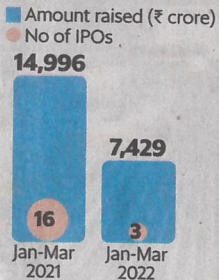
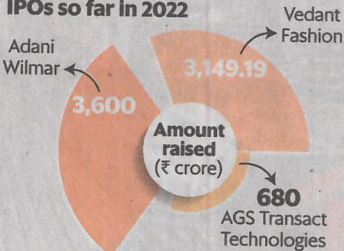


Lacklustre phase

Three companies raised ₹7,429 cr via IPOs in Jan-Mar this year against 16 firms raising ₹14,996 cr in the same period a year ago.



IPOs so far in 2022



Source: Prime Database, Sebi

PARAS JAIN/MINT

IPO market to see first share sale in 2 months next week

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Even as education company Veranda Learning Solutions prepares to open its ₹200 crore initial public offering on 29 March, the first IPO in India in almost two months, industry experts believe that most companies will remain on the sidelines due to the ongoing volatility in stock markets.

After a record 2021 in which companies raised ₹1.18 trillion through IPOs, 2022 has so far seen just three companies launch initial share sales, raising just ₹7,429 crore, shows data from primary market tracker Prime Database. These include Adani Wilmar Ltd, Vedant Fashions Ltd and AGS

Transact Technologies Ltd. The last IPO — Vedant Fashions — was on 4 February.

“Although the pipeline continues to remain very strong, the last two-three months have hardly seen any activity. You may see a few deals pushed by the fact that the companies need to raise funds in the near term, and the regulatory validity of financials reported in the draft prospectus may expire if the launches get delayed, which would then require them to spend more time in updating their prospectus with the latest financials further delaying their fundraising plans,” said Pranav Haldea, managing director, Prime Database.

The secondary market

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needs to stabilize before activity returns to the primary markets, Haldea said, adding that historically, whenever markets are volatile, there is a pause in primary market activity.

“The biggest concern for companies is volatility in the secondary market. Liquidity is not as much of a challenge. While foreign institutional investors have been pulling out money, domestic investors continue to buy and provide support to the market. For companies, an IPO is a once-in-a-lifetime event. So, companies are willing to wait a few months if market conditions are not favourable,” he added.

Industry experts said that most launches remain on hold, though they expressed optimism that some IPOs may happen in the second half of April.

“Veranda is a small ₹200 crore IPO. The market has not yet opened up for IPOs. Blocks (large stake sales in secondary markets) deals have been happening; so, we hope that IPOs should also start happening soon—perhaps from mid-April,” an investment banker advising several companies on their initial share sale plans said on the condition of anonymity.

Another investment banker, on condition of anonymity, said that near-term activity in primary markets would depend on the success of the current deals in the market.

Apart from Veranda, Patanjali-owned Ruchi Soya Industries is looking to raise up to ₹4,300 crore through a follow-on public offer which opened for subscription on Thursday.

“People are keeping an eye out. If Veranda and Ruchi Soya go through, then we can expect a lot more action. Also, with LIC timelines still not decided, some people may look to launch their deals before LIC comes to the market,” said the second banker cited above.