

# Over ₹5,000-crore IPOs likely to hit markets next month

Primary market momentum seen sustaining in an otherwise 'lacklustre' month

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**C**lose to half a dozen initial public offerings (IPOs), worth over ₹5,000 crore, are expected to hit the markets next month as investor sentiment perks up. Typically, December is considered a lacklustre month for fundraising activity. But with markets scaling new peaks and foreign portfolio investor (FPI) flows staying buoyant, companies and investment bankers are looking to capitalise on the opportunity.

Companies projected to roll out their public offerings in December include KFin Technologies, Concord Enviro Systems, and GPT Healthcare.

November has proved to be the best month this year for IPOs by deal volumes. About 10 IPOs have mobilised a collective ₹10,566 crore this month.

"With stocks in listed markets rallying, IPOs, too, are finding willing participants. This month has proven to be very successful for IPOs. Also, large block deals are getting absorbed. In all likelihood, the momentum will sustain in the months to come," says an investment banker.

Over the past two months, the benchmark indices have rallied more than 10 per cent, with the benchmark Sensex

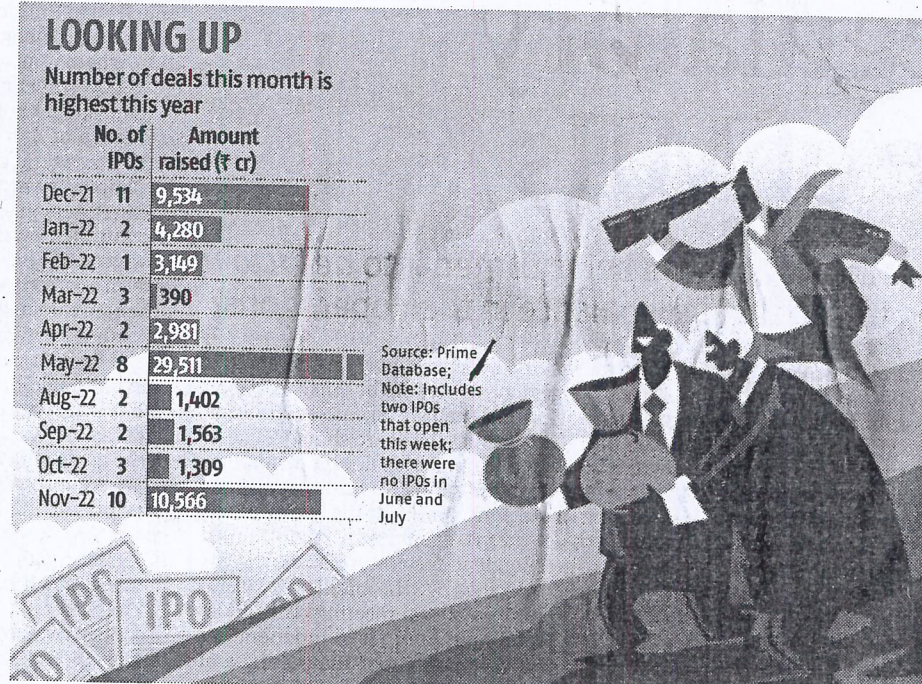


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and the Nifty punching in lifetime highs. FPIs, too, have pumped in over ₹31,630 crore into domestic stocks this month.

After a record-breaking 2021, the IPO market had turned desultory this year amid heightened volatility, set off by fears of recession, especially in the US and Europe.

Adverse market conditions led to the July-September quarter being the

worst since a pandemic-stricken April-June 2020 quarter. Last quarter, only four issues managed to raise a cumulative ₹2,965 crore.

Intensifying inflation has forced major central banks, including the US Federal Reserve (Fed), to adopt an aggressive monetary stance. Fed officials raised interest rates by 75 basis points in November for the fourth time on the trot, bringing the target for the benchmark federal

funds rate to the 3.75-4 per cent range.

The hawkish monetary stance by the Fed has led to a hardening of bond yields and a surge in the US greenback. An uncertain global environment has led to a flight of foreign capital from domestic shores.

"We have had isolated headwinds that sent markets into a tailspin. On certain days, there was more fundraising. Last year, most big

listings were from new-age companies. Investors are now paying greater attention to profitability. Perhaps that explains why we are not seeing some of those large new-age IPOs entering the market this year. The focus is more on the nature of business. Investors want to build a much higher margin of safety," says Nipun Goel, head-investment banking, IIFL Securities.

Notwithstanding volatility this year, there has always been enough liquidity to soak up well-priced issues, say bankers.

"It's not like there is a window of opportunity only for small-sized issues. It's a function of demand and valuation potential. This year has been a buyer's market unlike the previous year. Investors are a lot more discerning. Since they are in prime position to dictate terms, some of the valuation expectations are not being met. Market recovery has not been across sectors and market capitalisations. For this reason, investors are cautious about IPOs," says Venkatraghavan S, managing director and head-equity capital markets, Equirus.

So far this year, 33 companies have raised an aggregate of ₹55,151 crore, supported by the ₹20,000-crore plus IPO of Life Insurance Corporation of India.