

MAMAEARTH TO DEBUT TODAY

Cello's listing gains to drive consumer IPOs

₹16,000-cr issues in the pipeline

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CELLO WORLD'S SUCCESSFUL listing on Monday is likely to rub off on the upcoming initial public offerings (IPOs) of consumer-centric companies, market experts said. The stock, which had received a 39x subscription, listed 28% higher at the exchanges.

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opening price but at a significant gain of 22.2% over its issue price. It already commands a market cap of above ₹16,800 crore.

Honasa, which runs the Mamaearth brand of products, will list on Tuesday. It has already raised ₹765.2 crore from anchor investors



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Estimated issue amount (₹ cr)

EbixCash	6,000
Tata Play	2,500
Indiafirst Life Insurance	2,000

RR Kabel	Sai Silks Kalamandir	SBFC Finance
Offer size (₹ cr)		
1,965	1,201	1,025
Listing gain (%)		
15.8	10.3	61.8

Source: PRIME Database, Bloomberg

before its IPO and saw a subscription of 7.6x at a price band of ₹308-324 per share.

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ACCORDING TO DATA, there is a strong pipeline of consumer-centric IPOs to the tune of ₹16,000 crore with regulatory approvals.

Market players said the outlook remains strong due to good earnings visibility, especially in the backdrop of higher consumer spending across the country.

Ebixcash, Tata Play, and IndiaFirst Life Insurance are the biggest IPOs in the waiting list, with an estimated issue size of ₹6,000 crore, ₹2,500 crore and ₹2,000 crore, respectively.

Till now in FY24, 40 firms in the consumer space have hit the market and raised as much as ₹9,500 crore from their IPOs. Of these, shares of 33 firms are trading above their respective offer prices. The biggest were RR Kabel and Sai Silks, with issue sizes of ₹1,965 crore and ₹1,201 crore, respectively.

"Consumer sector firms have been a market favourite, given the strong consumption story that we are witnessing in India. The penetration into the rural markets is the key, and the expected profitability of B2C companies is also strong," said Rajendra Naik, managing director (Investment Banking), Centrum Capital.

The revival in consumption vis-à-vis the last two years has largely been on account of disposable income increasing in the hands of consumers and revenge spending, he added.

"Consumers are spending more than previous years as there is more money in their hands. The upcoming festive season is only expected to spur consumption even more. There is strong institutional interest in such IPOs, thanks to expectations of healthy returns in the medium term," said Deepak Jasani, head of retail research at HDFC Securities.

For example, Cello World's price band was set at ₹617-648 a piece. It had earlier mopped up ₹567 crore from anchor investors. The portion reserved for Qualified Institutional Buyers or QIBs saw a stellar 108.6x subscription, even as its employee and retail portions saw a relatively lukewarm response.