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RDIF and Partners Join the Alrosa IPO Fray

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The state-financed Russian Direct Investment Fund, or RDIF, has assembled a group of major international investors and plans to participate jointly in the initial public offering of Alrosa, the world's largest diamond company, Interfax reported, citing individuals close to the IPO's underwriters.

RDIF declined to comment.

The fund is bidding for shares currently owned by the state — a 7 percent stake owned by the Federal Property Management Agency and an equal stake belonging to a company owned by the Yakutia region government are both on the table.

The federal and Yakutia governments will be left with Alrosa stakes of 43.9 percent and 25 percent plus one share, respectively, Vedomosti reported.

A 2 percent stake held by Cyprus-based Wargan Holdings is also to be included in the public float.

Although the book building was to officially conclude Friday at 7 p.m. MST, by Thursday bids had been received for all available shares, with most orders coming from abroad, an employee of one of the banks running the books said.

Nonstate pension fund Blagosostoyaniye has applied for a significant portion of the IPO, administrative director Yury Novozhilov said Wednesday. All other bidders remain anonymous.

Investors waited until the last minute to apply hoping that the company and underwriters would lower the price range but found that the banks were unwilling to do so, individuals close to the underwriters added.

The bid book was signed towards the lower end of its price scale, unidentified employees of two investment banks said, meaning that the shares could sell for a total of approximately $1.28 billion.

Final pricing of the IPO is scheduled for next Monday.

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