

Volatility increases as marquee IPOs get ready for launch

At least six firms looking to raise ₹20k cr to hit Street soon

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Mumbai, 21 October

The current weakness in the market is causing primary market participants some discomfort as they prepare for a busy season of initial public offerings (IPOs).

Markets regulator Securities and Exchange Board of India (Sebi) recently gave the go-ahead to companies like FSN E-Commerce Ventures (Nykaa), PB Fintech (Policybazaar), Adani Wilmar, and Star Health & Allied Insurance to launch their IPOs. Industry sources say some of them are scheduled to launch their offers as early as next week. In all, at least 6 firms are looking to mop up over ₹20,000 crore cumulatively.

From their peaks, the Sensex and the Nifty have both come off a little over two per cent, and the decline has been sharper in mid- and small-cap indices, which have declined 6 per cent each from their highs.

Such bouts of volatility negatively impact the IPO market. However, investment bankers are confident that the quality of new issuances will help them tide over the challenges.

"The markets have gone up substantially, and ultra-short-term volatility like what we have seen in the past few days will not impact liquidity, market mood, or pricing of IPOs. The quality of these issuances is excellent," said Ajay Saraf, executive director, ICICI Securities.

"There are several high-quality companies that are going to hit the market within the next 3-4 weeks. Some of them can become trend-setters in terms of paving the way for similar marquee names to hit the market in the future. A bit of volatility and its impact on a particular issue is always expected when bringing a new company to the market. But given the quality of these businesses that are lined up, I don't see any problem in getting the desired valuations," said Chirag Negandhi, joint managing director



RARING TO GO

IPOs worth ₹50,000 crore are waiting to be launched

Pipeline	Estimated size* (₹ cr)
Paytm	16,600
Star Health	7,000
PolicyBazaar	6,000
Nykaa	5,000
Adani Wilmar	4,500
Mobikwik	1,900
Penna Cement	1,550
ESDS Software	1,300
Fino Payment	1,300
SJS Enterprises	800
Latent View	600

Source: Sebi, Prime Database: *Actual size may vary; some cos still awaiting Sebi nod

and co-CEO, Axis Capital.

The benchmark Nifty has risen 30 per cent this year without any meaningful pullback. This has boosted investor confidence towards both the primary and secondary markets. So far this year, 41 IPOs have mopped up ₹66,974 crore, almost surpassing the previous record of ₹67,147 crore in 2017.

Some believe the forthcoming large public floats could further put downward pressure on the markets as they will suck out liquidity.

"There will be some weakness. The market may not crash in a big way, but 3-4 per cent correction is possible. Inflation is going up globally, and our markets have run up a lot. But stability could return over the next three months as mon-

soons have been good, economic parameters are improving, and lakhs of investors are coming to the market every day. But there could be a correction because of year-end profit booking," said G Chokkalingam, founder of Equinomics.

Some point out that large issuances such as Zomato in July have had no impact on the secondary market. "In the past, we have seen secondary markets getting affected by issues such as Coal India, ONGC or Reliance Power. We thought something similar would happen during Zomato. But nothing happened as the liquidity seems high. The only IPO that could invoke some liquidity concerns is the LIC IPO," said Ambareesh Baliga, an independent analyst.