

QIB, HNI interest keeps IPO universe buzzing

Four of the five issues see full subscription

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THE INVESTOR INTEREST in the ongoing initial public offerings (IPOs) is showing no sign of cooling down, with both Tata Tech and the Indian Renewable Energy Development Agency (IREDA) garnering massive subscriptions.

IREDA closed its IPO with a massive 38.8x subscription, spurred by a 104.57x booking in the qualified institutional buyer (QIB) portion. The last instance of an IPO seeing a higher QIB booking was in 2019, when Indian Railway Catering and Tourism Corporation (IRCTC)'s QIB segment saw bids of 105.55x.

"The QIB interest is high and can be attributed to the heavy SIP/equity MF money flowing in, which has left the funds with an investment surplus. They also are seeing a lot of value in these well-priced public issuances," said Rajendra Naik, managing director (investment Banking), Centrum Capital.

The non-institutional and retail portions saw bids of 24.16x and 7.73x. The price band for the



TOP 5 QIB SUBSCRIPTION

Company	Opening date	Issue amount (₹ crore)	Times subscribed	
			QIB	Total
Religare Enterprises	Oct 29, '07	140.16	184.94	158.63
Future Capital Holdings	Jan 11, '08	491.34	180.66	131.21
Sobha Developers	Nov 23, '06	569.17	168.79	113.82
Mundra Port & SEZ	Nov 1, '07	1,771.00	159.26	115.02
Mindtree Consulting	Feb 9, '07	237.72	157.04	102.43

Source : primedatabase.com

₹2,150.21-crore offer was fixed at ₹30-32 a share.

Tata Technologies — the other major IPO — was booked 14.85x on Thursday, the second day of subscription. While there were bids of 8.55x and 11.2x for the QIB and retail portions, the HNI or non-institutional portion was booked 31x. The ₹3,042-crore IPO, which closes on Friday, has its price band fixed at ₹475-500 a share.

Among the smaller public

issues, both Gandhar Oil and Flair were fully subscribed on the second day of the issue, while Fedbank was the only one to not receiving full subscription.

Gandhar's ₹500-crore IPO saw a strong 15.25x booking, thanks to 26.3x HNI booking, while the QIB and retail segments were booked 3.14x and 17.24x. Flair, on the other hand, was subscribed 6.11x with notable interest from HNIs (10x). The QIB and retail por-

tions saw 1.36x and 7.14x booking, respectively.

"Overall market sentiment is positive, with macro and micro economic indicators being strong. IPOs leave something on the table for investors, and is thus an attractive avenue for HNI investment; it leaves the door open for listing day gains," added Naik.

Fedbank's public issue remained the damp squib, failing to generate any enthusiasm among investors. The issue was subscribed a mere 0.9x, with few takers from the QIB and HNI portions. Only the retail segment witnessed full subscription of 1.25x.

A banker who did not wish to be named said Fedbank has seen a lukewarm response given the impact of the recent regulatory changes. However, it is likely to do well once listed.

Market players have recently been of the view that the market is ripe for IPOs and the sentiment is generally strong. This is because firms to have listed of late have generally done well and lived up to expectations.

Additionally, the rally in mid and smallcap indices for the major part of the year has not only strengthened market sentiment but has also given confidence to retail investors.