

# Cloud over IPOs worth ₹24,000 crore

Approvals for as many as 19 listings expire in next two months

**ASHLEY COUTINHO**  
Mumbai, September 18

**THE TURMOIL IN** Indian equities last week has put a cloud on public share sales lined up for this year.

Regulatory approvals for as many as 19 initial public offerings (IPOs), valid for a year, expire in the next two months. Most of these IPOs may not be able to hit the market within the given timeframe, said a senior banker familiar with matter. Together, these firms aim to raise anywhere between ₹23,000-24,000 crore.

Companies have the option of letting the regulatory approval lapse or withdraw their IPO and refile. Gemini Edibles & Fats India withdrew its ₹2,500-crore IPO recently, said people in the know. Stitched

## MARKET VOLATILITY PLAYING SPOILSPORT

### Issues with expiring validity

	Date of approval	Estimated issue amount (₹ cr)
Emcure Pharmaceuticals	Dec 08, 2021	4,000
India1 Payments	Nov 24, 2021	2,000
ONE Mobikwik Systems	Oct 07, 2021	1,900
LE Travenues Technology	Dec 16, 2021	1,600
Penna Cement Industries	Oct 14, 2021	1,550
Sahajanand Medical Technologies	Dec 17, 2021	1,500
Healthium Medtech	Nov 24, 2021	1,350
Sterlite Power Transmission	Dec 02, 2021	1,250
ESDS Software Solution	Dec 03, 2021	1,200
Puranik Builders	Nov 18, 2021	1,000

Source: primedatabase.com

Textiles and SSBA Innovations withdrew their offer documents in August, regulatory filings show.

"Markets are still volatile. A few launches would happen but a del-

uge of IPOs is unlikely," said Pranav Haldea, managing director, PRIME Database. "We have seen this in the past as well. If market conditions are not good, companies are happy

### Companies aiming for IPOs around Diwali

Estimated issue size (₹ cr)

Aadhar Housing Finance	7,300
Archean Chemical Industries	2,200
Bikaji Foods	1,000
Veeda Clinical Research	832
Landmark Cars	762
DCX Systems	600
JK Files & Engineering	500
Concord Enviro Systems	500

Source: primedatabase.com/  
investment bankers

to let the approval lapse."

The benchmark BSE SENSEX slid 1.6% last week.

Continued on Page 2

# Cloud over IPOs worth about ₹24,000 crore

Experts suggest that there is a large pool of private capital available today and public markets are not the only source of funds.

"As we have seen lately, withdrawal of draft offers may happen for some issuers who may have imminent funding requirement or would want to pursue a strategic investment route instead," said Ravi Dubey, partner, IndusLaw.

API Holdings, owner of India's largest online pharmacy PharmEasy, for instance, withdrew its IPO last month, citing market conditions and strategic considerations. The company said it plans to raise funds via a rights issue.

"Investors have put in stronger filters in terms of business models, management quality and profitability while selecting companies. That's why we are not seeing the kind of rush that we saw last year," said a senior banker, on condition of anonymity.

This also rules out the possibility of new-age firms tapping the market any time soon. "It will be tough for loss-making companies to launch in these conditions, unless they become profitable or demonstrate a defined path to profitability," said a second banker.

To be sure, the success of Dreamfolks Services and Harsha Engineer this month has buoyed sentiment somewhat. The sub-thousand crore issues were oversubscribed 57x and 74x, respectively.

"A fair number of mid-size issuers with strong fundamentals are receiving positive feedback during roadshows and investors are nudging them for a launch," said a lawyer.

But the markets are still waiting for an opportune time to launch thousand-crore-plus issues. One of the reasons for the lacklustre response for big-ticket



trades, according to the lawyer, is the mismatch in valuation expectations between promoters and investors.

Several larger companies had done their roadshows between May and July, and got a weak response from investors as the markets were in considerable turmoil. Investors were not receptive, particularly to sectors such as BFSI back then. Some of the companies in this space are trying to hit the

market again amid an uptick in sentiment but the going may be difficult, said bankers.

Last week, Ujjivan Small Finance Bank raised ₹475 crore through a qualified institutional placement. In August, AU Small Finance Bank raised around ₹2,000 crore from qualified institutional investors.

"We have started receiving inquiries for mid-size IPOs in varied sectors, including financial services, manufacturing and healthcare," said Dubey. However, the heightened regulatory scrutiny may impact the timelines in receiving final approval and it is advisable for IPO candidates to factor this in for their listing plans, he added.

Sixty seven companies with issuances worth nearly ₹1 trillion have the regulatory approval. Another 46 companies that could potentially raise ₹67,000 crore are awaiting regulatory nod.