

IPO pipeline faces uncertainty as market sentiment takes a big hit

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THE INITIAL Public Offering (IPO) market is bracing for a slowdown as 26 companies, which have the Securities and Exchange Board of India (Sebi) approval to raise over Rs 43,000 crore between April and December 2024, are yet to launch their offerings.

The prolonged delay is attributed to the prevailing market volatility, characterised by weakening investor confidence due to concerns over tariff wars and lacklustre corporate earnings with incessant selling by foreign investors adding to the market woes.

Experts warn that the domestic IPO activity is likely to be severely impacted by the current market sentiment, potentially delaying or even shelving these planned offerings.

According to data obtained from Prime Database, 26 domestic companies received approval from the Sebi between April and December 2024, and they are yet to hit the primary market. These companies are looking to raise

OFFERINGS WAITING TO ROLL		
Companies*	Date of Sebi approval	Estimated issue amount
Schloss Bangalore Ltd	Dec 26	₹5,000 cr
Ather Energy Ltd	Dec 23	₹4,500 cr
Avanse Financial Services Ltd	Oct 23	₹3,500 cr
Manjushree Technopack Ltd	Nov 08	₹3,000 cr
National Securities Depository Ltd	Sep 30	₹3,000 cr
Ecom Express Ltd	Nov 29	₹2,600 cr
S K Finance Ltd	Aug 30	₹2,200 cr
Kalpataru Ltd	Nov 22	₹1,590 cr

*Sebi approval received, approval still valid Source: Prime Database

Rs 42,390 crore. Typically, a company has 12 months to launch its IPO after receiving approval from the Sebi. "Companies that received approval from October onwards, which is when the sell-off started, till December 2024 are perhaps hoping that market conditions will improve for them to launch their IPO," said Pranav Haldea, Managing Director, PRIME Database Group.

The domestic stock market has been on a downward spiral, with benchmark indices — Sensex and Nifty — plummeting

14.7 per cent and 15.6 per cent, respectively in the last five months. This fall in domestic equity benchmarks has primarily been led by a massive sell-off by foreign portfolio investors (FPIs) who dumped Rs 2.12 lakh crore worth of equities between October 2024 and February.

Some of the big IPOs that have received Sebi nod between October and December 2024 and yet to launch the offers are Schloss Bangalore Ltd (Rs 5,000 crore), Ather Energy Ltd (Rs 4,500 crore), Avanse Financial Services

Ltd (Rs 3,500 crore), Manjushree Technopack Ltd (Rs 3,000 crore) and Ecom Express Ltd (Rs 2,600 crore), as per Prime Database.

"The IPO market always follows the secondary market with a lag, both on the way up and way down. When the secondary market starts picking up, we see IPO activity three to four months after that," he said.

A few companies that have received regulatory approval between April and September 2024 and still have valid approvals include National Securities Depository Ltd (Rs 3,000 crore), S K Finance (Rs 2,200 crore), Kalpataru Ltd (Rs 1,590 crore), Asirvad Micro Finance Ltd (Rs 1,500 crore) and Belstar Microfinance Ltd (Rs 1,300 crore).

Haldea said the companies that had received the Sebi approval before September seem to have missed the window to launch an IPO.

This would not be the first time companies have chosen not to launch their IPOs even after receiving regulatory approval.

"Since 2019, 94 companies looking to raise roughly Rs 1.35 lakh crore, allowed their IPO ap-

proval to lapse. IPO is a once in a lifetime event for a company and when markets are volatile or bearish, companies prefer to let their approval lapse," Haldea noted.

Despite a sharp decline in markets, the number of companies filing for IPOs continues to remain high. In January 2025, 29 companies filed offer documents with the market regulator to raise an approximate amount of Rs 22,667 crore. This is almost double the number of companies that had filed for IPO fund raising in January 2024. In February 2025, 13 players applied to Sebi for IPO, compared to 9 in the same period of 2024.

"In January, there were a record 29 filings. So the pipeline is getting even bigger. However, unless the market attains some stability, you would not see many IPO launches," Haldea said.

In 2024, IPO fund raising surged to a record high, with 91 companies raising Rs 1.6 lakh crore. Even the number of small and medium enterprises (SME) IPO touched a high of 240 compared to 182 in 2023, according to Prime Database.