

DB Realty \$325 mn IPO subscribed 3 times

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Reuters Mumbai: Developer DB Realty Ltd's \$325 million initial public offer (IPO) was covered nearly 3 times by its close on Tuesday, with strong demand from institutions compensating for a lack of interest from retail investors.

The IPO was subscribed 2.95 times the shares on offer by 530 pm (1200 GMT), National Stock Exchange data showed. Most bids were at the lower end of the Rs468 to Rs 486 price band.

According to two bankers to the issue, who spoke on condition of anonymity, the retail allotment of the IPO was not covered, attracting bids for only about one-third of the shares on offer.

In contrast, institutional buyers applied for 4.7 times the shares available, and high net-worth investors for 4.2 times their allocation. The unsubscribed portion of retail stock will be allocated to other investors.

Last week, DB Realty said it would raise \$58 million by issuing shares at Rs468 each to six anchor investors. Last month, Godrej Properties, the first property listing in Mumbai in over two years, rose by a fifth on debut. The IPO had been subscribed 4 times the offer size, with institutional interest offsetting the poor retail response.

DB Realty is developing 19.5 million sq ft of projects, mostly in Mumbai. It has offered up to 13.4% of equity to partly fund projects and to repay debt. After DB Realty, there are at least 16 real estate firms that have lined up plans for share sales, buoyed by a sharp stock market rally last year and as property buyers return. Enam Securities Private Limited and Kotak Mahindra Capital Company Private Limited are the book running lead managers to the issue.
