

Fireworks on D-Street: Four IPOs to raise over ₹6,600 cr

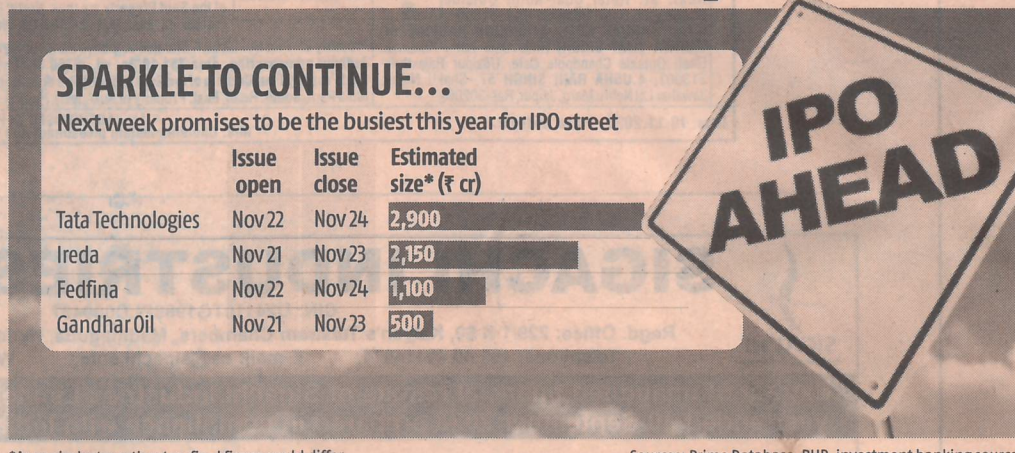
Boom time for listings as Tata Tech leads the brigade

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Mumbai, 14 November

Diwali fireworks are expected to continue on Dalal Street next week, with four companies collectively seeking to mobilise over ₹6,600 crore through initial public offerings (IPOs). In terms of the amount raised, this is poised to be the busiest week of calendar year 2023.

Tata Technologies (Tata Tech), a subsidiary of Tata Motors, could lead the charge with an IPO projected to be over ₹2,900 crore. This will mark the first maiden share sale by a Tata Group firm in nearly two decades. The last IPO from India's most valuable conglomerate was Tata Consultancy Services in 2004. The state-owned power project financier, Indian Renewable Energy Development Agency, will also launch its maiden share sale worth over ₹2,100 crore.

The other two offerings are from Federal Bank's retail-focused non-banking financial company arm, Fedbank Financial Services (Fedfina), and consumer oil manufacturer Gandhar Oil Refinery (India). Industry players, despite challenging market conditions,



Sources: Prime Database, RHP, investment banking sources

assert that companies are eager to proceed with their share sales ahead of state elections and the year-end holiday season for foreign portfolio investors (FPIs).

Following a turbulent October, these four IPOs will once again test investors' appetite for primary share sales, they said.

The IPOs are coming at a time when FPIs are set to remain net sellers for a third straight month. Since September, FPIs have sold domestic shares worth ₹40,000 crore (nearly \$5 billion). Bankers said liquidity support from domestic funds will ensure good demand.

"FPIs and retail dominated the IPO market 20 years ago, and high networth investors followed FPIs.

Now, the market is dominated by domestic institutional investors. In the past three years, FPIs have vacillated, removing money from the Indian market. But domestic investors have been buying continuously. With such strong domestic flows, any company with an interesting story and an attractive valuation will have takers," said Ajay Garg, founder of Equirus Capital.

If all four issues sail through successfully, the IPO mobilisation for November, at nearly ₹8,500 crore, will be the second-most this year after September when close to ₹12,000 crore was raised.

Market players said the continuous flow of deal activity amid FPI selling is a sign that domestic mar-

kets have matured.

"Indian markets have largely discounted the global headwinds, whether the geopolitical situation or the rate-hike scenario. Global headwinds have not had any long-term impact on the market in the last few years due to the gush of domestic money. The channeling of domestic savings to Indian markets and the rise in the number of investors have made Indian markets largely resilient," said Mahavir Lunawat, founder, Pantomath Advisory Services.

However, some companies have had to reduce their IPO size to align with challenging market conditions. For instance, Tata Tech had cut its IPO size by more

...IT COULD LIFT THIS MONTH'S IPO TALLY TO SECOND-BEST THIS YEAR

	No. of issues	Amount (₹ cr)
January	0	0
February	0	0
March	3	633
April	2	5,191
May	0	0
June	4	2,246
July	4	2,223
August	7	4,759
September	14	11,893
October	4	4,986
November**	7	8,437

**includes four IPOs that open next week

than a third. In March, when the company filed its draft red herring prospectus (RHP) with the Securities and Exchange Board of India, it intended to sell 95.71 million shares, or 23.6 per cent equity.

According to the latest RHP, the Tata Tech IPO will consist of an offer for sale of 60.85 million shares. In October, however, Tata Motors sold a 9.99 per cent stake in Tata Tech for ₹1,613.7 crore to investors, led by private equity major TPG.