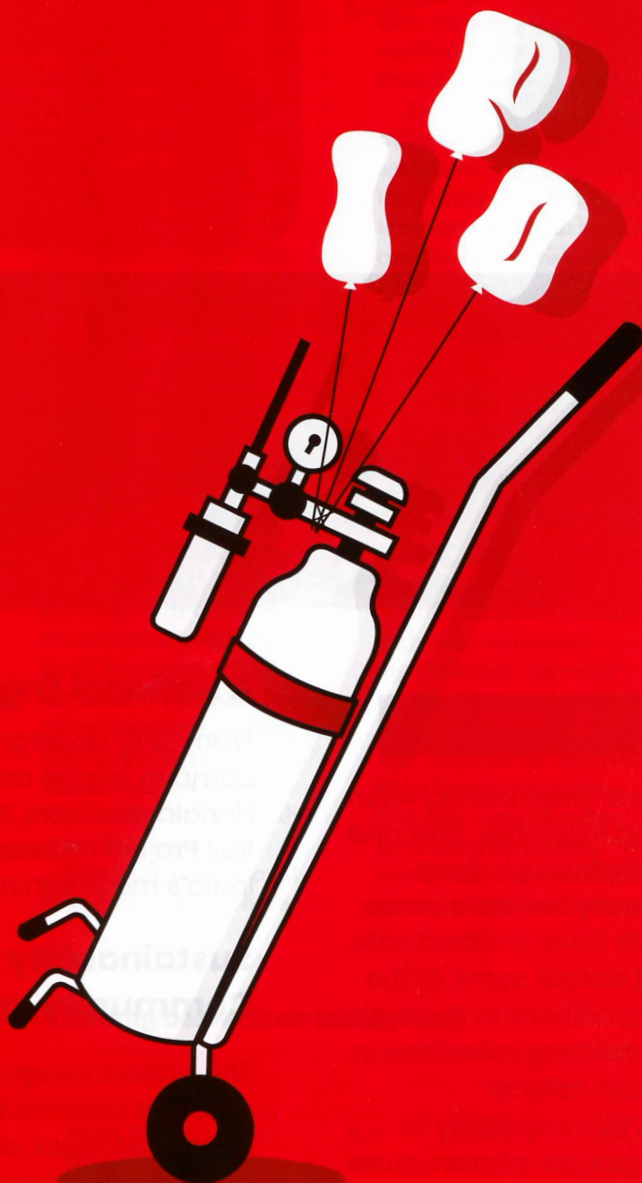


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AS THE MIDDLE EAST BOILS, WILL INDIA'S IPO BOOM HOLD?

AMID AN ESCALATING WAR IN THE MIDDLE EAST, INDIA'S RED-HOT IPO PIPELINE FACES A REALITY CHECK, FORCING COMPANIES TO RETHINK TIMING, PRICING, AND AMBITION.

BY **CHITRANJAN KUMAR**

ILLUSTRATION BY ANIRBAN GHOSH

▶ **ESCALATING GEOPOLITICAL TENSIONS** in the Middle East, coupled with volatile equity markets and persistent foreign institutional outflows, have begun to weigh on the primary market activity in one of the world's busiest IPO markets—India. The recent decisions by digital payments major PhonePe and logistics firm Skyways Air Services to defer their public issues signal a broader shift. Several other new-age companies, including Zepto, boAt, Acko, Turtlemint, Flipkart, and OYO are also understood to be recalibrat-

ing their listing plans as institutional investors turn increasingly selective.

While the pipeline remains robust on paper, issuers are adopting a more cautious stance—revisiting valuations, trimming issue sizes, and, in some cases, pressing pause altogether, analysts say. Early signs of strain are emerging, driven by a sharp correction in the secondary market, a growing mismatch between issuer expectations and investor appetite, and subdued post-listing performance of recent IPOs. The most immediate trigger for the pause is the sharp sell-off in the secondary market, driven by escalating ten-

sions in the Middle East, a spike in crude oil prices, and sustained foreign investment outflows.

