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RESEARCH CORNER



- Curating A Successful Indian IPO Value Journey – Step by Step guide
A Comprehensive Strategic & Regulatory Intelligence Note
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Curating A Successful Indian IPO Value Journey – Step by Step guide

A Comprehensive Strategic & Regulatory Intelligence Note

For companies aspiring to a successful Indian IPO, the message is unambiguous: begin the journey early, build real foundations, choose your advisors wisely, price honestly, disclose comprehensively, and never lose sight of the fact that every investor who buys your shares is entrusting their capital to your stewardship. Those who honour that trust consistently — through listing cycles, lock-in expiries, and market corrections — build the kind of institutional credibility that compounds into long-term value creation for every stakeholder.



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INTRODUCTION

INDIA'S IPO MARKET LANDSCAPE: A GLOBAL POWER

1. Record-Breaking Market Metrics

The scale of India's IPO resurgence is best understood through comparative data. In 2024, India hosted twice as many IPOs as the United States and 2.5 times more than Europe, according to Pantomath Group analysis. The National Stock Exchange of India (NSE) claimed the top global ranking for funds raised across global exchanges, outpacing even NASDAQ — a historic milestone for a market that until the mid-2010s was considered a secondary frontier.

India's primacy in global IPO volume reflects the structural convergence of multiple macro tailwinds: a growing middle class with rising equity participation, a maturing startup ecosystem resetting valuation expectations, the government's digital infrastructure buildout enabling retail access, and a regulatory regime that has progressively aligned with global best practices.

2. Sector Composition and Emerging Themes

The sectoral diversity of India's IPO pipeline has widened considerably. Historically dominated by financial services and manufacturing, the 2024–25 cohort saw meaningful representation from new-age technology, quick commerce, electric mobility, health-tech, and SaaS.

In 2025, 18 startups collectively raised over INR 41,000 crore from the primary market, signalling a decisive reset from the peak-valuation excess of the 2021 funding boom. This rebound, as noted by market participants, reflects more disciplined business models, adjusted valuation metrics, and greater alignment between founder ambition and investor expectations — a prerequisite for durable IPO success.

PHASE I: PRE-IPO STRATEGIC FOUNDATION (12–36 MONTHS BEFORE LISTING)

1. Determining IPO Readiness

The IPO journey begins long before any DRHP is filed. A company must conduct an honest readiness

Metric	FY2024	FY2025 / CY2025	Change
Mainboard IPOs	76 / 91 (CY)*	80 / ~95 (CY)	+5–10%
Capital Raised (Mainboard)	INR 619 Bn (FY) / INR 1.6 Tn (CY)	INR 1,630 Bn (FY) / INR 1.76 Tn (CY)	+163% FY
SME IPOs Listed	243 (CY)	252 (CY)	+3.7%
SME Funds Raised	INR 9,580 Cr	INR 11,400 Cr	+19%
DRHPs Filed with SEBI	143	~250	+75%
Avg. Listing Gain (Day 1)	>30%	Mixed – marquee names strong	Normalising
Oversubscription (>10x)	66 of 91 issues	Strong continued demand	Sustained

* CY – Current Year

audit across five dimensions: financial, governance, operational, legal, and strategic. This internal reckoning separates companies that merely meet eligibility thresholds from those that will command premium valuations and sustained investor confidence.

Financially, the company should demonstrate at minimum three consecutive years of audited financials under IndAS (Indian Accounting Standards), consistent revenue growth, improving EBITDA margins, and a clearly articulated path to profitability or cash generation. SEBI's ICDR Regulations under the 'profitability route' (Regulation 6(1)) require net tangible assets of at least INR 3 crore, an average operating profit of INR 15 crore for three of the preceding five years and a net worth of at least INR 1 crore in each of the prior three years.

Under Regulation 6(2), the alternative route — available for entities that do not meet profitability criteria — mandates that at least 75% of the net offer to the public be allotted to qualified institutional buyers (QIBs), a reflection of the elevated risk such issuers carry. Technology and new-age companies frequently use this route.

