

Public Can Soon Share the Success of India Story's Stars

Big names like Cafe Coffee Day & IndiGo owner to hit market; investors get chance to diversify

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Mumbai: Investors may soon get to own shares of well-known brands with some of the big names set to hit the primary market over the next couple of months. Coffee Day Enterprises, which operates Cafe Coffee Day will be the first among them to launch with an initial public offering (IPO). The company, which is likely to launch its issue next week (October 14-16), plans to raise up to ₹1,150 crore, said bankers to the issue. Cafe Coffee Day Enterprises is believed to have fixed the price band at ₹316-328 for its initial share sale.

After Coffee Day, InterGlobe Aviation, the owner of IndiGo, is likely to raise about ₹2,500 crore through an IPO in the fourth week of this month.

Coffee Day, InterGlobe and Infobeam are among the 19 companies which have received regulatory approval to list on local bourses. These firms plan to raise about ₹11,545 crore, according to Prime Database. The two companies have decided to take the plunge into the primary market despite investor sentiment remaining brittle. While foreign institutional investors (FIIs) have turned buyers of shares in the last four trading sessions worth ₹1,600

crore, they have sold to the tune of almost ₹23,000 crore in August and September amid aversion to risky assets such as emerging markets sparked by the downturn in China. Bankers are hoping that Coffee Day's upcoming IPO — the largest in 2015 so far — will be able to attract FIIs' interest.

"Some of the IPOs this year are unique as these are well-known brands in India and investors will now get to own them," said Dharmesh Mahta MD & CEO of Axis Capital. "There is limited scope to invest in good and large brands in India unlike globally. There is enough money domestic and globally for such deals if valued correctly." InterGlobe Aviation, the owner of the most profitable airline in India, too, could see aggressive demand from investors, said bankers.

Investment bankers say the reason India is one of the favourite destinations to invest in is its domestic consumption theme.

"Global investors are looking for such opportunities as they have seen small brands become giant companies in their countries like Apple, Starbucks, Zara etc. These may be small deals but if the issue is priced well there will be good demand from investors," Mahta said. Infobeam, the first pure-play e-commerce company from India looking to go public, is likely to hit the market in December this year

Forthcoming IPOs

Company	Estimated Issue Amount (₹ Crore)
InterGlobe Aviation	2,500
Larsen & Toubro Info	2,000
Rashtriya Ispat Nigam	1,500
RBL Bank	1,500
Alkem Laboratories	1,500
AGS Transact Techno	1,350
Coffee Day Enterprises	1,150
GVR Infra Projects	500
Infobeam Incorporation	450
Matrimony.Com	450
Catholic Syrian Bank	400
VLLC Healthcare	400

Source: Prime Database

with its ₹450-crore offer.

So far in 2015, 15 companies have raised about ₹6,348 crore through IPOs. Some of them include Manpasand Beverages, PNC Infratech and VRL Logistics, among others, and they have given around 48%, 35% and 34% returns, respectively. Only five companies are still in the red since listing.

The primary market has been lacklustre in the last four years. Between 2011 and 2014, 56 compa-

nies have raised over ₹15,000 crore.

Till date, 36 companies have filed their draft red herring prospectus with Sebi. Last month, Teamlease filed its draft red herring prospectus with market regulator Sebi for its ₹200 crore issue. It would be the first HR (human resource) company to be listed in India. L&T Infotech, the IT unit of engineering and construction giant L&T, too, joins the list of these top firms to tap the primary market over the next few months. L&T plans to sell 1.75 crore shares of the software firm in the issue which is almost 11% of L&T Infotech's equity. According to a banker to the issue, L&T targets to raise close to ₹2,000 crore from the IPO.

"This year, and going forward, we expect to see some interesting IPOs coming to the market. These are businesses that are well run with high return ratios and robust growth profiles," Arvind Vashista, head of equity capital market origination, Citi India.

Earlier, companies tapped primary markets to raise funds to meet their capital expenditure needs. The trend has changed in recent times where institutional investors like PE funds are looking at exiting their investments through IPOs. "Some of the existing investors in these businesses put their stock out in the market to exit while others have to meet regulatory requirements," he said.