

Fantastic four: Wager on IPOs exceeds ₹2 trn

Tata Tech offering races past LIC with a record 7.33 million applications

BIG BETS

	Issue size (₹cr)	Subscription (x)	Bids* (₹cr)
Tata Tech	3,042	69.43	156,325
Gandhar Oil	500	64.07	23,001
Flair Writing	593	46.68	20,454
FedBank Financial	1,092	2.20	1,722
Total	5,227		2,01,502

*Excludes bids placed under anchor category

Sources: NSE, BSE



SAMIE MODAK
Mumbai, 24 November

Investors placed cumulative bids exceeding ₹2 trillion on four initial public offerings (IPOs) that closed on Friday.

Tata Technologies led the pack with its maiden share sale oversubscribed nearly 70 times, attracting bids surpassing ₹1.56 trillion. The smaller offerings of Flair Writing Industries and Gandhar Oil Refinery (India) each drew bids worth over ₹20,000 crore. FedBank Financial's ₹1,092 crore offering witnessed a relatively subdued response, with just over two times oversubscription. A day earlier, the state-owned Indian Renewable Energy Development Agency's IPO had attracted nearly 39 times subscription, with bids nearing ₹58,500 crore.

The first share sale by a Tata group company in nearly two decades also drew the highest number of applications. Tata Tech's ₹3,042 crore IPO received 7.33 million applications, breaking the record set by Life Insurance Corporation of India (LIC), the IPO of which had drawn 6.13 million applications (excluding rejections).

The institutional investor portion of Tata Tech's issue was subscribed over 200 times, the retail portion nearly 17 times, and the high net-worth individual (HNI) portion 62 times. Meanwhile, overseas funds placed bids nearing ₹40,000 crore.

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IPO market...

Market insiders attribute the high grey market premium for Tata Tech and the group's robust stock market pedigree as significant draws for investors across categories. Grey market operators anticipate the stock to register more than 70 per cent gains on the day of listing.

Shares of Tata Tech, a firm offering product development and digital solutions to auto original equipment manufacturers (OEMs), were priced at ₹500 apiece in the IPO, giving the company a valuation of ₹20,283 crore. "At the upper price band of ₹500, Tata Technologies is trading at 32.5 times FY23 P/E multiple. Its peers are trading at a relatively expensive valuation with FY23 P/E multiple of 108.9 times for KPIT Technologies, 68.5 times for Tata Elxsi, and 40.1 times for L&T Technology Services. We believe Tata Technologies

is well placed to encash on the growth opportunities in ER&D (engineering research and development) space and looking at the relatively cheaper valuations, we recommend investors to subscribe to the issue," said SBI Securities in a note.

The five IPOs that concluded this week raised a total of ₹7,377 crore. These offerings follow a 5 per cent rebound in the benchmark indices from their October lows. Most global markets have rallied over the past month, buoyed by hopes that the US Federal Reserve has concluded its monetary tightening. After peaking at 5 per cent, the US 10-year bond yields currently hover below 4.5 per cent. Market insiders suggest companies rushed to the market to sidestep any volatility that could be triggered by election results in five states.

So far this year, 45 main-board IPOs have raised ₹40,600 crore. During the previous calendar year, 40 issues had raised ₹59,301 crore, according to PRIME Database.

Last year's tally was boosted

by LIC's record ₹21,008-crore IPO. This year has been dominated by small- and mid-sized IPOs. The sharp rally in this space has given investment bankers and issuers the confidence to roll out their offerings. Moreover, most of the 40-odd companies that have been listed, so far, are trading above their issue price.