

US-Iran war threatens multi-year IPO boom

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MUMBAI

The pace of initial public offerings (IPOs) could slow in 2026 unless market sentiment stabilizes, warn merchant bankers as the US-Israel-Iran war intensifies.

"If current market conditions persist, IPO activity is likely to moderate meaningfully compared to 2025," said Gaurav Bhandari, CEO at financial services provider Monarch Network Capital Ltd.

Iran's retaliatory strikes on energy infrastructure in West Asia, along with its move to shut the Strait of Hormuz, have disrupted oil supplies and pushed up crude prices—an especially sensitive issue for India, which imports roughly 80% of its fuel.

The country's benchmark indices have plunged about 4% since the beginning of the war until 11 March. Trading activity has also cooled, with Nifty 50 market turnover falling by more than 21% over the period.

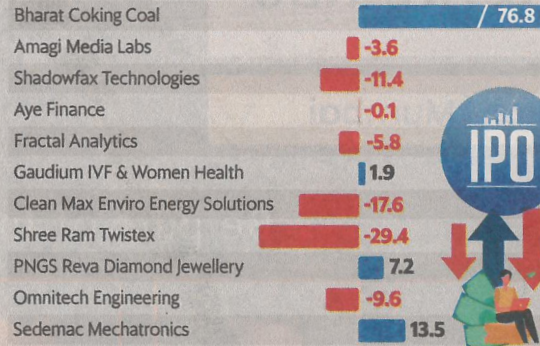
The war deals a triple blow to Indian companies—high crude prices, supply-chain disruptions, and a weakening rupee—while its inflationary impact could weigh on demand.

"We are seeing a lot of companies deciding to wait out this phase of market correction as they have one year to launch their IPOs, so waiting for a stable environment to launch," said Dharmesh Mehta, managing director and CEO of DAM Capital Advisors Ltd.

Other merchant bankers that *Mint* spoke to said IPOs of

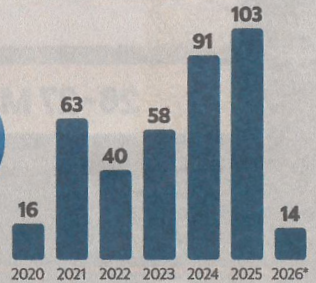
Fizzling out

% change in closing price on listing vs offer price



Source: PRIME Database

Number of mainboard IPOs across the past six years



*Data as of 12 March
Source: chittorgarh.com

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renewables firms and high-profile startups, including payment firms, private equity-backed quick commerce firms, and hospitality brands, might get delayed by at least a month or two as companies assess the right time to enter the market.

Earlier this month, XED Executive Development rescheduled its \$12 million GIFT City IPO to 16 March from 6 March, citing Middle East uncertainties.

India emerged as the second-largest IPO market globally by proceeds and the most active by number of deals in 2024, with companies raising about ₹1.6 trillion across more than 300 listings. The momentum carried into 2025, when 373 IPOs—including 103 mainboard listings—mobilized roughly ₹1.95 trillion.

However, performance had already begun to show visible signs of cooling despite the

strong issuance cycle. As of 12 March, returns from 2026 IPOs have averaged a 0.3% premium across 45 issues, the weakest aggregate listing performance since at least 2019, according to data from PRIME Database.

The 11 mainboard listings in 2026 generated an average listing premium of 2%. Only four of these mainboard equities debuted above their issue price on their listing day, and the data is heavily skewed by Bharat Coking Coal Ltd's 77% listing premium. PNGS Reva Diamond Jewellery Ltd, Gaudium IVF & Women Health Ltd, and Sedemac Mechatronics Ltd listed at premiums of 7.24%, 1.87%, and 13.54%, respectively.

At the peak of the IPO boom, the average listing gain across all issuances was 49% in 2024. The average listing gain for the 2025 cohort fell to 10.6%. That year, the number of mainboard

equities achieving listing gains stood at 67% of total issuances, before falling to 36% in 2026.

"Valuations have corrected in the IPO market, and so has the interest in new companies, as the listed firms are now available at attractive valuations. That is evident from the string of discounted listings and muted retail participation in IPOs," said Mehta.

Kamraj Negi, MD and CEO-investment banking firm Pantomath Group, said, "Retail and non-institutional investor participation has gone down dramatically this year due to weak listing performances in the recent past." Institutional investors, too, have become cautious. Mutual funds, which are key anchors in many IPOs, have seen subdued performance in portfolios with heavy exposure to small- and mid-cap stocks, limiting their appetite for fresh allocations, he added.

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