

LIC Issue, Volatility Hit IPO Plans of Several Companies

Mega listing may suck out more than ₹70,000 cr from primary market

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Mumbai: LIC's upcoming mega public offer and an adverse market have forced several companies to defer their IPO plans. The state-owned insurer's initial public offering, slated for March, is expected to suck out more than ₹70,000 crore from the primary market.

Merchant banking sources said most companies that had received approval from the capital markets regulator and who were planning IPOs in the current quarter have postponed that by a few months citing a lack of appetite among investors because of market volatility and the large float.

"Several companies that have re-

ceived Sebi (Securities and Exchange Board of India) nod are in a wait-and-watch mode, given the volatility in the secondary markets," said Ajar Saraf, executive director, ICICI Securities.

"They would rather wait for the markets to stabilise and LIC to

complete the IPO process before going ahead with their respective IPOs," Saraf added.

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Large IPOs Waiting For Better Opportunities To Launch



Company	Tentative Issue Size (₹ Cr)	Date of Sebi Nod
Delhivery	7,460	Jan 13, 2022
Ruchi Soya Inds (OFS)	4,300	Aug 13, 2021
Emcure Pharma*	4,000	Dec 18, 2021
Go Airlines	3,600	Aug 26, 2021
Five-Star Business	2,752	Jan 07, 2022
Gemini Edibles & Fats	2,500	Nov 23, 2021
Paradeep Phosphates	2,200	Sept 22, 2021
India1 Payments	2,000	Nov 24, 2021
Global Health	2,000	Dec 21, 2021
One Mobikwik	1,900	Oct 07, 2021

* Refilled Source: primedatabase.com

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"A few smaller IPOs may, however, hit the primary market in the next one month," Saraf said.

Delhivery, Go Airlines, Ruchi Soya, One Mobikwik Systems, Emcure Pharmaceuticals, Gemini Edibles & Fats, Global Health, Paradeep Phosphates and India1 Payments are among those that have postponed their IPO plans, bankers said. The companies did not respond to ET's queries. Currently, 46 companies have received Sebi nod to raise about Rs 66,000 crore.

Around 45 companies, including LIC, have filed their draft red herring prospectus (DRHP) with the regulator to mop up nearly Rs 1.4 lakh crore, according to primary market activity tracker Prime Database.

Companies usually have a one-year window to launch their IPOs from the date of Sebi approval.

About 18 of 51 companies that had a public market listing in the ongoing fiscal year are currently trading 5%-60% below their offer price.

CarTrade Tech, Paytm parent One97 Communications, Fino Payments Bank and Windlass Biotech have lost more than 40% from their issue price.

The NSE's benchmark index Nifty has declined 5% in the last one month. The Nifty Midcap100 and Smallcap100 indices have plunged 8% and 11%, respecti-

vely, during the same period.

According to market participants, poor performance after listing and the stock markets' rocky ride lately has forced some companies to postpone their IPO plans.

"A range of issues, including ongoing geopolitical crises, inflation, the prospect of interest rate hikes, consistent selling by foreign portfolio investors and rising crude oil prices, have affected the secondary markets, and issuers will wait for confidence to return to the market," said Ravi Sardana, an investment banker. "In a volatile market, it is difficult to predict demand and fix valuations."

Go Airlines and Ruchi Soya Industries (offer for sale) received Sebi nod in August last year, while the IPOs of Gemini Edible and India1 Payments were approved in November.

"Many of the companies, especially new-age technology firms, will have to re-assess the issue size and valuations following the recent debacles of new issues," said a senior executive at an investment bank. "Also, some are exploring an option to update their FY22 numbers and launch the IPO in May or June as growth has been much better in the current fiscal than in the previous year."

According to Prime Database, 49 companies have raised a record Rs 1.08 lakh crore so far in FY22, compared to Rs 31,266 crore raised by 30 companies in FY21, and Rs 20,350 crore by 13 companies in FY19.

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