IPO market set for revival in June

Akshata Gorde
Mumbai

After two months of subdued activity, the primary market is set to see a pick-up in June, with a handful of companies lining up public issues even as the larger ones continue to assess market conditions amid geopolitical uncertainty and volatility.

The IPO of Hexagon Nutrition, an offer-for-sale (OFS) worth about ₹139 crore, will open for subscription on June 5, while CMR Green Technologies' ₹630-crore OFS is scheduled during June 3-5. In the SME segment, Merritronix, Liotech Industries, Vahh Chemicals and Genxai Analytics are among the companies scheduled to tap the market.

The improving June calendar follows a lull that saw only two mainboard IPOs in April and none in May as geopolitical tensions, volatility and valuation concerns prompted several firms to defer their listing plans.

"We could see a selective pickup in June, but issuers are likely to remain valuation-sensitive. Companies with strong fundamentals and reasonable pricing may proceed, while others could wait for more stable market conditions," said Pranav Haldea, Managing Director, Prime Database Group.

MAJOR ISSUES

- Hexagon Nutrition
- CMR Green Tech

There appears to be greater comfort among issuers than a couple of months ago, he said. "Companies are recognising that markets rarely offer perfect visibility and many are willing to proceed if they see stable investor demand and acceptable valuations."

Narinder Wadhwa, MD & CEO, SKI Capital Services, said, "Many companies are not cancelling plans but waiting for favourable issuance windows amid geopolitical uncertainty and valuation concerns."

Companies with strong earnings visibility, consumption-led themes, financial services businesses and differentiated manufacturing stories could be among the first to test the market, he said.

IPO PIPELINE

According to Prime Database, 161 companies with valid SEBI approvals and an estimated issue size of about ₹2.42 lakh crore are awaiting launch, while 74 companies seeking to raise around ₹1.53 lakh crore are awaiting regulatory clearance.

Some of the larger approved issues awaiting launch are Credila Financial Services and Dorf-Ketal Chemicals India' IPO worth ₹5,000 crore each, Continuum Green Energy's ₹3,650 crore issue, Hero FinCorp's ₹3,600 crore and Veritas Finance's ₹2,800 crore. Other big names like Reliance Jio Platforms, National Stock Exchange, Zepto and SBI Mutual Fund are also in the IPO pipeline.

"Due to poor market conditions and weak sentiments many companies with SEBI approvals have postponed their IPOs. This trend may persist till market conditions and sentiments improve," said VK Vijayakumar, Chief Investment Strategist, Geojit Investments.