

Looking ahead: A message for IPO candidates during uncertain times



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A securities market is a bridge between savings and investments. Businesses need capital to grow. The securities market connects the two and helps diversify sources of finance by offering a bouquet of instruments like equity and debt. With ease of access and a simplified onboarding process, investing has become easier. Online verification systems like Aadhaar-based e-KYC have eliminated the need for physical paperwork.

India's market journey: A story of inclusive growth

Market capitalisation		Retail participation – unique investors		IPO issuances in FY 2026	
INR 95 trillion (FY 2016)	INR 463 trillion (April 2026)	38 million (FY 2019)	145 million (April 2026)	366 IPOs	INR 1.9 trillion

(Source: Address by Chairman SEBI on 18 May 2026)

But why list at all?

A major benefit of an IPO is the substantial permanent capital it provides to meet a company's immediate and long-term objectives. This new capital base can dramatically increase the company's ability to expand its current product line, engage in new businesses, expand to other geographic markets or achieve other goals for the company. A listing also brings prestige, exposure, financial reward and stakeholder engagement.

However, going public can be a complex process, with additional reporting and regulatory requirements, increased scrutiny, additional drains on company time and resources, as well as a range of new stakeholders to manage and navigate. Complying with the demands of being a public company requires commitment, time and resources across many aspects of a company.

Illustrative timeline of pre-IPO activities



Note: The length of the overall listing process varies. Often, the timeline depends on effective planning, experience and the capability of advisers, and the readiness of the company's existing internal controls.

Fragmentation of the global order

In a global market defined by geopolitical risks, climate change effects, and technological disruptions, preparation remains a key variable for IPO candidates. The emergence of a global crisis has the potential to materially alter the structure, behaviour and strategic positioning of Indian capital markets. India is simultaneously exposed to global shocks and benefiting from global realignment.

One of the most important shifts in Indian capital markets has been the growing role of domestic investors. Systematic investment plans, retail participation and domestic institutional flows have reduced - though not eliminated - dependence on foreign portfolio investors. Indian companies can't control geopolitics or regulatory uncertainties, but they can control how ready they are when the opportunity arises.

Recipe for a successful IPO

Once the decision to list has been made, preparing for the IPO process should begin immediately. Extensive planning, including an IPO strategy, is essential for a company to navigate the IPO listing process. How the crisis will play out on Indian IPO candidates will depend on many variables outside of any company's control, so early preparation and flexibility will be critical. IPO candidates may consider responding to the following considerations:

1) Does the company's vision and its governance framework inspire confidence?

Management must decide on how to present the company to investors. It is essential to communicate the history of the business, clearly define and explain the business model, current operations and performance, the emerging risks inherent in the business and the future vision and strategic plan. This review will form the basis of the Offer Document.

Pre-IPO activities now require significantly deeper diligence around cyber governance, data protection frameworks, third-party technology dependencies and incident response readiness. Similarly, ESG considerations are moving beyond narrative disclosures to measurable metrics, governance structures and demonstrable execution. Market reports highlighting sector vulnerabilities and supply chain risks can directly influence valuation perceptions and investor appetite.

Corporate governance is at the top of agendas for investors, regulators and boards. The company must meet certain corporate governance standards as per SEBI India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Governance requirements resulting from other sectoral laws and regulations must also be met. Now more than ever, a strong corporate governance function, including qualified independent board members and transparency in related-party transactions, is critical.

2) Has tax planning been prioritised?

An IPO has tax implications with a need to undertake extensive tax due diligence to identify any exposure (both past and future), particularly for multi-jurisdictional businesses. "Reverse flip" is gaining popularity in the startup ecosystem, where an India-linked startup shifts its holding structure back to India from an overseas jurisdiction such as Singapore or the United States. Given the high litigation and structuring sensitivity, these transactions require integrated advice across areas such as Income Tax, FEMA, company law and valuation.

3) Have you assembled the right team?

During the IPO process, companies are likely to spend more time with the group of people involved in the offering than with employees. To achieve these goals, a company will need a team of knowledgeable and experienced Book Running Lead Managers (BRLMs), auditors, attorneys and other advisers. Drafting a detailed milestone timeline, assigning specific responsibilities and having effective project managers in place is the best way to control and execute a listing process.

In periods of geopolitical fragmentation, volatile liquidity conditions and heightened regulatory scrutiny, the role of an experienced BRLM becomes significantly more strategic than merely executing an IPO process. Experienced BRLMs increasingly focus not only on maximising valuation but also on preserving long-term market trust.

4) Do you need to convert comparative information from previous GAAP to Ind AS?

Depending on the complexity of the necessary changes, a conversion of comparative information from previous GAAP to Ind AS may turn out to be a very time-consuming exercise with tight deadlines. The complexities multiply when the financial statements of the previous year were not audited by a peer-reviewed chartered accountant. The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 require that the restated financial information in an Offer Document should be examined by a peer-reviewed chartered accountant.

The involvement of a new peer-reviewed auditor introduces significant technical and execution challenges. Management often assumes "Prior audited numbers already exist." However, the new peer-reviewed auditor may view the situation differently. This expectation gap creates friction around timelines, re-testing requirements and reopening closed accounting positions.

5) Are you planning to give pro-forma information?

Pro forma information is inherently sensitive because it seeks to illustrate the financial impact of an acquisition or divestment as though it had occurred at an earlier date. In uncertain times, the rigour expected around pro forma financial information increases materially because investors, regulators and lenders become far less tolerant of narrative-driven financial engineering.

The role of the SEBI also becomes particularly significant during volatile market conditions, as regulators are generally less tolerant of disclosures that could potentially mislead investors through selective presentation or unsupported assumptions. In practice, this has led to heightened focus on consistency between the financial information, MD&A disclosures, business risks, industry outlook and use of proceeds narrative within IPO documents. Boards and audit committees are also increasingly expected to demonstrate active oversight over pro forma information.

6) *Have the common pitfalls identified by SEBI been plugged in the draft offer document?*

The increasing depth and specificity of observations issued by the SEBI during IPO reviews offer important lessons for companies on the evolving expectations around governance, disclosures and financial reporting rigour.

SEBI has consistently emphasised the need for issuers to present risk factors in the order of their relative importance and materiality. This recurring observation across several DRHPs underscores the regulator's focus on ensuring that investors can easily identify the most critical risks, particularly the top 5, top 10, and top 25 risks impacting the company.

Companies should provide clear disclosures outlining the reasons and commercial justification for any material transactions with promoters, promoter group entities, and related parties. There is an increased ask on providing granular information, e.g. disclosure of the capacity and utilisation % of the present manufacturing plant, disclose whether the capital expenditure is for the expansion of capacity or for a new product, disclose the need and reasons for setting up an additional plant despite having non-utilised capacity.

Closing entries:

For IPO-bound companies, the signal from the market is increasingly unmistakable: capital remains available, but conviction is highly selective. While challenging markets will come and go, it's the companies that are fully prepared that will best be able to create value and fully leverage the IPO windows of opportunity whenever they are open. Preparedness itself has become a competitive advantage, and strategic agility is increasingly distinguishing companies that can successfully transition to the public markets from those that remain vulnerable to shifting market sentiment.