ARTICLE

The New Era of Tech IPOs

Maturing Indian Primary Market, Governance, Disclosure and Company Secretary at the Centre

The Indian primary market is undergoing a structural reset. After a phase of strong exuberance in 2024–25, marked by record subscription levels, high valuations and widespread retail participation, the Initial Public Offer ("IPO") market in 2026 has moved into a phase of measured accountability. For technology companies, this shift is especially important. The regulatory framework for public issuances has evolved significantly, with the Securities and Exchange Board of India (SEBI) strengthening disclosure norms, governance expectations and accountability standards for new-age businesses. In this environment, the Company Secretary is no longer just a compliance functionary. The role has become central to governance, with a clear responsibility to ensure that the journey to listing is not only compliant, but also credible. This article examines SEBI's evolving framework through the lens of technology IPOs and outlines the governance responsibilities that Company Secretaries must take ownership of in this new era.

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INTRODUCTION: A MARKET IN TRANSITION

The Indian IPO market of 2025 was, by any measure, a spectacle. Over 90 mainboard companies filed offer documents during 2024–25, with domestic retail subscription multiples averaging 23.56 times the issue size, a record level of participation that cut across sectors including manufacturing, healthcare, logistics, financial services and consumer technology. Nearly every industry had its moment in the public market spotlight. The IPO route was no longer a milestone reserved for legacy businesses. It had become an ambition shared by a new generation of founders and promoters across sectors. *[Source: SEBI Annual Report 2024-25]*

Now, that wave is reaching to the technology also.

For years, India's tech ecosystem operated in a separate orbit driven by private capital, venture funding and valuations that public market investors could neither fully verify nor comfortably trust. But as other industries discovered the discipline and credibility that come with public listings, the tech sector has begun moving toward the same path. This shift was inevitable. A maturing start-up ecosystem, a deeper domestic investor base and a regulatory environment increasingly open to new-age business models have together created the conditions for a new phase. In this phase, tech companies are not exceptions in the IPO market but an increasingly central force.

a. Tech at the Gates: Who is Already There

The early movers have already shaped expectations. A leading food-tech platform and a prominent e-commerce and beauty platform were among the first to test public market appetite for new-age tech businesses. Their post-listing journeys were marked by sharp corrections, intense scrutiny around profitability timelines and closer attention to governance standards. These experiences became a learning curve for every tech founder that followed.

A major fintech company added another defining moment with its turbulent listing in 2021—India's largest-ever IPO at that time, which witnessed weak institutional demand, a sharp listing-day decline and significant post-listing value erosion. It became one of the most widely discussed IPOs as it triggered a market-wide reassessment of valuation discipline, profitability expectations, and governance standards in new-age technology companies.

More recently, the pipeline has strengthened. A leading EV mobility company listed in 2024, bringing the added complexity of a hardware and software business operating within a rapidly evolving EV ecosystem. A prominent edtech platform is widely reported to be evaluating a public market debut. A major e-commerce conglomerate continues to be discussed as a potential mega listing that could redefine the scale of tech IPOs in India.

The next wave is already visible. Several emerging consumers and fintech platforms represent a cohort of companies that have spent years building institutional processes, simplifying cap tables and strengthening governance frameworks. They are preparing for a market that evaluates more than just growth.

The message from the market is clear. The era of concept-stage listings is over. What lies ahead is the era of credible tech listings.

b. The New Era of Tech IPOs: From Story to Substance

This new phase of tech IPOs is being shaped by a very different market reality. The 2026 market is not the same as 2025.

The market has clearly matured. It is no longer driven by optimism alone and is now asking tougher, more fundamental questions. Investors want clarity on margins, visibility on cash flows and confidence in governance standards. Repeatable revenue, strong unit economics, and transparent governance are no longer points of differentiation. They are the minimum requirements to even participate.

