

IPOs worth ₹1.6 trillion stuck in pipeline

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Stormy markets have put public share sale plans of nearly ₹1.6 trillion 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 late February, and the US Federal Reserve kicked off interest rate hikes. The measures have boosted commodity prices worldwide 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

IPOs worth ₹1.6 tn stuck in pipeline amid choppy markets

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banker said, pointing to the carnage in mid- and small-cap stocks, even as the Nifty and Sensex have held up somewhat last week.

Among prominent IPO aspirants waiting for better times are Fab India, Aadhar Housing Finance, Go Airlines, PharmEasy, Oravel Stays (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



Fed rate hikes have drained money from equity markets, cooling enthusiasm for IPOs. REUTERS

with 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. Life

Insurance Corp. of India 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 companies 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 war in Ukraine before investing in new companies. 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 companies such as Paytm and Zomato that went public last year have

been trading far below their issue price, even before this year's volatility shock.

A banker at a state-owned lender said there is a mismatch in valuation expectations between the issuer and the investor. The Fed rate hike and inflationary concerns are also forcing companies to defer IPOs, he said, seeking anonymity.

Gaurav Mistry, a partner at DSK Legal, said the IPO market has slowed due to multiple reasons, such as high com-

modity prices and interest rate hikes, both domestic and global. Further, the correction in recently listed firms, especially new-age tech firms, has

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heightened the worries of both companies and investors.

"Volatility has resulted in a delay in consummation of several IPOs. The geopolitical situation, along with inflation, is a

factor that will dictate the momentum." Sandip Khetan, partner and financial accounting advisory services leader at EY India,