2. Governance Transformation

The transition from a privately held company to a public entity requires a fundamental cultural and structural shift in governance. Most private companies operate with informal decision-making structures, concentrated ownership and limited disclosure practices — none of which survive the scrutiny of institutional investors or SEBI's ongoing listing obligations.

Key governance transformations include:

- Board reconstitution with Independent Directors comprising at least one-third of the Board (or half if the Chairman is executive), including at least one-woman Independent Director as per SEBI LODR Regulations.
- Constitution of mandatory Board committees: Audit, Nomination & Remuneration (NRC), Stakeholders' Relationship, and Risk Management (for top 1,000 listed entities by market cap).
- Related Party Transaction (RPT) policies aligned with SEBI LODR Amendment Regulations, with material RPTs requiring shareholder approval.
- Robust internal audit function, internal financial controls certification and whistleblower mechanisms.
- Promoter and KMP demat holdings — the March 2025 ICDR Amendments now require full dematerialisation of securities by employees, promoters, institutional investors and KMPs before filing the Draft Red Herring Prospectus (DRHP).

- ESOPs aligned with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and tax structuring reviewed for post-listing compliance.

3. Assembling the IPO Ecosystem

No IPO is built in isolation. The choice of intermediaries is among the most consequential decisions a company will make. Each intermediary brings differentiated capabilities and mismatches in mandate or expertise can delay the process by months.

Intermediary	Key Role	SEBI Registration Required
Book Running Lead Manager (BRLM)	End-to-end structuring, due diligence, DRHP coordination, book building, allotment	Yes – Merchant Banker (Cat I)
Legal Counsel (Issuer)	Legal due diligence, DRHP legal sections, representations, warranties	No (but recognised firm essential)
Legal Counsel (Underwriters)	Independent legal verification, underwriting agreement	No
Statutory Auditors	Restated financials, PCAOB-standard audit (for overseas listings)	ICAI registration
Registrar to the Issue (RTA)	Application processing, allotment, refunds, demat credits	Yes – SEBI (Registrars)
Bankers to the Issue / ASBA Bankers	ASBA fund blocking, collection	Scheduled Commercial Bank
Advertising Agencies	Red Herring prospectus publication, IPO campaign	No
ESG Advisor (emerging)	Sustainability disclosures, BRSR report advisory	No (but increasingly valued)

4. Financial Restructuring and Pre-IPO Capital

The pre-IPO window is also used strategically for capital structure optimisation. Companies may raise a pre-IPO placement from institutional investors, high-net-worth individuals, or family offices to bridge the valuation gap, clean up the balance sheet, or provide partial liquidity to early investors before the public offer.

Under SEBI's March 2025 ICDR Amendments, any pre-IPO placement made within the 90-day window before filing the DRHP must be reported to SEBI within 24 hours, and a public announcement must be made within two working

days for confidential filings. This provision enhances transparency and prevents misuse of information asymmetry.

Additionally, companies deploying IPO proceeds for capital expenditure must now also count repayment of capex loans toward their capex utilisation threshold — a change that impacts the mandatory longer promoter lock-in requirement. This nuance requires careful financial modelling and counsel before defining the objects of the issue.

PHASE II: DUE DILIGENCE AND DRHP FILING

1. The Due Diligence Process

Due diligence is the cornerstone of IPO integrity. The BRLM, in its role as merchant banker, bears the ultimate regulatory responsibility for the accuracy and completeness of the offer document under SEBI ICDR Regulations — though in practice, a multidisciplinary team is deployed. Due diligence encompasses:

- **Financial Due Diligence:** Restated financials for five years, reconciliation of IndAS adjustments, capex validation, working capital analysis, debt covenants, contingent liabilities, and revenue recognition policy review.
- **Legal Due Diligence:** Title verification for material properties, pending litigation and regulatory proceedings, material contracts, employment law compliance, intellectual property ownership, and cross-border regulatory issues.
- **Operational Due Diligence:** Assessment of business model sustainability, key customer and supplier concentration, supply chain risks, technology infrastructure, and regulatory licences.
- **ESG Due Diligence:** Environmental clearances, ESIC and EPF contribution compliance (newly mandated for disclosure in offer documents per March 2025 ICDR Amendments), labour practices, and governance ESG metrics for BRSR reporting.
- **Reputation and Stakeholder Mapping:** Background checks on promoters and KMPs, political dependencies, sanctions screening, and media reputation analysis.

