

Will Indian IPOs Remain in Demand?

They will be in demand in 2022, but unlike 2021, where over 75 percent of the companies got a positive listing, in the New Year, pricing and timing will determine success. Also, attention from investors is likely to get skewed toward just a few issues, particularly the mega-offering from LIC and a large offering from the NSE at an undisclosed date later in 2022. Overall, there are 36 companies proposing to

raise roughly over ₹50,000 crore and have regulatory approval. Another 31 companies looking to raise about ₹57,000 crore are awaiting Sebi's approval.

The year 2021 saw a record in excess of ₹1 lakh crore being raised by companies through the primary markets, which was almost double that of the previous highest of ₹58,075 crore in 2017. There are enough companies waiting to go public and raise capital, with existing promoters, PEs and VCs in these companies looking to exit. So, the supply side is strong. But the demand side will depend on the liquidity situation.

Interest rates are likely to rise in 2022, which will suck out liquidity across various markets. For the primary market to be robust, we will need a bullish secondary market. If the secondary market goes into a bearish mode, the number of companies seeking to raise fresh capital will slow down. Besides lower liquidity, the impact of the Omicron variant of Covid-19 on business activity, mobility and consumption will have to be seen. Foreign investors will participate in new offerings based on their liquidity position while domestic retail investors are likely to buy into new offerings either directly or through mutual fund schemes. Capital from retirees will continue to move to other asset classes such as equities due to unattractive fixed deposit rates.

IPOs/FPOs Approved by SEBI, Slated for Launch in 2022



COMPANIES	(IN ₹ CR)	DATE OF APPROVAL
Emcure Pharmaceuticals	5,000	Dec 8, 2021
Adani Wilmar	4,500	Oct 14, 2021
Ruchi Soya	4,300	Aug 13, 2021
Go Airlines	3,600	Aug 26, 2021
Gemini Edibles & Fats	2,500	Nov 23, 2021
Paradeep Phosphates	2,000	Sep 22, 2021
India1 Payments	2,000	Nov 24, 2021
One Mobikwik Systems	1,900	Oct 7, 2021
Fincare Small Finance Bank	1,330	July 28, 2021
Jana Small Finance Bank	1,100	July 9, 2021

Note: LIC and the NSE, whose offerings are planned for 2022, are yet to file documents for approval

SOURCE: Prime Database