

# Glimmer of hope for IPO mart after dismal 6 months

In FY23, validity of 39 IPOs that were supposed to raise over ₹55,000 crore lapsed

ASHLEY COUTINHO  
Mumbai, May 2

THE PREVIOUS SIX months were tumultuous for the primary market, with the regulatory approval for 25 initial public offerings (IPOs) expiring. Four companies have withdrawn their offer documents while those of another seven have been returned by the regulator during the period. These companies were hoping to cumulatively raise over ₹60,000 crore.

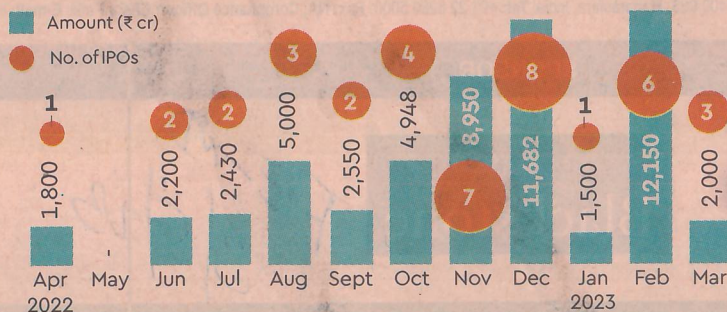
Regulatory approval for an IPO is valid for a year.

With 15 companies having filed their DRHPs in the first three months of 2023, there is some hope for improvement in coming months.

The Sensex gained 0.6% in the past six months, after peaking in December.

Some of the IPOs that have lapsed in the past few months include that of Waaree Energies, Jesons Industries, Capital Small Finance Bank and CMR Green Technologies. Others include offers of Wellness Forever Medicare, API

## IPOs WHOSE VALIDITY LAPSED IN THE PAST YEAR



Source: primedatabase.com

Holdings, JK Files & Engineering, Hexagon Nutrition, Sresta Natural Bioproducts and Maini Precision Products.

Companies that have withdrawn offer documents include First Meridian Business Services, Joyalukkas India, Airox Technologies and SBFC Finance.

"The number of approvals for IPOs which lapsed in the past few months is troubling. A lot of companies would not want to launch their offering in these market conditions when they are not sure of valuations and especially when there is a significant mismatch between what the companies and investors expect," said Pranav Haldea, managing director, PRIME Database.

Overall, in 2022-23, the validity of 39 IPOs that were supposed to

raise over ₹55,000 crore lapsed, the most in the last five years in terms of IPO amount. A dozen documents were withdrawn and nine were returned to the bankers. In all, these companies were supposed to raise over ₹85,000 crore in FY23.

The global market scenario, rise in interest rates, sticky inflation, geopolitical tensions and the selloff by foreign portfolio investors (FPIs) has kept the market on tenterhooks in the past few months.

FPIs pulled out \$3.5 billion and \$647 million from the Indian market in January and February, respectively, but net bought shares worth \$967 million in March and \$1.4 billion in April.

The last few days have seen some stability in the secondary market, with the Sensex gaining 3.4% in the

past month.

The success of the ₹4,326-crore Mankind Pharma issue, the biggest this year and the third-largest since 2022, augurs well for the IPO market, which has seen just six issues this year. "Things have stabilised somewhat in the secondary market and there is hope that a lot of companies which have their approvals still valid will be able to hit the market soon," said Haldea.

Around 15 companies have filed their DRHPs in Q1 of 2023. Fifty-nine companies proposing to raise ₹86,329 crore hold Sebi approval at present, according to PRIME Database. Another 22 companies looking to raise about ₹34,330 crore are awaiting Sebi approval. Of these, four are NATCs which are looking to raise roughly ₹8,100 crore.