The draft offer document must now include disclosure of EPF and ESIC contribution details as part of enhanced disclosure norms. Lead Managers are additionally required to conduct and disclose a site visit report — a requirement that reinforces on-the-

ground operational verification beyond desk-based analysis.

2. Drafting the DRHP

The Draft Red Herring Prospectus (DRHP) is the central disclosure document of the IPO process. It must be comprehensive, consistent, and compliant. It excludes the final price and issue size but covers the full business narrative, restated financials, risk factors, management discussion and analysis (MD&A), capital structure, objects of the issue, and regulatory disclosures.

A critical development in the 2025 regulatory landscape is the mandatory KPI (Key Performance Indicator) disclosure requirement, effective from April 1, 2025. Issuers must disclose standardised KPIs in both draft and final offer documents, enabling investors to compare operating metrics across sectors with greater precision. This reform addresses a longstanding gap where companies could present bespoke metrics to flatter their business model without enabling meaningful benchmarking.

The confidential pre-filing mechanism, introduced in November 2022 under Regulation 6A of the SEBI ICDR Regulations, allows issuers to file the DRHP with SEBI without immediate public disclosure. In 2025, 17 companies opted for confidential filings — up sharply from just four between 2022 and 2024 — as larger corporates increasingly value the strategic flexibility, it affords during sensitive pre-IPO negotiations.

A successful Indian IPO is not merely a capital-raising event — it is the culmination of a multi-year journey that demands rigorous governance transformation, strategic financial engineering, investor-oriented storytelling, and regulatory mastery.

From the date of public DRHP filing, a 21-day window is open for public comments. Companies must also publish a newspaper notice at the time of filing. These requirements are designed to democratise the scrutiny process and surface concerns from market participants, analysts and competitors before SEBI grants its observations.

3. SEBI Review and Observations

In a significant operational shift, SEBI under new Chairperson has accelerated IPO approvals to within three months of filing for a majority of applications, compared to the prior norm of up to six months. This reduction in approval timelines has meaningfully improved IPO market predictability and helped issuers better calibrate their listing windows to market conditions.

SEBI's observations letter typically raises queries on disclosure adequacy, related party transaction risks, objects of issue feasibility and risk factor comprehensiveness. The issuer and BRLM are required to respond satisfactorily before the final prospectus (Red Herring Prospectus or RHP) is filed. Any material

changes to IPO objectives post-SEBI observations require an exit opportunity for dissenting shareholders.

PHASE III: VALUATION, PRICING AND BOOK BUILDING

1. Valuation Philosophy and Methodology

Valuation is where strategy meets market reality. In the Indian IPO market, there is a persistent tension between promoter expectations — anchored on private funding round multiples or EBITDA-based targets — and institutional investor frameworks that prioritise sustainable earnings, sector comparables and growth-adjusted risk premiums.

The primary valuation methodologies employed in Indian IPOs include:

- **Price-to-Earnings (P/E) multiple:** Most commonly applied to profitable companies in financial services, consumer, manufacturing, and pharma sectors.
- **EV/EBITDA:** Preferred for capital-intensive businesses where depreciation distorts earnings.
- **Price-to-Sales (P/S):** Applied to high-growth, pre-profit new-age tech companies where revenue growth is the primary value driver.
- **Discounted Cash Flow (DCF):** Used as a cross-check, particularly for infrastructure, utilities and long-duration cash flow businesses.
- **Sum-of-the-Parts (SOTP):** Relevant for conglomerates or diversified financial groups with distinct business verticals.

