MARKETS

India's IPO market draws hope from blockbuster listings, Iran peace deal

Conditions improving for the 170 firms still waiting to list despite approval

A backlog of initial public offerings in India comes after a record run of listings in 2025, when companies raised over $22 billion across about 370 stock market debuts, according to an EY report.

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MUMBAI -- India's initial public offering market is showing signs of revival after six tepid months as the energy crisis due to the U.S.-Iran war eases and two historic listings appear on the horizon, raising hopes it can recapture the strong momentum of last year.

About 170 companies are currently holding off on going public despite receiving approval from the markets regulator, according to public market data provider Prime Database, as they wait for better conditions.

India's largest bourse, the National Stock Exchange, and its biggest telecom and internet company, Jio Platforms, last week both filed draft papers for IPOs that are each expected to raise over $3 billion. That would pip the 278.7 billion rupees ($2.95 billion at current exchange rates) public listing of Hyundai Motor's India unit in 2024, the current largest.

The backlog of IPOs comes after a record run of listings in 2025, when companies raised over $22 billion across about 370 stock market debuts, according to an EY report, making India the No. 3 IPO market by proceeds, behind only the U.S. and Hong Kong.

"There has never been a bigger pipeline in the IPO market in India," said Pranav Haldea, managing director of Prime Database.

Expectations of another strong year were high in early 2026, but Indian equity markets faced a downturn; first due to fears sparked by the impact of Anthropic's artificial intelligence products on India's tech sector, and then due to the energy crisis caused by the U.S. and Israel's attack on Iran.

Foreign investors have also been reallocating investments away from India amid a lack of any significant AI companies or AI investment themes, while some domestic investors have soured on Indian equities for the same reasons. The country's largest conglomerates, like Jio's parent Reliance Industries and Adani Enterprises, have been trying to get on the AI bandwagon by building out data centers for hyperscalers, but they don't have competitive models or other AI products of their own.

The broader BSE Sensex index has dropped nearly 10% since the start of 2026, while the blue-chip Nifty 50 has fallen 8%. Foreign investors have sold a net 2.4 trillion rupees of stocks in the secondary market in the first half of 2026, equal to their net sell-off in the whole of 2025. The Indian rupee has declined about 6% against the dollar in the first half of 2026.

Primary markets reflected this bloodbath, slowing to just 206.24 billion rupees worth of listing proceeds raised in the first six months.

But if the peace agreement between the United States and Iran shows "definite signs of stability, the activity in the IPO market will be very fast, with a lot of listings in the next three months," said Sony Mathews, senior market strategist at brokerage Geojit Financial. Draft papers for the NSE and Jio Platforms IPOs were also filed days after the peace agreement was signed.

If that happens, the 2026 IPO market will turn out to be fairly similar to the ones over the last few years. In 2025, only 16.5% of the year's total IPO fundraise of 1.75 trillion rupees had been reached by mid-June, data from Prime Database showed, while it was 17.8% by that point in 2024. Both 2024 and 2025 were years of record fundraising in the Indian IPO markets.

"There is no real explanation as to why the IPO activity has been so much stronger in the second half of the calendar year, except in each of these years we have seen various external issues subduing the equity markets in the first half," said Haldea at Prime Database.

Last year, the combined hit from U.S. trade tariffs and the India-Pakistan conflict weighed on sentiment, he added. In 2024, markets remained subdued due to expectations of a rate hike by the U.S. Federal Reserve and weak domestic earnings.

Amid complaints of weak earnings and frothy valuations in the secondary markets currently, analysts and market participants told Nikkei Asia they expected IPOs to have more rational valuations this year compared with 2025.

The IPO market in 2026 "possesses the structural depth to potentially overtake last year's fundraise," said Sumeet Lath, co-head of equity capital markets execution at investment bank Anand Rathi Advisors, although he warned that "actual market performance seems poised to depend heavily on realistic issue pricing and disciplined valuations," among other things.

Though IPO promoters -- entities with significant stakes in or control over a company -- usually like to sit out adverse environments, companies usually have just 12 to 18 months to list themselves after receiving approval from SEBI. The oldest of the current approvals came in April 2025.

In total, the already approved companies are expected to raise more than 2.6 trillion rupees, Prime Database estimates. These include big names such as asset manager SBI Funds Management, quick-commerce company Zepto and hotel chain Oyo.

However, even if the peace treaty holds, other structural risks remain, including rising inflation and the related risk of a cycle of raised interest rates. That would weigh on foreign investors, who despite having been net sellers in the secondary markets in four of the five years since 2022, had been net buyers in the IPO markets in all of the five years, data from Prime Database showed.

"[If] borrowing becomes expensive, then there is less foreign money available to invest in large IPOs," Lath said.