, which are widely used in international practice, in organizing the public offering of stocks in joint-stock companies with state participation.

Thirdly, the release of a large part of the authorized capital to the stock market in organizing the practice of public offering of stocks in joint-stock companies with state participation serves to accelerate the privatization process and increase the interest of investors.

Fourthly, it is necessary to ensure the successful implementation of these processes in all joint-stock companies where the reduction of the state share has been determined. Otherwise, there may be a feeling of distrust among investors towards joint-stock companies with a state stake.



## References

1. Ljungqvist A. IPO underpricing //Handbook of empirical corporate finance. – 2007. – С. 375-422.
2. Ritter J. R., Welch I. A review of IPO activity, pricing, and allocations //The journal of Finance. – 2002. – Т. 57. – №. 4. – С. 1795-1828.
3. PingJiang, XinjianShao, YiXue. The role of a long-term investor-underwriter relationship in auctioned IPOs. // **Journal of Banking & Finance, Volume 135, February 2022.** <https://www.sciencedirect.com/science/article/pii/S0378426621003484>
4. Элмирзаев С. ХАЛҚЧИЛ ИРО ҚАНДАЙ ТАШКИЛ ЭТИЛИШИ ВА ЎТКАЗИЛИШИ КЕРАК? //Приоритетные направления, современные тенденции и перспективы развития финансового рынка. – 2023. – С. 116-121.
5. КурбоновЖавлонбекЖўрабекович, Омонов СардорЎлмасович, Нуралиева Дилдора Нурали Қизи ХАЛҚАРО ИРО АМАЛИЁТЛАРИ ТАҲЛИЛИ: ТАШКИЛИЙ ХУСУСИЯТЛАРИ ВА ИНСТИТУЦИОНАЛ ИНВЕСТИТОРЛАР ИШТИРОКИ // Экономика и финансы (Узбекистан). 2021. №1 (137). URL: <https://cyberleninka.ru/article/n/hal-aro-ipo-amaliyotlari-ta-lili-tashkiliy-hususiylari-va-institutsional-investorlar-ishtiroki> (дата обращения: 10.05.2023).
6. Kurbonov J., Omonov S., Khamzaev K. PRACTICES OF PUBLIC OFFERING OF STOCKS IN CAPITAL MARKET DEVELOPMENT: FOREIGN EXPERIENCE AND SPECIFICATIONS //International Finance and Accounting. – 2022. – Т. 2022. – №. 1. – С. 15.
7. O‘zbekistonRespublikasiPrezidentining “Iqtisodiyotdavlatishtirokisiniqisqartirishningqo‘shimchachora-tadbirlarto‘g‘risida” PQ-102-son Qarori, 24.03.2023. 1a-ilova. <https://lex.uz/docs/-6417192>
8. O‘zbekiston Respublikasi Prezidentining “Iqtisodiyotda davlat ishtirokini yanada qisqartirish va xususiylashtirishni jadallashtirishga oid qo‘shimcha chora-tadbirlar to‘g‘risida” PQ-168-son Qarori, 1-ilova. 18.03.2022. <https://lex.uz/docs/-5918980>
9. O‘zbekiston Respublikasi Prezidentining “Iqtisodiyotda davlat ishtirokini qisqartirishning qo‘shimcha chora-tadbirlar to‘g‘risida” PQ-102-son Qarori, 24.03.2023. <https://lex.uz/docs/-6417192>
10. Elmirzayev S., Omonov S. RivojlanganmamlakatlardadividendsiyosatitahlilivaDividendAristokratlari //Xalqaromoliyavahisob” ilmiy-elektronjurnali. – 2020. – №. 2.
11. Шавкатов Н. Ш. Давлат-хусусийшерикл иклойихаларимол иявийсамарадорлигитахлили //Экономика и финансы (Узбекистан). – 2020. – №. 4 (136). – С. 80-85.
12. Elmirzaev S., Omonov S. MERGERS AND ACQUISITIONS IN DEVELOPED COUNTRIES: PRACTICE AND ANALYSIS //MERGERS AND ACQUISITIONS. – 2019. – Т. 4. – С. 1-2019.