A healthy IPO pricing leaves money on the table — the so-called ‘IPO pop’ — which rewards public market investors and creates momentum. Aggressive pricing that leaves no upside for investors risks poor secondary market performance, lock-in expiry pressure and reputational damage for the promoter and the BRLM. The average listing gain in 2024 exceeded 30% based on closing price on listing day, reflecting that in many cases the market rewarded conservatively priced issuances.

2. Price Band Regulations

SEBI's ICDR Regulations now mandate a minimum price band of at least 105% of the floor price — effectively requiring a minimum 5% spread between the floor and cap price in book-built issues. This change eliminates ‘narrow price bands’ that previously allowed issuers to artificially constrain price discovery and limit investor agency in bidding.

The floor price or price band must be published in newspapers at least two working days before the issue opens. This advance disclosure allows retail investors adequate time to study the pricing rationale before submitting their bids.

For non-institutional investors (NIIs/HNIs), one-third

of their allocation is now reserved for investments between INR 2–10 lakh, and two-thirds for investments above INR 10 lakh. The minimum application size has also been increased to two lots, requiring a minimum investment of INR 2 lakh, standardising NII participation and reducing speculative micro-applications in the HNI category.

3. Anchor Investor Allocation

Anchor investors — typically large institutional buyers who subscribe to shares at the IPO price one day before the issue opens — play a critical signalling role in generating retail and institutional demand. Under SEBI's revised norms, 50% of their allocation is now locked in for 90 days instead of the previous 30 days. This extended lock-in directly addresses post-listing price instability caused by early anchor investor exits.

The September 2025 SEBI reforms also expand the eligible anchor investor pool to include insurance companies and pension funds, raising the anchor reservation to 40% of the QIB portion. This broadens the institutional base and reduces the concentration risk of anchor books dominated by a few large mutual funds or foreign portfolio investors (FPIs).

4. Book Building and Subscription

India's book-building process operates over a three-to-five-day subscription window (extendable in case of revisions to price band). The ASBA (Application Supported by Blocked Amount) mechanism, mandatory since 2016, ensures that retail investor funds are merely blocked rather than debited until allotment — significantly improving the investor experience and eliminating float-related interest loss.

The migration from T+6 to T+3 listing timeline — implemented in August 2023 — represents the most consequential procedural change in recent memory. Investors now receive their allotment and refunds within three days of issue closure, enabling them to trade or deploy capital with materially greater efficiency. This reform has enhanced the perceived attractiveness of IPO investing among retail participants.

PHASE IV: ROADSHOW, INVESTOR RELATIONS AND LISTING

1. The Roadshow as a Value Communication Exercise

The roadshow is the critical interface between the company's strategic narrative and its future shareholders. It is not merely a marketing exercise — it is a high-stakes dialogue in which institutional investors probe the management's depth of understanding of their own business, sector dynamics, and risk factors.

A well-executed roadshow typically spans one to two weeks across Mumbai, Delhi NCR, and key international financial centres including London, Singapore, Hong Kong, and New York. Virtual

roadshows, accelerated by the post-pandemic shift to digital investor meetings, have expanded access to smaller international institutional investors and family offices.

Effective roadshow execution requires:

- A compelling equity story that translates operational KPIs into investor-relevant value propositions — unit economics, market share trajectory, technology moat and regulatory tailwinds.
- A management team that can credibly defend financial projections, address competitive threats, and communicate capital allocation discipline.
- Sector positioning vis-a-vis listed comparables, including premium or discount justification.
- ESG credentials — increasingly screened by global institutional investors as a condition for participation, particularly for larger issuances.
- Clear use of proceeds narrative tied to specific, time-bound projects rather than generic ‘general corporate purposes’ language, which attracts SEBI scrutiny and investor skepticism.

