

₹1 trillion IPOs in the pipeline in New Year

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With initial public offerings on track for a record year in India, companies are racing to go public, resulting in an IPO pipeline worth over ₹1 trillion going into the next year.

Sixty-three Indian companies raised a record ₹1.19 trillion through mainboard IPOs in 2021, according to data from primary market tracker Prime Database. This is 4.5 times the ₹26,613 crore raised through 15 IPOs in 2020 and almost double the previous best of ₹68,827 crore in 2017.

Currently, 35 companies have secured the market regulator's approval for their IPOs next year, proposing to raise roughly ₹50,000 crore, according to Prime Database. Another 33 companies, awaiting the regulator's approval, plan to raise about ₹60,000 crore. This excludes the much-anticipated IPO of Life Insurance Corp. of India, which is expected to be launched this fiscal.

At least half-a-dozen more companies are planning to file their draft prospectuses by the end of December, said people aware of the developments.

These include childcare hospital chain Rainbow Children's Hospitals, analytics firm Course5 Intelligence, airport lounge operator DreamFolks, TBO Travel, CJDARCL Logistics and Campus Shoes, said the people cited above.

In December, around eight companies including Foxconn's Indian arm Bharat FIH

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Ltd and Snapdeal Ltd have filed their draft prospectuses with Sebi.

Other prominent names in the IPO pipeline include Adani Wilmar Ltd, Go Airlines, Pharmeasy and Dehlivery.

While the primary market pipeline is robust, global macro headwinds are likely to pressure IPO launches in the near term.

According to Prithvi Haldea, chairman of Prime Database, inflationary concerns resulting in interest rate hikes can be expected, reducing the amount of liquidity available, which, along with how the Omicron variant plays out, will have an impact on the secondary market and consequently the primary market.

The frenetic fundraising activity in the primary market, especially from new-age technology companies, has also brought scrutiny from the market regulator and is likely to lead to some tweaks in regulations around initial share sales.

Mint reported on Friday that at its last board meeting of the year, the Securities and Exchange Board of India (Sebi) would widen the price bands for public offers, extend anchor investor lock-in periods, and cap the amount a majority investor can sell in a share sale.

On Wednesday, Sebi chief Ajay Tyagi said that it might be a "good idea" to ask companies, especially new-age technology firms, to explain the pricing of their public offers in draft papers for public listings.

"Pricing is a critical issue, and perhaps more explanation of the basis of pricing in the documents may be a good idea, especially for the new tech companies, which are typically loss-making companies, and they have their own ecosystem, their own capital structure," Tyagi said.

Tyagi, however, said that Sebi would refrain from making comments or giving directions on valuations to companies.