The next wave of tech IPOs will be led by companies that move beyond storytelling and demonstrate real financial substance. The market still values technology, but it now expects these businesses to prove their strength in the same way as any other sector.

c. The Company Secretary at the Centre: Compliance is Not Enough

Before every important decision, someone quietly checks the law. That someone is the Company Secretary.

In this new environment, one professional sits at a critical intersection: the Company Secretary. As the primary Compliance Officer, Board Advisor and Governance Custodian for a company preparing to list, the Company Secretary carries responsibilities that go far beyond filings and checklists. In today's tech IPO landscape, the Company Secretary must act as the conscience of the listing process.

The journey to an IPO is rarely simple. Many tech companies scale through rapid hiring, multiple funding rounds, complex ESOP structures and related-party transactions. Their governance practices are often not built for public scrutiny. It is the Company Secretary's role to identify these gaps early, not at the Draft Red Herring Prospectus ("DRHP") stage, but well before listing becomes a goal.

A Company Secretary who understands Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"); Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), and investor expectations is not just a compliance resource but a strategic asset. They ensure board independence is real, related-party transactions, KPI disclosure framework are transparent and defensible, ESOP disclosures are robust and risk factors reflect genuine concerns rather than carefully drafted disclaimers.

Beyond compliance, the Company Secretary must build a culture of governance readiness. Public markets assess not just what a company files, but how it operates. Board processes, committee effectiveness, whistle-blower systems and internal audits all signal whether governance is authentic or superficial.

Their most important contribution is ensuring alignment. The story presented in the offer document must match the company's governance, financials and operations. The Company Secretary plays a key role in establishing it.

The listing bell is the beginning, not the end. Its credibility depends on the discipline and integrity built over time. Strong revenue, sound unit economics, and transparent governance are no longer differentiators; they are the baseline. The next phase of tech IPOs will favour companies that move beyond narratives and prove their strength through numbers.

THE STRUCTURAL SHIFT: FROM VOLUME TO VALUE

a. The First Wave and Its Lessons

India's experience with technology company listings did not begin in 2025. The first major wave of new-age tech IPOs began earlier, most notably with the landmark IPO of a leading food-tech platform in 2021, which raised approximately Rs.9,375 crores. The listing reflected strong investor appetite for high-growth internet businesses, with valuations driven more by future potential than by current profitability.

A prominent e-commerce and beauty platform listed in the same year and followed a similar pattern. Both companies had strong brand recognition, rapidly expanding user bases, and compelling growth narratives. However, their profitability remained limited, and their governance frameworks were still largely designed for a private, venture-backed environment rather than the demands of a listed company.

The IPO of a major fintech company, which at the time was the largest in Indian market history, raised Rs.18,300 crores. The stock, listed at Rs.2,150 per share, closed its first trading day at Rs.1,560 - a decline of approximately 27 percent and continued to fall materially over the following months. The RBI's subsequent regulatory action against the associated payments bank in January 2024, which effectively halted new customer onboarding and restricted core banking operations, exposed the depth of the governance and disclosure gap that the original offer document had not adequately conveyed. [Reserve Bank of India Press Release: Action against a Payments Bank, January 31, 2024, available at www.rbi.org.in]. This was followed by a sharp and prolonged decline in its market price, which sparked serious questions around valuation methodology, the adequacy of risk disclosures, and governance standards, especially for a business operating across regulated financial services verticals.

This episode also triggered a larger debate on whether Indian public markets were fully prepared to assess technology businesses whose value is often built on metrics that differ significantly from traditional equity analysis.

b. The Current Pipeline

The current cohort of technology companies, whether already listed or preparing for public markets, reflects a more mature phase of India's startup ecosystem. A leading EV mobility company listed in 2024, bringing with it the complexities of a hardware-software business operating at the intersection of consumer technology and infrastructure. It has also faced significant post-listing scrutiny around service network disclosures and financial projections.

A prominent edtech platform, among India's most recognised in its segment, has been widely reported as evaluating a public market debut.

Several consumer tech, fintech, and services platforms represent the next cohort. These businesses have spent years building institutional processes, restructuring cap tables, addressing related-party arrangements and preparing governance frameworks in anticipation of a future listing.