2. Listing Day and Market Debut

Listing day is simultaneously a milestone and a new beginning. High listing gains — while celebrated — carry the risk of overheating expectations and setting unsustainable valuation benchmarks. Companies like Bajaj Housing Finance, Unicommerce eSolutions, and BLS E-Services demonstrated strong listing performance in 2024, while others in the SME space saw spectacular but short-lived listing gains before correcting sharply.

The grey market premium (GMP) — an informal indicator of expected listing gains traded outside formal market infrastructure — has grown in influence among retail IPO investors. SEBI continues to monitor GMP-driven speculation that can distort pricing expectations and encourage momentum-driven rather than fundamentals-driven investment decisions.

THE REGULATORY ARCHITECTURE: KEY SEBI AMENDMENTS (2024–2025)

1. SEBI ICDR Amendment Regulations — March 2025

The amendments published in the Official Gazette on March 8, 2025, introduced sweeping changes across the main Board, SME and rights issue frameworks. These amendments are already in effect and reflect SEBI’s response to both practitioner feedback and observed market abuses.

Amendment Area	Key Change	Impact
KPI Disclosure	Mandatory standardised KPIs in DRHP and final prospectus from April 2025.	Enhanced investor comparability; reduces selective metric disclosure.
Pre-IPO Placement Transparency	Mandatory 24-hour reporting; 2-day public announcement for confidential filings.	Prevents information arbitrage; improves market integrity.
Stock Appreciation Rights (SARs)	SARs exercised before RHP filing now exempt from convertible securities bar on IPO eligibility.	Expands employee incentive options without blocking IPO readiness.
Capex Loan Repayment	Repayment of capex loans counted toward capex utilisation for longer promoter lock-in threshold.	Requires careful financial modelling of objects of issue.
OFS Calculation	OFS limits calculated as of DRHP date; cumulative cap includes pre-IPO secondary transactions.	Restricts late-stage secondary sell-downs; aligns shareholder exit timings.
ESOP Bonus Exemption	Bonus shares on ESOP allotments exempt from IPO lock-in requirements.	Improves employee liquidity at listing without burdening promoter lock-in.
Full Demat Requirement	Promoters, KMPs, employees, and institutional investors must hold shares in demat form before DRHP filing.	Standardises shareholding records; eliminates physical share risks.
EPF/ESIC Disclosure	Offer documents must disclose EPF and ESIC contribution details.	Labour compliance now visible to investors; increases compliance pressure.
Site Visit Report	Lead Managers must conduct and disclose a site visit report.	Reduces information asymmetry; catches operational discrepancies.
21-Day Public Comment	UDRHP open for public comments for 21 days; newspaper notice at filing.	Democratises scrutiny; surfaces competitive and analytical concerns.

2. Minimum Public Offer (MPO) Reforms – September 2025

The September 12, 2025 SEBI Board Meeting introduced the most significant recalibration of India's minimum public offer framework since the SCRR rules were codified. These reforms were driven by feedback from large issuers — particularly those planning mega-IPOs with post-listing market capitalisations in the INR 50,000 crore to INR 5 lakh crore range — who found existing MPO mandates practically unworkable given the scale of dilution required.

Post-Issue Market Cap Band	Minimum Public Offer Requirement
Below INR 50,000 Cr (existing rule)	10% of post-issue share capital (if < INR 4,000 Cr)
INR 50,000 Cr – INR 1,00,000 Cr	At least INR 1,000 Cr and minimum 8% of post-issue share capital
INR 1,00,000 Cr – INR 5,00,000 Cr	Minimum Public Offer of INR 6,250 Cr with at least 2.75% of post-issue share capital
Above INR 5,00,000 Cr	Proposed: 2.5% of paid-up share capital; MPS deadline extended to up to 10 years

These reforms have two strategic implications. First, they unblock the pipeline of mega-IPOs — including the highly anticipated listings which have been hesitant partly due to the impracticality of floating enormous share quantities in a single offering. Second, they signal SEBI's willingness to balance market development with investor protection, recognising that forcing excessive dilution on large, stable companies can depress valuations for all shareholders.

