

# IPO pipeline may moderate

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After back to back blockbuster years, the initial public offering (IPO) market is expected to witness moderation in activity in Samvat 2075. Weakness in the secondary market and political uncertainty are expected to weigh on new issuances in the coming months, say experts.

A total of 30 companies raised Rs 510 billion in Samvat 2074 surpassing the previous year's tally of Rs 489 billion, data sourced from Prime Database shows.

Market players say the sharp correction in small- and mid-cap stocks and spike in volatility is forcing companies to hold back their IPO plans. Experts say there will be a limited window of opportunity till next year's general elections for deal-making.

Besides elections, macro stability, liquidity conditions and risk appetite of foreign investors will be some of the factors that will determine the fate of the IPO market.

"The IPO pipeline is quite healthy with several companies sitting on approvals and several more filing with the Securities and Exchange Board of India. However, before the general elections, we don't see too many deals getting launched," says Pranav Haldea, managing director, Prime Database.

"Primary markets are a derivative of the secondary market. A revival and stability in the secondary market is critical to give a push to the pipeline," he said.

Poor post-listing of recent IPOs is another factor that will weigh on investor sentiment.

The BSE IPO index, a gauge for the performance of newly-listed companies, fell 13.5 per cent in Samvat 2074 as against a gain of 32 per cent in the previous year. Also, share prices of most new listings has slipped below their IPO price.

Some believe the strong IPO pipeline will get a push if election outcome is favourable.

"If there is political stability, we will see several large IPOs getting launched," says Dharmesh Mehta managing director and CEO, Axis



## TOP 10 IPOs OF SAMVAT 2074

The year saw several big-ticket issuances

	Issue size (₹ bn)	Price in ₹		
		Issue price	Nov 6, 2018	% chg*
<b>New India Assurance Co</b>	96.00	400	220.1	-45.0
<b>HDFC Standard Life Insurance</b>	86.95	290	397.7	37.1
<b>Bandhan Bank</b>	44.73	375	436.7	16.4
<b>Hindustan Aeronautics</b>	41.44	1,215	766.3	-36.9
<b>ICICI Securities</b>	35.15	520	237.2	-54.4
<b>HDFC Asset Management</b>	28.00	1,100	1,402.9	27.5
<b>Varroc Engineering</b>	19.46	967	805.0	-16.8
<b>IndoStar Capital Finance</b>	18.44	572	302.7	-47.1
<b>Aavas Financiers</b>	17.34	821	662.4	-19.3
<b>Reliance Nippon Life</b>	15.42	252	162.3	-35.6

Sources: Bloomberg/Exchanges; Compiled by BS Research Bureau; \*Issue to date

Capital. "If we get a stable government, there will be more reforms on the infrastructure side. We might see large deals in sectors such as infrastructure, power and retail. There will be lot more opportunities as there could be revival in economy growth and capex cycle."

In Samvat 2074, companies in the banking financial services and insurance (BFSI) segment accounted for bulk of the fund raising. The year also saw IPOs from state-owned defence companies such as Hindustan Aeronautics, Midhani and Bharat Dynamics.

New India Assurance's offering, which raised Rs 96 billion, was the biggest public issue in the year. The next big IPOs were by HDFC Standard Life and Bandhan Bank, which raised Rs 87 billion and Rs 45 billion, respectively.

Ajay Garg, managing director, Equirus Capital, says there could be some IPO launches post the next month's state elections.

Experts say Samvat 2075 could see issuances from across sectors and it is unlikely that one sector will dominate this year.