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Celebration time: S. Ramesh.

Coal India IPO a matter of national pride

INTERVIEW

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MUMBAI

Coal India Ltd's initial public offering (IPO) has closed after receiving record demand of \$54 billion (\$2.4 trillion). That makes it India's biggest issue by a very wide margin and marks a watershed for Indian primary markets. S Ramesh, chief operating officer, Kotak Investment Banking, comments on the IPO in an interview. Edited excerpts:

Have I pulled you out of a party?

You're absolutely right. It really feels like celebration time as it is a matter of national pride. Just look at what Coal India has done to Indian capital markets.

The issue has been why some previous government issues did not do very well and that it was because the government was insisting on almost zero fees for investment bankers. This time they said "we will pay our investment bankers very well and yet you guys bid at zero. What is the money you are making out of this issue?"

I think handling the Coal India IPO has been a privilege for us. The kind of size, the fact that we have worked with the government and the company and just dealing with investors, has really made us feel proud that we have got the scale and a quality company of this kind that we have been able to take to investors.

Any new investors?

There are three-four investors who have looked at an IPO investing into India for the first time. The other thing that I saw as a discernable trend was reasonably good demand from the US. About a quarter of the QIB (Qualified Institutional Buyer) demand came from the US, which is a pleasant surprise.

Can I find fault with the fact that your retail portion was subscribed only two times? Why not more?

You must look at the fact that this is a \$3 billion IPO and the retail bucket getting 2.5 times subscribed with close to \$3 billion demand, to my mind, is fantastic.

What kind of role did the government play in being able to make sure that the demand for this issue exceeded expectations?

The largest credit for the success of this IPO should go to the CMD (chairman and managing director) of Coal India and his team, who did an outstanding job on the road shows with the investors. Also to Mr Sumit Bose and his colleagues at the disinvestment ministry, who took a lot of pains in meeting investors, in talking to brokers not just in the context of the IPO but in a larger disinvestment plan and really setting the ambience.
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