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HPL Electric IPO sails through despite slow start, subscribed 7.8 times

The initial public offering (IPO) of HPL Electric & Power made up for the initial weak response, as investor lapped up shares with both hands towards the fag end of the bidding process.

Data available with BSE and NSE suggested the issue got closed after receiving bids for 11.20 crore shares, which was 7.8 times the issue size of 1.44 crore shares. The issue had received poor response in the first two days.

Retail investors bade for 6.87 crore shares, which was 22.21 times the quota limit for the investor category. Non-institutional investors quota was subscribed by 2.82 times, while the quota for qualified institutional investors (QIBs) was subscribed 5.76 times by 5 pm.

The company last week allocated 53,61,385 equity shares to 13 anchor investors at Rs 202 apiece, aggregating to Rs 108.30 crore. Investors can bid for a minimum of 70 shares and in multiples of 70 thereafter. The issue closes on Monday.

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The company's revenues had grown at a slower pace of 3.4 per cent (compound annually) in the last 2 years due to slower growth in business-to-business category and, given the financials and return ratios, its valuation discount to peers was justified, say experts. That said brokerages were holding neutral to positive view of the issue, expecting improvement in earnings going ahead.

Prabhudas Lilladher in another note said, "We believe improving brand visibility, reducing leverage, strong growth opportunity, lower working capital intensity and improving utilisation should help HP deliver healthy earnings growth over the next few years." The brokerage had a 'subscribe' rating on the IPO.

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