> Public markets assess not just what a company files, but how it operates. Board processes, committee effectiveness, whistle-blower systems and internal audits all signal whether governance is authentic or superficial.

Their approach reflects the lessons of the first wave: the public market operates as a very different institutional environment and preparation for it needs to begin well before an investment banker is formally appointed.

c. The Market's New Expectation

What the market is now communicating through subscription multiples, post-listing price performance, and institutional investor behaviour reflects a set of expectations that technology companies cannot afford to misread. Investors are asking questions that were not consistently raised in 2021 or 2025. They want to understand what the path to profitability looks like, how related-party transactions are governed, what independent directors actually contribute and whether KPI disclosures are consistent with how the company has represented itself in earlier investor communications. These are governance questions as much as they are financial ones.

SEBI'S EVOLVING REGULATORY FRAMEWORK: KEY DEVELOPMENTS FOR TECHNOLOGY IPOs

a. How SEBI's Regulatory Framework is Evolving for Tech IPOs?

The Securities and Exchange Board of India has never been a passive regulator. But in the context of new-age technology companies approaching public markets, SEBI has evolved from a process-oriented watchdog into a substance-oriented gatekeeper. This shift is deliberate, and for technology companies preparing for listing, it represents a fundamental change in what the regulatory journey now demands.

Early tech listings exposed gaps that SEBI could not ignore. Valuations were often built on vanity metrics. Offer documents sometimes disclosed risks in language that confused more than it clarified. Promoter structures were layered across jurisdictions in ways that reduced accountability. Related-party ecosystems were extensive but not always disclosed with enough transparency. These were not isolated incidents; they formed clear patterns.

Over time, SEBI has worked systematically to close the gaps that allowed such practices to enter the public markets.

b. What SEBI has Changed and Why it Matters for Tech Companies?

The amendments to the SEBI ICDR Regulations, reflect a regulator that has closely studied the tech IPO cycle. Several of the changes are particularly important for technology companies:

- **Tighter framework governing KPI disclosures**: Technology companies continue to face structural and operational complexities arising from evolving business models, cross-border regulatory exposures, data localisation requirements, and rapid technological disruption, particularly in areas such as artificial intelligence and platform-based ecosystems. For instance, listed new-age technology companies in sectors such as food-tech and fintech have witnessed variability in key operating metrics driven by changes in user behaviour, pricing strategies, and regulatory developments, thereby impacting the consistency and comparability of key performance indicators. Recognising these sector-specific risks, the SEBI has progressively strengthened the regulatory framework through targeted amendments under the SEBI ICDR Regulations, including enhanced disclosure obligations under Regulation 6 and Schedule VI. SEBI now mandates that KPIs disclosed in the offer document must be certified by the statutory auditor and tracked consistently across prior periods. This effectively ends the practice of selectively highlighting favourable metrics while downplaying weaker ones in footnotes.

- **Mandatory disclosure of objects of the issue with greater granularity:** For technology companies that often raise capital under broad heads like "general corporate purposes" or "organic growth," SEBI has tightened disclosure norms to ensure clearer, specific use of IPO proceeds. This move addresses earlier trends where a large share of IPO funds went toward offer-for-sale, meaning the company itself did not receive any capital, even though the issue was positioned as a growth opportunity for investors.

- **Enhanced review of related-party dealings:** Technology companies often have complex related-party structures due to their funding history, including investor-linked vendors, founder entities and cross-holdings that are hard to trace. SEBI has strengthened Related Party Transaction (RPT) framework under SEBI LODR Regulations, is primarily set out under Regulation 23 which requires audit committee oversight, shareholder approval for material transactions, and clear disclosure of rationale. For many tech companies, this goes beyond compliance and amounts to a structural clean-up of long-standing informal arrangements.

