

# Jittery mkt leads to longest dry spell for IPO launch in a year

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There is a lull of initial public offerings (IPOs) after a storm last year. Consolidation over the past few months have made it tough for companies wanting to tap the capital markets to raise funds. As a result, there has been a dearth of IPOs for more than a month. This is the longest dry spell since May 2021, the only month in last year's IPO boom when no public issue hit the primary markets.

The quiet phase is mainly because of intensifying geopolitical tensions, rising inflation

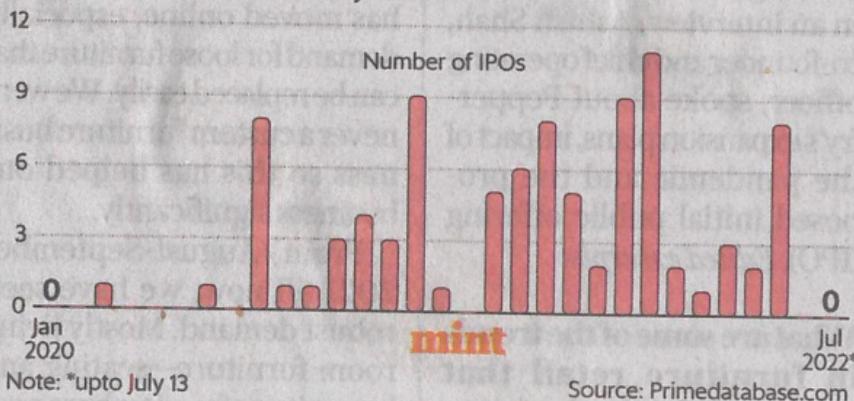
worries, and global growth concerns that have rattled the equity markets.

There is no new IPO in sight. However, whether this phase can be longer than the lockdown-induced lacuna of the June 2020 quarter depends on when stability returns to the markets. The IPO pipeline is still strong as issues worth ₹1.06 trillion have already received the regulator's approval. However, companies are hesitant to launch IPOs in this jittery market.

"As things stand presently, volatility in the market does not show any sign of abating and the overall mood is also bearish," said Pranav Haldea, man-

## IPO lull

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aging director, PRIME Database Group. "In such markets, typically and historically, companies do not like to launch their IPO," Haldea said.

Both retail and institutional

investors had thronged the primary markets soon after the crash that came as a result of the pandemic. Consequently, IPO fundraising reached a record ₹1.2 trillion in 2021. The

euphoria has, however, been ebbing since the beginning of 2022, though some heavy lifting has been done by the biggest public issue, that of the Life Insurance Corporation of India.

Yet, the public equity fundraising scenario is not totally gloomy as the June quarter saw 10 public issues compared to six in the corresponding period last fiscal.

"It's been just a month or so that has not seen any IPO activity. We don't believe that the IPO market has completely dried up," said Prashant Rao, director and head, equity capital markets, Anand Rathi Investment Banking. "That

being said, it is a challenging time and companies with approvals in hand are waiting for the right window of opportunity to launch," he said.

Meanwhile, corporate fundraising looks challenging against the backdrop of a highly volatile stock market and rising interest rates.

"There have been some market challenges as well as some performance pressure with companies that launched IPOs recently. Hence, some investors are wary of new IPO opportunities. Many companies are already in talks for alternative sources of financing till the time the IPO market opens up," Rao said.

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