The reforms also support the 'reverse-flip' trend — Indian companies with overseas holding structures (particularly Delaware or Singapore entities) are increasingly incentivised to redomicile to India for domestic listing, given the reformed compliance pathways and the depth of domestic investor appetite.

3. SME IPO Reforms – December 2024 to July 2025

The SME IPO segment, which saw 243 listings in 2024 (a 35.8% year-on-year growth), also received significant regulatory attention. SEBI approved sweeping SME IPO framework changes in December 2024, made official in March 2025, with BSE and NSE implementing revised rules from July 1, 2025.

Key SME IPO regulatory changes include:

- **Stricter eligibility:** Companies with outstanding convertible securities (except ESOPs) are now ineligible for SME IPOs; businesses that shifted from partnerships or LLPs must complete at least one full financial year before applying.
- **Minimum profitability:** Issuers must report minimum operating profit (EBITDA) of INR 1 crore in two of the last three years, filtering out

pre-revenue companies using the SME route as a speculative listing vehicle.

- **Promoter ownership change:** If more than 50% of promoter ownership changed hands, a one-year cooling-off period is required before filing.
- **OFS cap for SME:** Offer for Sale components are now capped to prevent disproportionate promoter exits at the expense of fresh capital for the business.
- **Promoter lock-in:** Promoters must contribute at least 20% of post-issue capital, locked in for three years from the date of allotment.
- **Easier Main Board migration:** Companies with post-issue paid-up capital above INR 25 crore can migrate directly to the Main Board without additional listing requirements.
- **Digital application process:** Fully digital IPO application for retail investors, integrated with the SCORES platform for faster grievance resolution.

4. SEBI LODR (Third Amendment) Regulations – December 2024

Complementing the ICDR amendments, SEBI's Listing Obligations and Disclosure Requirements (LODR) Third Amendment Regulations of December 12, 2024, and the BSE Master Circular (as of March 31, 2025) consolidate all ongoing compliance requirements for listed entities. Key areas include enhanced related party transaction governance, stricter Board independence standards and more granular periodic financial disclosure timelines.

PHASE V: POST-LISTING VALUE CREATION AND STEWARDSHIP

1. The Post-IPO Compliance Framework

Listing is the beginning of a continuous compliance journey, not its end. SEBI LODR Regulations mandate a comprehensive ongoing disclosure regime that includes quarterly financial results within 45 days of quarter-end (60 days for the last quarter), Board meeting outcome disclosures within 30 minutes, and annual reports incorporating the Business Responsibility and Sustainability Report (BRSR) — now mandatory for the top 1,000 listed entities by market cap.

Companies must also comply with the minimum public shareholding (MPS) requirement of 25% within the mandated timeline post-listing. Under the September 2025 MPO reforms, large-cap issuers now benefit from extended timelines of up to 10 years to achieve MPS — a meaningful relief for family-controlled conglomerates where rapid promoter dilution could trigger governance concerns.

2. Investor Relations as a Sustained Value Driver

The most enduring post-IPO value creation comes not from a spectacular listing day pop, but from sustained investor confidence built through consistent, transparent, and forward-looking investor relations (IR). Companies that invest in professional IR functions — including

earnings calls, investor days, broker non-deal roadshows (NDRs), and ESG engagement — tend to command lower cost of capital and higher P/E multiples over time.

In the Indian context, emerging best practices in IR include:

- Quarterly earnings call with clear management commentary, guidance (where appropriate), and comprehensive Q&A — a norm among large-caps but still inconsistently practiced by mid-cap recent listings.
- Annual Investor Days with deep-dive sessions on business segments, capital allocation priorities, and management's five-year vision.
- ESG reporting aligned with GRI or SASB standards, increasingly demanded by foreign portfolio investors and ESG-mandated funds.
- Proactive guidance on key business metrics — particularly for new-age companies where traditional financial metrics may lag operational performance.