- **Lock-in relaxations based on profitability thresholds:** SEBI has now linked promoter lock-in periods to whether a company is profitable or loss-making at the time of listing. This has a direct impact on technology companies that often go public while still in losses, which is common in high-growth businesses. The message is clear: promoters can unlock liquidity sooner only when the business demonstrates profitability, not just scale.

- **Increased focus on governance of the Board and Independent Directors:** SEBI has strengthened expectations that Independent Directors must be truly independent in background, conduct and judgment. For technology companies, where Boards have often been dominated by investor nominees and founder associates, meeting both the letter and spirit of these requirements is a meaningful governance shift, not a routine compliance exercise.

The cumulative effect of these measures is to ensure that technology companies accessing public markets are subject not only to formal compliance requirements but also to a higher standard of transparency, comparability, and governance discipline, consistent with the expectations of an increasingly sophisticated investor base.

c. Offer Document as a Governance Test

The Draft Red Herring Prospectus (DRHP), as governed under Schedule VI of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, is not merely a regulatory filing. It is the most comprehensive public statement a company will ever make about itself - a document that simultaneously discloses financial history, governance architecture, object of the issue, risk profile, business strategy, and the basis on which public investors are being invited to commit capital.

In recent years, SEBI's review of DRHPs has become significantly more detailed. Its queries now go beyond financial statements to include the rationale for valuation, Price to Equity ratio (PE Ratio), dilution, consistency of KPIs across earlier funding rounds and the DRHP, adequacy of risk disclosures, utilisation of the IPO proceeds, future growth of the companies, vision of the issuer companies and the independence of valuation methodologies used to support the price band.

Scrutiny around filings such as those of a consumer tech company, questions raised in the disclosures of a listed EV mobility company, and regulatory reviews of several fintech and SaaS companies during pre-filing stages all reflect a clear trend: offer documents are examined closely, and any inconsistencies are likely to be challenged publicly.

In this context, the quality and coherence of the DRHP increasingly serve as a direct indicator of a company's governance standards.

d. The Company Secretary at the Centre: From Compliance to Credibility

Compliance does not slow decisions — it makes them sustainable. A Company Secretary (CS) makes that sustainability happen.

In this evolving regulatory landscape, the Company Secretary carries one of the most central and consequential responsibilities in the IPO process. The Company Secretary is not just another participant, but the key point around which regulatory compliance, Board accountability and disclosure integrity are anchored.

This role becomes especially critical in technology companies, where early growth is often driven by speed, scale and funding cycles rather than structured governance. In many cases, governance systems are developed in response to investor expectations or regulatory requirements, rather than as part of a deliberate long-term framework. As a result, by the time an IPO is considered, the Company Secretary often inherits a governance structure that was not originally built for public market scrutiny.

The challenge, therefore, extends well beyond the accuracy of regulatory filings. It involves reconstructing governance systems i.e. board architecture, disclosure frameworks, related-party controls, ESOP governance, and internal audit mechanisms, that were built for a private, venture-backed environment and must now meet the substantive standards of public market credibility. The Company Secretary's statutory authority under Section 204 of the Companies Act, 2013, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, provides the professional mandate for this work. The ICSI has further articulated this expanded role through its Guidance Note on Board Evaluation (2022) and its Professional Development Series on Governance Architecture for Listed Companies (2024), both of which identify the Company Secretary as the primary institutional custodian of governance integrity in the listing process.

e. Key Responsibilities of a Company Secretary in the Tech IPO Journey

A CS is not defined by the qualification alone, but by the responsibility carried every day.

- **Board Architecture and Independence:** The Company Secretary must ensure that a company's Board composition reflects true independence, not just formal compliance. A Company Secretary need to ensure compliance with Section 149 Companies Act, 2013 and Regulation 17 SEBI LODR which involves assessing whether independent directors bring relevant sector expertise, sufficient time commitment and the willingness to provide effective oversight. A Board that primarily validates management decisions, rather than critically examining them, will not withstand scrutiny from institutional investors or SEBI's fit-and-proper standards. The Company Secretary must therefore advise promoters early, and at times firmly, that the governance structure suited to a private company often requires meaningful change before a public listing.

