

Firms opt for smaller IPOs in volatile mkt

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AFTER TWO MONTHS of muted activity, some amount of buzz is returning to the primary market. However, owing to the volatility due to US President Donald Trump's tariff threats followed by India-Pakistan conflict, most companies are opting for smaller-sized IPOs. Those issues which were filed before the current downturn began are also being trimmed to smaller sizes.

Of the seven issues announced in the current fiscal, four including Ather Energy, Aegis Vopak Terminals, Schloss Bangalore and Scoda Tubes have lowered the issue size by 15-30% from what they had planned at the time of filing the DRHP with the Securities and Exchange Board of India (Sebi). Experts believe this trend is likely to continue after the previous fiscal's

CUT TO SIZE

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euphoria as demand has rationalised and investors are still waiting for clarity on both from the US tariff front and India-Pakistan tension.

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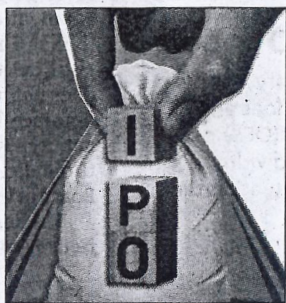
Companies opt for smaller IPOs

IN FY25, 78 mainboard issues raised an all-time high amount of ₹1.62 lakh crore.

According to Yatin Singh, CEO of Investment Banking at Emkay Global Financial Services, the latest filings are in line with the market environment but the companies which filed for IPOs in the bull market will reduce the issue size to offer more reasonable valuations to the investors. "While the market has stabilised, we are nowhere close to the euphoria that we saw last year," he said, noting that FIIs have to return in the small and midcap segment for the institutional demand to improve.

At the same time, he added earnings recovery is not fully captured in the current slowdown and as things improve at the macro level, and a good monsoon will aid growth.

Experts also highlight the tepid listing of Aether Energy also impacted the sentiment. The shares of the electric two-wheeler maker fell more than 5% on listing day.



Pranav Haldea, MD of Prime Database said companies are testing the waters again and valuations & sizes are usually lowered once IPO activity resumes after a break.

Mirae Asset Capital markets director Manish Jain said that the overall sentiment is not in favour of the primary market activity due to the volatility and a sustained bullish market is needed for the action to resume. Data from Prime Database show that 66 companies have valid Sebi approval as of May 16 while 70 other applications are awaiting the regulator's nod.