

IPO market desperately needs some mega deals: ECM Watch

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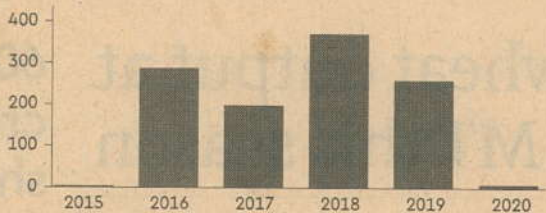
Singapore/Mumbai,
February 18

INDIA MAY NEED a savior for its initial public offering (IPO) market, with proceeds raised since January falling to a five-year low.

The eight companies that have listed in 2020 have raised just \$7.3 million, according to data compiled by Bloomberg. Their deal size has been tiny – \$900,000 on average, with Hindprakash Industries' \$1.6 million share sale being the largest. Their performance has also been far from stellar as their shares have climbed 1.8% on average, weighed by

Tiny size

Funds raised via IPOs in India fall to a five-year low
(\$ million) ■ Year-to-date IPO proceeds



Source: Bloomberg

Note: All values are year-to-date through Feb 18

offer size, compared with a 5% advance in the MSCI India Small Cap Index through the last close.

The coronavirus outbreak has thrown a spanner in IPO

works in India, as investors grapple with the market uncertainty that comes with it, said Pranav Haldea, a managing director at Prime Database Group, a capital-market data-

base provider. "Certain issuers have adopted a wait-and-watch approach to see if the budget announcement of February 1 has any major impact on their business."

On the bright side, a series of billion-dollar initial share sales are in the pipeline. The most high-profile deal is the privatisation of state-run behemoth LIC, which could fetch as much as ₹900 billion (\$12.6 billion). Then there's Tower Infrastructure Trust, which filed for an IPO of as much as \$3.5 billion, and SBI Cards and Payment Services, backed by State Bank of India and Carlyle Group, which is targeting a listing of about \$1.3 billion.