- **Governance Archaeology**: It involves tracing the legacy of rapid growth, where informal decisions may have been later regularised, related-party transactions may not have been fully documented, ESOP grants may lack proper Board approvals, and inter-company loans may have been driven more by convenience than robust governance. The Company Secretary must systematically review this history, identify all gaps and ensure they are appropriately rectified ahead of the DRHP filing, in accordance with the disclosure requirements under the SEBI ICDR Regulations. Where remediation is not possible, the issues must be disclosed clearly, fully, and without ambiguity.

- **KPI Integrity and Disclosure Alignment:** Technology companies are heavily driven by performance metrics. The Company Secretary, in coordination with the CFO and statutory auditor, must ensure that KPIs in the offer document are accurate and consistent with how the company has historically communicated with investors, employees, and regulators. Any inconsistency between metrics disclosed in DRHPs, investor presentations, or annual reports can create significant regulatory and reputational risk. To prevent this, the Company Secretary should establish a robust disclosure governance framework that systematically tracks, reconciles, and aligns all key metrics across public and regulatory communications.

- **ESOP Compliance and Disclosure:** Employee stock option plans are a key feature of technology companies and among the most closely examined aspects of a tech IPO. The Company Secretary must ensure that every ESOP grant complies with the compliance with Section 62(1)(b) of the Companies Act, 2013 and applicable SEBI regulations, and the shareholder-approved plan. Further, key terms including vesting conditions, acceleration provisions, and treatment of options at the time of listing must be clearly and transparently disclosed. Any lapses in ESOP accounting or approval processes can delay the IPO or lead to regulatory observations from SEBI, which may adversely affect investor confidence at a critical stage.

- **Related-party Transaction Governance**: Related Party Transactions shall be undertaken in compliance with Regulation 23 of the SEBI LODR Regulations, 2015, including prior approval of the Audit Committee and, where applicable, shareholders. It is a key governance challenge for technology companies with complex investor structures, not just a routine compliance requirement. The Company Secretary plays a central role in mapping all related-party relationships, evaluating each transaction for arm's-length justification, and ensuring that all necessary approvals from the audit committee and shareholders are obtained. They must also confirm that disclosures in the offer document are complete, clear, and transparent. The standard is not limited to procedural approval. It extends to whether each transaction can stand up to the scrutiny of an informed and independent investor reviewing the offer document for the first time.

- **Secretarial Audit as a Pre-IPO Diagnostic:** The secretarial audit under Section 204 of the Companies Act, 2013, is often treated as routine, but in IPO it should serve as a pre-listing health check. The Company Secretary must ensure prior audits are clean, all observations are resolved and Board and shareholder records are complete and accurate. Any unresolved qualification is a clear red flag for SEBI, bankers and investors.

- **Post-Listing Governance Continuity**: Listing significantly expands the Company Secretary's responsibilities. Post-listing, the Company Secretary shall ensure compliance with Regulation 30 of the SEBI LODR Regulations, 2015 and the SEBI (Prohibition of Insider Trading) Regulations, 2015, including timely disclosure of material events and effective management of unpublished price sensitive information (UPSI). A strong compliance framework must cover financial reporting, LODR disclosures, related-party transactions, insider trading compliance, and handling of unpublished price-sensitive information. For technology companies, frequent material developments make timely disclosure especially critical. Robust internal systems are essential to ensure accurate and prompt reporting, as lapses can lead to serious regulatory and reputational risk.

KEY DRIVERS SHAPING INDIA'S TECH IPO LANDSCAPE

The structural shift in India's IPO market, especially for technology companies, is not driven by a single event or short-term sentiment change. It reflects the convergence of multiple forces that are reshaping how tech businesses access public capital. For Company Secretaries and governance professionals, understanding these drivers is critical not only for a successful listing, but also for building and sustaining long-term credibility in the public markets.

a. Maturing Domestic Investor Base

India's retail investor base has transformed significantly over the past five years. The rise of discount broking platforms, widespread access to demat accounts and steady growth in mutual fund SIPs have created a much larger and more active participation in capital markets.

