

₹77,000 cr IPOs on hold as Ukraine crisis roils markets

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Companies are mothballing initial public offering plans of at least ₹77,000 crore as the stock market turmoil triggered by the Russia-Ukraine war has soured investor sentiment.

Experts said that the bleak IPO scenario will likely persist until the end of the fiscal first quarter as Russian President Vladimir Putin appears to be pushing ahead with his plan at all costs.

As many as 51 companies were set to raise ₹77,000 crore through IPOs after receiving the markets regulator's approval, according to capital markets researcher Prime Database.

This does not include the 44 companies, including state-run Life Insurance Corp. of India, that have filed their IPO documents with the Securities and Exchange Board of India (Sebi) but haven't received clearance.

Companies have hit the pause button on the transactions after stocks in India and globally reported massive losses since Russia attacked Ukraine. The war has sent

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energy prices soaring and India's currency to a record low.

Experts said the volatility in the equity markets is likely to continue because of geopolitical uncertainties and India's dependence on imported crude.

"Historically, activity in the primary market is seen only when the secondary market is buoyant. While markets have been choppy since October, the last couple of months have seen exceptional amounts of volatility as a result of which just three IPOs have been launched 2022," said Pranav Haldea, managing director at Prime Database.

Adani Wilmar, Vedant Fashions and AGS Transact went public this year, raising around ₹7,429 crore.

Comparing the situation to 2013, Haldea said IPOs worth ₹80,000 crore holding Sebi approvals or those who filed share sale papers got hit because of poor market conditions that year.



As many as 51 firms, excluding those that have filed papers with Sebi such as LIC, were set to raise ₹77,000 crore via IPOs.

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Some big-ticket IPOs waiting to go public this year are Go Airlines (India) Ltd, API Holdings Ltd (parent of PharmEasy), Delhivery, Emcure Pharmaceuticals Ltd, Gemini Edibles and Fats India Ltd and Panna Cement. These companies plan to raise about ₹25,000 crore.

The mega IPO of LIC, which was expected to be launched by the end of March, is now likely to be in the next fiscal, but the government hasn't taken a final

decision. The government plans to raise as much as ₹75,000 crore by selling a 5% stake in India's largest insurer.

"Given the size of the LIC IPO, of course, it will need support from foreign investors. Currently, they are selling heavily. It is the domestic investors who are supporting the market," Haldea said.

"The geopolitical conditions coupled with a sharp correction in the equity markets have taken the wind out of the sails of the IPO market. The valuation multiple in the market has reduced substantially, which has turned large institutional investors all the more apprehensive, and the flip side of that is companies have no choice but to raise capital at lower valuations. Low valuations coupled with risk-averse investors is a perfect recipe for a slowdown in the primary markets," said Gaurav Mistry, associate partner, DSK Legal.

The dismal IPO market followed a blockbuster year in 2021 when nearly 50 companies raised ₹1.1 trillion from the markets.