

PhonePe defers mega IPO as market turbulence hits corporate fundraise plans

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THE RAGING conflict in West Asia, that triggered a sharp surge in oil prices and tanked stock markets, is beginning to disrupt corporate plans to raise funds through initial public offerings (IPOs). In a reflection of the challenging market environment for IPOs, payments platform PhonePe has announced that it is temporarily deferring its public listing plans, citing ongoing geopolitical tensions and heightened market volatility.

PhonePe CEO and founder Sameer Nigam said in a statement, "we sincerely hope for a swift return to peace in all the affected regions. We remain committed to a public listing in India." The company said it will resume the listing process once there is some stability in global capital markets. While the PhonePe DRHP did not specify the exact size of the IPO, it was expected to be in the range of Rs 12,000-13,000 crore, which would make it the second-largest fintech IPO in India after Paytm. PhonePe is currently the largest digital payments platform in India, followed by Google Pay.

A wide range of companies across sectors including financial services, manufacturing,

consumer goods, technology, and infrastructure were preparing to tap the markets, with total fundraising estimated at around Rs 2.65 lakh crore earlier this year. Some of the big IPOs being planned include NSE, SBI Mutual Fund and Jio Platforms. "IPO plans of corporates are now being delayed due to the West Asia conflict. Stock markets will have to recover and stabilise before corporates and promoters can bravely go for IPOs," said an investment banker.

According to merchant banking sources, most of the IPOs — especially medium-sized and large IPOs — are on hold and waiting for the market to stabilise in the coming weeks. Earlier this year, the IPO pipeline for 2026 looked strong as around Rs 1.40 lakh crore worth of public issues awaited approval from the Securities and Exchange Board of India (SEBI), while another Rs 1.25 lakh crore worth of IPOs already held the approval and waited to make their debut on the bourses, according to a report by database provider PRIME Database in late December last year.

The going was good till February third week. Despite a dip in investor appetite, healthy equity valuations, improving corporate balance sheets and a

steady flow of domestic savings into equities combined to create a supportive environment for issuers.

Now with market conditions turning unfavourable, the coming year could see India's IPO market is likely to underperform last year's record-breaking performance.

Indian markets have fallen over 9% since the West Asia crisis started on February 28, wiping out lakhs of crores of investors' wealth. This has a cascading impact on the IPO market as investor interest is expected to be low when the stock markets are battered. Crude oil prices have remained above or around the \$100 per barrel mark as supply has been disrupted due to the conflict. Foreign investors have pulled out over Rs 66,000 crore from the stock market in March so far.

Pricing and timing are important factors that will decide the success of IPOs. When the stock market falls 9-10% in two weeks, pricing can be critical and investors tend to remain on the sidelines.

Scores of companies were preparing to file their offer documents in the near future, among which were 85 new age technology companies looking to raise Rs 1.50 lakh crore. Now it remains to be seen how many of them will finally float IPOs.