

Half a dozen IPOs in May after LIC

With ₹28,960-crore projected mop-up, month to be second-best for fund-raising

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At least half a dozen companies, besides Life Insurance Corporation (LIC) of India, are looking to raise ₹7,960 crore through their initial public offerings (IPOs) this month.

The ₹21,000-crore IPO of LIC opened on Wednesday.

Total funds raised could reach ₹28,960 crore, making May the best month for IPO fund-raising after November 2021.

In November 2021, nine companies had raised ₹35,664 crore through IPOs.

The ₹5,235-crore IPO of Delhivery, an integrated logistics company, will open on May 11. The offering comprises a ₹4,000-crore fresh issuance; the rest is an offer for sale.

Venus Pipes and Tubes, Ethos, Hexagon Nutrition, eMudhra, and Aether Industries are others waiting in queue.

The IPOs are coming when equity markets are volatile largely due to the hawkish stance of central banks the world over, an inexorable war in

TAKING STOCK

IPOs to hit the market after LIC

Company	Issue amt (₹ cr)
Delhivery	5,235
Aether Industries	1,000
Hexagon Nutrition	600
eMudhra	500
Venus Pipes and Tubes	225

Ukraine, and fears around economic growth.

Rising inflation has forced major central banks, including the US Federal Reserve (Fed), to prioritise fighting price puffiness. The statements by Fed officials in April hinted at an aggressive reduction of its balance sheet and a 50-basis point (bps) hike.

Fed Chair Jerome Powell said "one or more" 50-bps hikes could be appropriate to tame the hottest inflation in four decades.

The war between Russia and

Ukraine continues to weigh on sentiment.

Rising crude oil prices have increased India's import bill.

Moreover, India's Economic Survey predicted an 8-8.5 per cent gross domestic product growth rate in 2022-23. But, crude oil remaining in the range of \$70-75 per barrel was one of the main assumptions, based on which these projections were made. The Ukraine offensive has pushed crude prices to above \$100.

Negative global cues have led to foreign portfolio investors (FPI) selling Indian equities worth ₹1.3 trillion in 2022. Foreign investor participation plays a crucial role in keeping the IPO market robust.

The benchmark Sensex gained 22 per cent in 2021. The gains in the secondary market helped 63 companies to raise ₹1.18 trillion through IPOs. Bankers said there is enough liquidity in the market to absorb all IPOs, volatility and the launch of LIC's mega issue notwithstanding.

"In the past six months, retail and domestic institutional investors have

absorbed the impact of FPI selling. We are coming of age. There will be a temporary crunch because LIC will suck out some liquidity. Soon enough, there will be windows for new IPOs to come up," said Rajendra Naik, managing director, Centrum Capital.

However, bankers said issuers will have to make reasonable compromises regarding valuations, if heightened volatility persists.

"Valuation adjustments are now a reality. Promoters will have to temper their expectations based on market scenario," said Naik.

Lofty valuations, especially for loss-making unicorns, had been pilloried after Paytm's listing debacle last year.

"Calendar year 2022 is unlikely to see the same level of primary market issuances as in 2021. While there is a robust pipeline of companies that have received or are awaiting Securities and Exchange Board of India's approval, the secondary market is still volatile. We have seen a few good issues of late. Prospective issuers will take confidence from that," said Pranav Haldea, managing director, PRIME Database.