This new investor base is also more experienced. It has gone through the full cycle of the tech IPO boom, including strong listing-day gains as well as post-listing corrections. Investors have seen both accurate risk disclosures and projections that did not materialise as expected. As a result, retail investors today are more discerning, read offer documents more carefully, ask tougher questions, and are less driven by narratives compared to earlier cycles such as 2021 or even 2025.

b. Institutional Discipline and Global Context

Qualified institutional buyers, including domestic mutual funds, insurance companies, foreign portfolio investors, and alternative investment funds, have become more disciplined in their evaluation of technology IPOs. This shift is reinforced by global market conditions. Since 2022, corrections in technology valuations, the recalibration of growth multiples across US and Asian markets, and higher interest rates have increased the cost of capital and made investors more selective. As a result, Indian institutional investors now price technology companies more conservatively. The gap that once existed between private market valuations and public market pricing has narrowed significantly, and the premium valuations commonly accepted during the growth cycle peak are no longer readily absorbed.

c. SEBI's Proactive Regulatory Posture

As outlined in the preceding sections, SEBI's shift from a process-driven regulator to a substance-focused one has significantly changed pre-IPO preparation for technology companies. The regulator now issues detailed observations on DRHPs, actively examines disclosure adequacy, and continues to strengthen governance standards for listed entities.

As a result, the cost of a poorly prepared listing has increased in terms of time, resources, and organisational effort. This approach also improves overall market quality by discouraging companies from treating the IPO primarily as a capital-raising exercise rather than a broader governance transition.

d. The Profitability Imperative

The Indian public markets have reached a clear structural shift: profitability now matters.

This does not mean loss-making technology companies cannot list; several will continue to do so. However, the market now evaluates such companies differently. It places greater weight on credible paths to profitability, the quality and sustainability of revenue, and the strength of unit economics, with far closer scrutiny than in earlier growth cycles.

For technology companies, this shift is both a financial and governance challenge. Achieving profitability now depends on stronger operational discipline, more accountable capital allocation, and greater management transparency. In effect, profitability has become as much a governance outcome as it is a financial milestone.

e. The ESG and Sustainability Dimension

Environmental, social and governance (ESG) considerations are increasingly shaping institutional investment decisions in Indian public markets. SEBI's Business Responsibility and Sustainability Reporting (BRSR) framework, while applicable to top listed companies, is also influencing pre-IPO companies as investors adopt ESG-based screening. For technology companies in particular, concerns around environmental impact, data governance and social responsibility add an additional layer of IPO readiness, requiring Company Secretaries to integrate ESG considerations into overall governance and disclosure planning.

f. The Talent and Leadership Governance Factor

Technology companies are fundamentally people-driven businesses. Investors in tech IPOs closely assess the strength of the management team, depth of leadership, employee equity practices, and overall human capital governance. Issues such as founder exits, leadership instability, or poor employee relations can quickly impact post-listing performance and investor confidence. As a result, governance around accountability, succession planning, and leadership continuity is not peripheral but a core requirement for IPO readiness.

TECH IPO VALUATION METHOD AND CHALLENGES 2026

Valuation is the most visible and often the most contested aspect of any IPO. For technology companies, it is also the most complex. Public market valuation requires methods that are analytically rigorous, aligned with market realities and defensible to SEBI, institutional investors and the wider market. In 2026, this exercise has become significantly more demanding than in the previous cycle.

a. Established Valuation Methodologies

The valuation of a company for IPO purposes typically relies on a combination of established methodologies, each with different implications for technology businesses.

Discounted Cash Flow (DCF) Analysis is the core approach, which estimates the present value of expected future cash flows using an appropriate discount rate. For technology companies, DCF is particularly sensitive because a large portion of value is derived from distant future cash flows. As a result, assumptions around terminal value and discount rates have a significant impact on outcomes. In a higher interest rate environment and with compressed growth expectations, DCF-based valuations for tech companies have moderated compared to earlier peak cycles.

