

# IPO drought may end next month

Despite market rally, August saw no new offerings

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September is likely to see an end to the drought in initial public offerings (IPOs), with at least five issues worth a cumulative ₹6,250 crore expected to hit the markets. Despite supportive markets and successful new listings, August has seen no IPO.

Many were hoping the strong momentum in the secondary market and the stellar listing of Rossari Biotech in July would prompt more companies to come to the market. Industry players said while companies had regulatory approvals in place, the Covid-19 pandemic led to delays in conducting of roadshows — required to gauge investor appetite — ahead of an IPO.

Many are now hoping the markets remain in good stead as they look to finalise the dates for IPOs, such as UTI MF, Computer Age Management Services, Happiest Mind, and Angel Broking. Most of the issues are expected to come to the market in the second half of September. However, any volatility in the secondary market may disrupt the plan for some for the companies.

The benchmark Sensex and the Nifty have rocketed 50 per cent from their March 23 lows. After posting gains of 8 per cent each in June and July, the benchmark indices have added another 4 per cent this month. Meanwhile, mid-caps and small-caps — the segments which most IPO aspirants belong to — have outperformed the Sensex and the Nifty,



## LYING LOW

August is the 6th calendar month of 2020 to log no IPO

	No. of IPOs	Amt raised (₹ cr)	Issuer
March	1	█	SBI Cards
July	2	█	Rossari, Mindspare REIT

**WASHOUT MONTHS** >> Jan, Feb, April, May, June & August

## LOOKING UP

September is expected to be a busy month

	Estimated size (₹)
UTI MF	3,000
CAMS	1,500
Angel Broking	600
Route Mobile	600
Happiest Mind	550

Source: Exchanges, Industry players

thereby providing crucial valuation support required to the launch of IPOs.

"Whenever the markets stabilise after a volatile phase, you see first see blocks deals, followed by QIPs (qualified institutional placements), and then IPOs. We will see a similar trend playing out this time, as well. Several companies are evaluating their plans and are at different stages in their preparation. It is just a matter of time when you see these issues hitting the markets," said Nipun Goel, president-head of

investment banking, IIFL.

Experts say many companies, despite having approvals, shelved their IPO plans as Covid-19 changed the business dynamics and valuations.

"The current market situation remains uncertain due to Covid-19, with economic activity being severely impacted. Even the Reserve Bank of India has predicted India's GDP contraction for the current financial year. During such times, it doesn't surprise me that investors prefer and are more comfortable with companies having a proven track record. This situation is leading to reduced valuations for companies looking to raise funds through the IPO route," said Amishi Kapadia, group president & global head-merchant banking, YES Securities.

Experts said firms in the real estate, hotels, malls, retail, power, and infrastructure segments may find it difficult to raise money through IPOs. On the other hand, those in the capital market ecosystem or the IT and pharma space can generate good investor interest. "It is not an opportune time to launch IPOs for companies in many sectors. However, those that operate in sectors that have benefitted because of the Covid-19 pandemic will be able to launch their offerings," Pranav Haldea, MD, PRIME Database.