

# Weak investor sentiment: Cos hold off IPO launches as secondary market slumps

HITESH VYAS  
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THE DOMESTIC stock market has been reeling under heavy selling pressure for the past few months. Benchmark indices, Sensex and Nifty, have lost nearly 13 per cent from their peaks touched in September last year, eroding nearly Rs 79 lakh crore of investors' wealth.

A sharp correction in the secondary market has impacted the initial public offering (IPO) fundraising plans of companies. Over two dozen companies that received IPO approval from the market regulator, Sebi, have yet to launch their offerings. These companies are waiting for the market to stabilise before they proceed with their IPO fundraising plans. A slump in the secondary market also lowers retail investors' interest in the primary market.

## IPO market slowdown

According to data obtained from Prime Database, 26 domestic companies received approval from the Securities and Exchange Board of India (SEBI) between April-December 2024 and are yet to hit the primary market. These companies have plans to raise Rs 42,390 crore through IPOs. A company has a 12-month period to launch its IPO after receiving approval from the market regulator.

The prolonged delay by companies in launching their IPOs can be attributed to the current market volatility, characterised by weakening investor confi-



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## MAIN BOARD IPOs

Month	No. of issues	Issue amount
Sep '24	12	₹11,058.21 cr
Oct '24	6	₹38,689.08 cr
Nov '24	8	₹31,145.10 cr
Dec '24	15	₹25,438.64 cr
Jan '25	6	₹4,845.32 cr
Feb '25	3	₹10,877.63 cr

Source : Prime Database

dence due to concerns over tariff wars and lacklustre corporate earnings with incessant selling by foreign investors adding to the market woes.

"Companies that received approval from October 2024 onwards, which is when the selloff 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.

Some of the big IPOs that have received Sebi's nod between

October and December 2024 and are yet to launch the offer 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).

Besides, there are a few companies that have received regulatory approval between April-September 2024 and still have valid approvals include National

Securities Depository Ltd (Rs 3,000 crore), SK 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).

These companies seem to have missed the window to launch their IPO, Haldea said.

The sluggish IPO activity follows a robust IPO fundraising by companies in 2024. In the last calendar year, 91 companies raised Rs 1.6 lakh crore through IPOs. The number of small and medium enterprises (SME) IPO touched a high of 240 compared to 182 in 2023, as per Prime Database.

## Secondary market correction

After touching record highs in September 2024, the Sensex and the Nifty have lost nearly 13 per cent, so far. The BSE's 30-share Sensex has plunged 11,503.54 points, or 13.4 per cent from its all-time high of 85,836.12. The broader Nifty 50 has corrected 3,663.55 points, or 13.97 per cent, from its peak of 26,216.05.

Even the broader market has witnessed a massive sell-off, with BSE Smallcap crashing 21 per cent and BSE Midcap falling 20 per cent from their record highs.

This fall in domestic equity benchmarks has primarily been led by a massive sell-off by foreign portfolio investors (FPIs) who dumped over Rs 2.12 lakh crore worth of equities since October 2024. Investors' sell-off is also driven by concerns over tariff

wars, overvalued domestic stocks and subdued quarterly earnings of corporates.

## Impact of secondary market fall

Analysts said a correction in the secondary market has a significant impact on the IPO market. The current fall in the stock market has led to a decline in monthly IPOs in 2025. While in January only six companies launched IPOs, February saw only three primary market offerings. This is much lower than the number of IPOs seen in September (12), October (6), November (8) and December (15). In a falling market, companies also do not want to launch IPOs as they may struggle to raise the targeted funds, analysts said. "Promoters do not want to offload their stake in a bad market. In a declining market, they do not get the valuation, and subscription (to the IPO) is also not very good," said Ashish Nanda, chief digital business officer, Kotak Securities.

When a retail investor incurs losses in the secondary market, his interest in the IPO market also reduces. In the past also there have been many companies that have chosen not to launch their IPOs even after receiving regulatory approval, due to unfavourable market conditions.

"Since 2019, 94 companies looking to raise roughly Rs 1.35 lakh crore, allowed their IPO approval 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 said.