3. Lock-in Expiry and Secondary Market Dynamics

One of the most significant post-IPO risk events is the expiry of anchor investor lock-ins at 30 days (now 90 days for 50% of the allocation) and promoter lock-ins at one to three years. These expiry windows can create significant secondary market supply overhang, particularly for companies where post-listing performance has been flat or negative.

Market participants note a maturing of retail investor behaviour — a gradual shift from 'FOMO-driven' oversubscription toward more fundamental analysis. As Business Standard's analysis noted, 'FOMO still drives oversubscriptions — but lock-in expiries next year may test liquidity. Understanding why a company is raising funds will be key?'

Companies that use IPO proceeds for genuinely value-accretive purposes — capacity expansion, strategic acquisitions, technology investments, or debt reduction — tend to demonstrate superior post-listing stock price performance compared to those dominated by Offer for Sale components, where the primary economic benefit accrues to selling shareholders rather than the business. In 2025, OFS accounted for approximately 60% of total capital raised through mainboard IPOs, a figure that requires careful contextualisation by investors evaluating fresh capital deployment.

CRITICAL SUCCESS FACTORS: A FRAMEWORK FOR IPO EXCELLENCE

1. The Five Pillars of IPO Value Creation

Drawing from market research, regulatory frameworks, and learnings from India's most successful IPO exits, the following five pillars consistently distinguish excellent IPO journeys:

Pillar 1: Financial Credibility and Earnings Quality

The foundation of any premium IPO valuation is unimpeachable financial credibility. This means clean,

restated financials with no material audit qualifications; a revenue recognition policy that conservatively reflects economic reality; consistent treatment of one-time items; transparent disclosure of related party transactions; and a balance sheet that matches the operational narrative.

Pillar 2: Strategic Clarity and Market Leadership

Investors pay premiums for businesses with defensible competitive positions. An IPO aspirant must be able to articulate its market leadership clearly — whether through technology differentiation, brand equity, cost structure advantage, regulatory moat, network effects, or distribution depth. Generic sector-level growth narratives without company-specific differentiation consistently trade at discounts.

Pillar 3: Management Bandwidth and Institutional Readiness

The shift from founder-led, informal management to professionally structured, board-accountable leadership is arguably the hardest part of the IPO journey. Companies that invest three to five years before IPO in building finance, legal, compliance, HR, and investor relations functions are vastly better positioned than those that rush governance transformation in the six months before DRHP filing.

Pillar 4: Regulatory Hygiene and Proactive Compliance

SEBI has significantly raised the bar for disclosure quality and regulatory compliance. Companies with pending labour disputes, tax litigation, environmental clearance gaps, or complex related party structures face lengthened SEBI review timelines and reputational risk with institutional investors. The best IPO journeys are characterised by proactive identification and resolution of regulatory exposures before the DRHP is drafted.

Pillar 5: Market Timing and Investor Targeting

Even the best business cannot overcome a structurally adverse market environment. IPO windows in India tend to be seasonal — concentrated around the October-March period when institutional investment committees are more active — and cyclically sensitive to Nifty levels, FPI flows, and global risk appetite. As Prime Database's Pranav Haldea noted about the early 2025 market: 'In early 2025, around March and April, there was barely any IPO activity — volatility from late 2024, triggered by tariff-related worries, had dampened sentiment. The revival began only after May as markets stabilised.'

THE 2026 OUTLOOK: WHAT THE PIPELINE SIGNALS

1. A Record Pipeline in Formation

As of early 2026, the Indian IPO pipeline is arguably the most robust in the market's history. According to Prime Database data, nearly 250 DRHPs were filed with SEBI in 2025, aggregating over INR 3.4 trillion — compared with 157 filings in 2024. Together, the 2024–25 filing cohort is poised to feed a formidable 2026 pipeline.