Comparable Company Analysis values a business by benchmarking it against listed peers using valuation multiples such as enterprise value to revenue, enterprise value to EBITDA, or price to earnings. For Indian technology companies, identifying comparable peers is often complex. Domestic comparable are limited, which necessitates reliance on global peers. However, differences in geography, regulation, and investor sentiment can reduce comparability. Additionally, the global compression in technology valuations since 2022 has lowered benchmark multiples, affecting achievable IPO valuations.

Net Asset Value and Adjusted Book Value methods are generally less relevant for technology companies, as their value is driven primarily by intangible assets such as intellectual property, brand strength, network effects, and human capital rather than physical assets.

b. Technology-Specific Valuation Metrics

Technology companies often supplement traditional valuation methods with sector-specific metrics that better capture their operating models:

Price to GMV: Used primarily for marketplace and e-commerce businesses, this measures enterprise value as a multiple of gross merchandise value transacted on the platform.

EV to ARR: Enterprise value relative to annual recurring revenue, commonly applied to SaaS and subscription-based businesses.

Price to MAU: Enterprise value per monthly active user, used to evaluate consumer internet and social platforms.

LTV to CAC ratio: The ratio of customer lifetime value to customer acquisition cost, reflecting unit economics and the sustainability of growth.

Rule of 40: A SaaS benchmark where the sum of revenue growth rate and profit margin should be at least 40 percent, indicating a balanced approach to growth and profitability.

c. Valuation Challenges in 2026

The 2026 technology IPO landscape reflects a shift toward stricter valuation discipline, shaped by four key forces:

Compressed multiples: Global technology valuations have reset, and public markets now assign lower multiples than during the previous cycle. As a result, several companies face a gap between late-stage private valuations and achievable IPO pricing, in some cases leading to a "down-round IPO" scenario.

Profitability focus: Investors now place greater emphasis on a clear and near-term path to profitability. The earlier tolerance for sustained losses has reduced, and companies without credible profit visibility are facing tighter valuation outcomes and more cautious investor demand.

Revenue quality scrutiny: Markets are increasingly distinguishing between sustainable core revenue and revenue driven by incentives, promotional spending, or weak customer economics. Concentration risk, aggressive recognition practices, and subsidy-dependent growth are receiving closer examination.

Governance as a valuation driver: Governance quality has become a direct input into valuation. Strong governance frameworks, independent oversight, and transparent disclosures are increasingly associated with valuation premiums, while governance concerns result in discounts, regardless of business strength. This linkage is evident in investor participation and post-listing performance trends.

Overall, valuation outcomes are now shaped as much by quality and credibility as by growth metrics alone.

d. The Company Secretary's Role in Valuation Governance

The Company Secretary is not a valuation expert, but plays a key governance role in the valuation process that is often overlooked. They must ensure that KPIs and financial metrics used to support valuation in the offer document are consistent across the DRHP and prior investor communications. They also help to ensure that peer companies are appropriately comparable and that key risks and assumptions underlying.

CONCLUSION

The Indian IPO market is at an inflection point, moving from the exuberance of 2025 to the accountability of 2026. Technology companies now face stronger SEBI regulation, deeper investor scrutiny, and higher consequences for governance lapses.

In this environment, the Company Secretary is a core governance architect, not a supporting function. Their judgment shapes key decisions such as board structure, related-party approvals, KPI disclosures, and valuation frameworks. Effective compliance does not slow the business; it strengthens speed with confidence and credibility. Ultimately, while compliance gets a company to the market, credibility determines its long-term standing.

REFERENCES:

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vi. *SEBI (Prohibition of Insider Trading) Regulations, 2015*

vii. *SEBI Annual Report 2024-25*

viii. *SEBI Master Circular on Key Performance Indicators in Public Issue Offer Documents*

ix. *SEBI Master Circular on related-party transaction in Public Issue Offer Documents*