

Stormy markets put IPOs worth ₹1.6 tn on hold

Priyanka Gawande

priyanka.gawande@livemint.com

MUMBAI: Stormy markets have put public share sale plans of nearly ₹1.6 lakh crore on hold as companies and investors alike wait for the return of normal times. According to a Prime Database study, this includes companies that have received approval for initial public offerings (IPOs) worth ₹89,468 crore and issues awaiting approvals totalling ₹69,320 crore.

Markets worldwide have been in turmoil ever since Russia invaded Ukraine in February, and the US Federal Reserve kicked off interest rate hikes. The steps have boosted commodity prices and drained money from equity markets, cooling enthusiasm for IPOs.

Investor interest is muted, a private banker said. "Out of the companies that Securities and Exchange Board of India (Sebi) has approved for IPOs, nearly 50 have completed roadshows. They have met with investors, but the level of investor interest is significantly low," he said. Deals are becoming "very difficult", the banker said, pointing to the carnage in mid- and small-cap stocks, even as the Nifty and the Sensex have held up somewhat last week.

Among prominent IPO aspirants waiting for better times are Fab India, Aadhar Housing Finance, Go Airlines, PharmEasy, Oyo, Droom, Ebix, Gemini Edibles and Fats India, Five Star Business Finance, TVS Supply Chain Solutions, Macleods Pharmaceuticals, Navi Technologies, Joyalukkas India, and KFIN Technologies.

It's uncertain when the market will stabilize, an analyst with



Unlike LIC, many firms await better market conditions for their IPOs.

BLOOMBERG

a brokerage said. "At times, companies delay IPO plans due to bearish markets. More importantly, the companies are right now in a wait-and-watch mode," he said. LIC gathered the courage to tap the markets, but many others await better market conditions, the analyst said on condition of anonymity.

The banker mentioned earlier said some firms have not started engaging investors since they are unsure of getting the desired valuation now. According to him, mutual funds also want to wait out another quarter for better clarity on the Ukraine war before investing in new firms. Domestic institutions that have become larger do not want to merely add another company to their portfolio and want to wait for good opportunities, he added.

Investors are also not keen on startups which are still burning cash, especially since many high-profile firms such as Paytm and Zomato have been trading far below their issue price.