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India's IPO market loses steam on uncertain outlook; Ather stumbles

Story by Vivek Kumar M and Shivani Tanna • 2w • 3 min read

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FILE PHOTO: People walk outside the National Stock Exchange (NSE) in Mumbai, India, October 22, 2024. REUTERS/Francis Mascarenhas/File Photo
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By Vivek Kumar M and Shivani Tanna

(Reuters) - At least two initial public offerings worth \$759 million are expected to be delayed, adding to a growing list of Indian companies deciding to postpone plans for initial public listings due to weak investor sentiment, investment bankers say.

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Education loan provider Avanse Financial Services and contract drug maker Anthem Biosciences are among companies that will join notable names such as South Korean conglomerate LG Electronics' India unit, to put IPO plans on hold for now, the bankers said.

"There are only select institutional investors coming in at this point given the global uncertainty," Suraj Krishnaswamy, the managing director of investment banking at Axis Capital, said. "And India-Pakistan tensions have not helped."

The trend is an indication that the global trade war and geopolitical tensions have clouded the economic outlook and caused companies

to delay their capital raising and investment plans.

The debut of electric scooter maker Ather Energy, seen as a barometer of investor appetite for the primary market, did not alleviate the market's concerns. The stock fell around 3% in early trade, reversing gains after listing at a premium of 2% to its issue price of 321 rupees.



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The muted listing for a high-profile EV name, which broke a two-month lull in mainboard IPOs, highlights the broader weakness in India's primary market and caution surrounding intense competition in the EV space and elusive profitability, said Vinit Bolinjar, head of research at Ventura Securities.

As many as 58 companies with Indian regulatory clearance have not launched their IPOs due to global market disruptions caused by U.S. President Donald Trump's tariffs, which have negatively affected business sentiment and fuelled recession fears.

Avanse Financial Services received approval for its \$356 million IPO in October 2024, while Anthem Biosciences was cleared to raise \$403 million on April 3. Neither company responded to Reuters' requests for comment.

The regulatory clearances of some firms will expire over the next few months, **PRIME Database Group MD Pranav Haldea** said, forcing them to either restart the entire IPO process or seek an extension from India's market regulator.



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India, which was the world's second-largest IPO market last year, has seen a 58% slump in IPOs listed on the main stock exchanges so far this year, according to PRIME Database. The total fundraising on all the listing platforms has seen an 18% drop, LSEG data showed.

"Things are moving slowly, but it is not a complete standstill. In the current scenario, most of the IPOs are in a similar situation," said an investment banker, who requested anonymity as he was not authorised to speak to the media.

Company executives agreed.

"You don't want to file (for IPO) when you do not know how long the volatility will last," online automobile marketplace Droom's CEO Sandeep Aggarwal said, adding that his firm had decided against filing draft IPO papers by June as it had originally planned.

WORRIED INVESTORS

Retail investors, having suffered significant losses due to market volatility, are being more cautious with new investments, resulting in a lukewarm reception for this year's IPOs.

Ather Energy, which decided to proceed with its \$352 million IPO despite the uncertainty, had to cut its target valuation by 44% and lower its offer size.

"Ather can be a risky bet given the current geopolitical issues and high valuation," Hem Securities senior research analyst Astha Jain said.

India's Nifty 50 is up 4.8% from April 2, since U.S. President Donald Trump announced "reciprocal" tariffs, but is still down 7% from record highs hit in late-September.

The unpredictable environment is prompting bankers to urge their prospective IPO clients to adjust their strategies.

"If the issue is important, then you may have to reconsider valuations. If valuation is important, then you have to wait for some more time," said Bhavesh Shah, the managing director and head of investment banking at Equirus.

(\$1 = 84.3430 Indian rupees)

(Reporting by Vivek Kumar M, Shivani Tanna and Ananta Agarwal in Bengaluru, and Praveen Paramasivam in Chennai; Editing by Dhanya Skariachan and Jacqueline Wong)