The benchmark Nifty has fallen nearly 13% year-to-date (as of March 27), including a steep 10.5% decline in March alone. The correction has wiped out close to ₹55 lakh crore in investor wealth so far this year, with ₹41 lakh crore eroded in March itself. Foreign portfolio investors (FPIs) have been relentless sellers, pulling out ₹1.59 lakh crore from Indian equities year-to-date, including ₹1.11 lakh crore in March.

Domestic institutional investors, however, have

stepped up, pumping ₹2.35 lakh crore so far in 2026, including more than ₹1.28 lakh crore in March alone, cushioning the market from sharper declines.

But the volatility has significantly dented investor sentiment, particularly in the primary market, which is more sensitive to liquidity conditions and risk appetite. "Primary markets always take cues from secondary markets, and with the kind of volatility we are seeing right now, there is very little visibility for issuers. So, a slowdown in IPO activity is inevitable in the near term," says Pranav Haldea, MD of PRIME Database Group.

Companies are increasingly wary of launching IPOs that risk weak subscriptions or poor listing performance. "Companies that do go ahead will have to be far more realistic—they may need to reduce issue sizes, recalibrate valuations, or even rethink timing altogether," he says.

THE RESET

BEYOND MARKET VOLATILITY, a more structural issue is at play: a growing mismatch between what companies expect and what investors are willing to pay. During the liquidity-fuelled boom of the past few years, many startups—particularly in the technology and digital space—targeted aggressive valuations based on growth metrics. But the current environment has shifted investor focus towards profitability, cash flows, and sustainable business models. "There is a significant disconnect between issuer expectations and market realities," says Ratiraj Tibrewal, CEO at Choice Capital. "What we are witnessing is more of a valuation reset and timing recalibration than a decline in underlying demand."

Investor sentiment has been hit by multiple factors: FPI outflows, currency weakness, and market corrections, all directly influencing IPO timing and pricing decisions. "FPIs play a critical role in providing liquidity and setting the tone for large issuances. Their outflows signal caution and reduce demand," Tibrewal explains.

As a result, issuers, especially large new-age companies, are choosing to delay rather than compromise on valuations. "They rely heavily on strong participation from institutional investors. In a volatile environment, investors become more cautious, which impacts demand and pricing. So

9 out of 12 IPOs in 2026 are trading below their issue price

	Company	Listing Date	IPO Price (₹)	Listing Day Gain/Loss (%)	Current Price* (₹)	Current Gain/Loss (%)
1	Bharat Coking Coal	January 19	23	76.78	33.94	47.57
2	Amagi Media Labs	January 21	361	-3.60	346.35	-4.06
3	Shadowfax Technologies	January 28	124	-11.37	111.95	-9.72
4	Aye Finance	February 16	129	-0.08	107.55	-16.63
5	Fractal Analytics	February 16	900	-5.84	822.85	-8.57
6	Gaudium IVF and Women Health	February 27	79	1.87	77.13	-2.37
7	Shree Ram Twistex	March 2	104	-29.38	48.7	-53.17
8	Clean Max Enviro Energy Solutions	March 2	1,053	-17.59	880.8	-16.35
9	PNGS Reva Diamond Jewellery	March 4	386	7.24	369	-4.40
10	Omnitech Engineering	March 5	227	-9.63	243.75	7.38
11	SEDEMAC Mechatronics	March 11	1,352	7.40	1,505.95	11.39
12	Rajputana Stainless	March 19	122	-7.46	113.3	-7.13

*AS OF MARCH 20, 2026

SOURCE: BSE

companies prefer to wait for more stable conditions,” he adds. The trend, he says, applies across the board—from traditional businesses to tech firms, “market conditions will dictate whether they launch, delay, or reprice their offerings”.

RECENT SETBACKS

WEAK POST-LISTING

performance of recent IPOs is further dampening enthusiasm. Data show that the average listing day gain of the 12 mainboard IPOs listed thus far in 2026 stands at just 0.70%. Barring a sharp 76.78% debut by Bharat Coking Coal Ltd (BCCL), the average slips into negative territory at -6.22%.