Investment bankers now regard annual mainboard IPO mobilisation of INR 1.5–2 trillion as the 'new normal' for the Indian primary market.

2. Structural Tailwinds Sustaining the Boom

Several structural factors support continued IPO market expansion beyond any single year's cycle:

- **Deepening retail equity participation:** Roughly 15–20% of Indian households currently invest in equities or mutual funds, against 40–45% in Brazil and 50–60% in the United States, indicating substantial long-term headroom.
- **Domestic institutional depth:** The systematic investment plan (SIP) corpus flowing through mutual funds — now exceeding INR 25,000 crore monthly — provides a structural bid in the primary market, partially insulating it from FPI volatility.
- **Startup ecosystem maturation:** Over 100 Indian unicorns remain unlisted; the gradual reset in valuation expectations makes more of them IPO-ready on sustainable metrics.
- **Government infrastructure listings:** PSU subsidiaries, financial sector arms, and infrastructure entities continue to present significant IPO opportunities with sovereign-grade governance credibility.
- **Reverse-flip momentum:** SEBI's revised MPO framework, India's corporate tax rate competitiveness, and the depth of domestic investor appetite are pulling Indian-origin companies back from overseas holding structures for domestic listings.

3. Risks and Headwinds

Despite the structural tailwinds, several risks warrant attention in curating IPO journeys for 2026 and beyond:

- **Valuation discipline:** The sheer volume of issuances risks flooding the market with mediocre-quality companies that dilute investor returns and damage the IPO brand for more deserving issuers
- **Secondary market correlation:** IPO pricing will need to be 'accommodative' given corrections in secondary market valuations driven by US tariff pressures and geopolitical uncertainty, as noted by JM Financial's Neha Agarwal
- **OFS dominance:** An IPO pipeline dominated by exit-driven OFS rather than growth-financing fresh issues may dampen the long-term economic impact of listings on corporate India
- **SME segment quality:** Rapid SME IPO growth has generated regulatory concern about listing-day manipulation, circular trading, and post-listing non-compliance — precisely the vulnerabilities that the July 2025 revised norms are designed to address
- **Global macro uncertainty:** Fed rate trajectory, US-China tensions, and European recessionary pressures continue to influence FPI allocations to Indian equities, creating volatility in IPO market windows

CONCLUSION: THE IPO IS A STRATEGY, NOT AN EVENT

India's IPO market has arrived at a historic inflection point. The convergence of regulatory maturity, investor depth,

macroeconomic resilience, and entrepreneurial ambition has created conditions for sustained primary market excellence that few emerging markets can match. In FY2025, NSE topped the global exchange rankings for funds raised; in 2026, the pipeline promises to extend and deepen that leadership.

Yet for every company that navigates this journey brilliantly — building governance, articulating strategy, pricing honestly, deploying capital responsibly, and stewarding investor relationships with discipline — there are others that treat the IPO as an exit event rather than a value creation milestone. The latter typically deliver disappointing post-listing journeys that damage all stakeholders: promoters, employees, investors, and the broader market reputation.

The regulatory architecture that SEBI has built and continues to refine — through the March 2025 ICDR Amendments, the September 2025 MPO reforms, and the ongoing LODR enhancement cycle — is increasingly aligned with international best practices. It creates a framework that rewards genuine businesses and penalises cosmetic compliance. The extension of anchor lock-ins, the KPI disclosure mandate, the pre-IPO transparency norms, and the SME eligibility tightening all move the market toward sustainable, informed capital formation.

For companies aspiring to a successful Indian IPO, the message is unambiguous: begin the journey early, build real foundations, choose your advisors wisely, price honestly, disclose comprehensively, and never lose sight of the fact that every investor who buys your shares is entrusting their capital to your stewardship. Those who honour that trust consistently — through listing cycles, lock-in expiries, and market corrections — build the kind of institutional credibility that compounds into long-term value creation for every stakeholder.

That, ultimately, is what curating a successful Indian IPO value journey means.

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