

# Over 20 IPOs stare at approval lapses

Slowdown, volatile market loom over maiden offerings worth ₹16,500 crore

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The decline in secondary markets and economic downturn are likely to play spoilsport for over 20 companies looking to launch their initial public offerings (IPOs).

According to data by PRIME Database, the approval granted by markets regulator Securities and Exchange Board of India (Sebi) to nearly two dozen companies is set to expire over the next few weeks. Investment banking sources say that barring a couple, most companies won't be able to enter the markets, given the challenging environment.

These were looking to raise a cumulative ₹16,500 crore. Sebi's approval has one-year validity. If a company fails to launch its IPO during that period, it has to re-file its offer document and obtain fresh approval.

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Companies whose Sebi nod for IPOs lapses over the next few weeks

	Issue size* (₹ cr)	Date of approval
Mazagon Dock	500	Aug 10, '18
Route Mobile	600	Aug 16, '18
Craftsman Automation	800	Aug 24, '18
Milltec Machinery	500	Aug 30, '18
Vectus Industries	850	Aug 31, '18
Penver Products	242	Sep 5, '18
Hinduja Leyland Finance	500	Sep 7, '18
Srei Equipment Finance	2,000	Sep 7, '18
Avana Logistek	300	Sep 14, '18
Anmol Industries	750	Sep 21, '18

\*Estimated

Source: PRIME Database

## SPANDANA SPHOORTY IPO SCRAPES THROUGH

The ₹1,200-crore IPO of Spandana Sphoorty Financial managed to scrape through, helped by institutional investors. The 9.8-million share offering received bids for only 10.3 million — 84 per cent of which came from qualified institutional buyers. Of the three buckets, the QIB portion was subscribed 3.1 times, while the HNI portion was subscribed just 55 per cent and retail category only 10 per cent. Bankers said undersubscribed shares in HNI and retail buckets will be allotted to institutional investors. Sterling & Wilson was subscribed 32 per cent a day before its close.

SAMIE MODAK

small-cap indices have tumbled even more, and are trading near multi-year lows. Most of the IPOs waiting belong to the mid-cap and small-cap categories.

"In many cases, the final call to price the IPO is taken by PE investors. They are not getting the valuations they desire. Second, the earnings of many firms have not been good because of the slowdown last year. This is not exciting enough to attract investors. Hence, they are waiting for a better time when they can get buyers at a reasonable valuation," said Prithvi Haldea, founder of PRIME Database.

Market players said the economic slowdown has hit corporate earnings. Expectations from investors on IPO discounts have widened, due to the volatile conditions. The market has deteriorated since these companies filed for IPOs 12-15 months ago.

The problems in the IPO market coincided with the crisis in the NBFC sector, which was triggered by defaults and downgrades at IL&FS in September last year.

People in the know said state-owned Mazgaon Dock, whose approval lapses later this week, plans to re-file with the regulator. The company had obtained approval on August 10, 2018.

Volatility in secondary markets and liquidity crunch, following the Budget, have compounded the woes of firms waiting to tap the capital markets.

The correction, especially in mid- and small-cap stocks, means promot-

ers have to reduce their valuations, which promoters or private equity (PE) are not comfortable with, say bankers.

The Sensex and Nifty fell 9 and 10 per cent, respectively, from their all-time highs in March. The mid- and