In fact, nine of the 12 issues are trading below their issue price. This has made both retail and institutional investors more cautious about fresh offerings. The broader trend is equally sobering. While the number of IPOs has surged to a record 104 in FY26 (as of February), average listing gains have dropped to 8.88%—the lowest in seven fiscals—marking the first time since FY19 that listing gains have slipped into single digits. In comparison, average gains stood at 29.39% in FY25 and 28.61% in FY24. Even in FY23, considered a relatively muted year, gains averaged 10.45%.

The proportion of IPOs delivering positive listing-day returns has also declined. Only about 65% of IPOs in FY26 have

debuted above their issue price, underscoring excessive multiples. At an issue price of ₹23, the BCCL IPO was valued at an FY25 P/E multiple of 8.6x. As of March 27, the stock was at ₹31.60, commanding a P/E multiple of 11.9x.

“Recent developments... have impacted investor sentiment,” says Narendra Solanki, head of fundamental research at Anand Rathi. “This has affected not just secondary markets but also primary markets, which are even more sensitive to confidence and liquidity.” When uncertainty rises, investors tend to become risk-averse. “They prefer to play it safe, which means companies may not get the valuations they expect. So those that don’t urgently need capital often choose to wait,” he adds.

STRONG PIPELINE

DESPITE THE NEAR-TERM slowdown, the underlying pipeline for IPOs remains robust. Thus far in 2026, 12 companies have already got listed, collectively raising ₹14,268 crore. The largest issue was of Clean Max Enviro Energy Solutions at ₹3,080 crore, while the smallest was Shree Ram Twistex at ₹114 crore.

While Central Mine Planning & Design Institute, GSP Crop Science, and Innovation made their debut in March, Sai Parental, Powerica, and Amir Chand Jagdish Kumar (Exports) will list in the first week of April. Together, they will raise about ₹5,852

crore, taking the total fund mobilisation in FY26 to around ₹1.79 lakh crore. This would surpass FY25, when 79 companies raised ₹1.6 lakh crore, making FY26 the strongest year yet in terms of the number of listings and capital raised.

Investor participation also remains healthy. Qualified institutional buyers accounted for 60% of total allocations in FY26 so far, while retail investors made up 24%, reflecting continued market depth.

Looking ahead, the pipeline is even more substantial. According to PRIME Database, 138 companies have already secured regulatory approvals with plans to raise ₹1.65 lakh crore, while another 106 companies aiming to raise ₹1.40 lakh crore are awaiting clearance. In addition, around 91 new-age firms are preparing to file IPO documents, targeting nearly ₹1.80 lakh crore.

Several marquee listings are also on the horizon. Reliance Jio is expected to file its draft papers soon for a potential ₹40,000-crore IPO. Flipkart has restarted its listing process after

shifting its domicile back to India. The National Stock Exchange is also preparing for a ₹20,000-crore offering, while SBI Funds Management has filed papers for a ₹13,000-crore IPO.

Recent regulatory changes could further support large listings. The Centre has relaxed minimum public shareholding norms, allowing companies with post-issue m-cap above ₹5 lakh crore to dilute 2.5% in an IPO, compared to the earlier 5%.

For now, the message is clear: while timing is important, tighter discipline around pricing will matter the most. “You will still see a few IPOs hitting the market—either because companies urgently need capital or investors are seeking exits,” says Haldea. “But the real determinant of success will be pricing and how well valuations align with market realities.”

For most experts, the current slowdown is a cyclical pause rather than a structural downturn. As volatility subsides and investor confidence returns, the strong pipeline is expected to translate into renewed IPO activity. “What we are seeing is a sentiment-driven pause,” says Tibrewal. Once market conditions stabilise, the underlying demand for quality issuances will be visible. For India’s IPO market, the frenzy may have cooled off, but the story is far from over. **F**

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8.88%

AVERAGE LISTING GAINS IN FY26 (UNTIL FEBRUARY), THE FIRST TIME SINCE FY19 THAT LISTING GAINS HAVE SLIPPED INTO SINGLE DIGITS