Market rout deepens India IPO woes

RAJESH MASCARENHAS
March 4

KEY INSIGHTS

Performance of 2026 India IPOs
Offer to date (%)

Bharat Coking Coal	40.43
Amagi Media	2.65
Gaudium IVF	1.9
Pngs Reva Diamond	-2.98
Shadowfax Tech	-4.92
Sye Finance	-11.89
Fractal Analytics	-15.11
Clean Max Enviro Energy	-21.65
Shree Ram Twistex	-30.78

Source: Bloomberg

THE ROUT IN Indian equities following the outbreak of war in the West Asia is the latest hurdle facing Indian companies looking to go public, raising the prospect of a prolonged slowdown in issuance after two record-breaking years.

Potential issuers now have to contend with heightened volatility denting investor appetite and clouding visibility on valuations. Indian companies raised $1.5 billion this quarter from initial public offerings, compared with $2.3 billion in the same period last year, according to data compiled by Bloomberg.

It's the latest sign that one of the world's hottest venues for IPOs is cooling as concerns mount over an economic slowdown, foreign outflows and a weak currency. Local stocks lag Asian peers after their worst January in a decade. Several companies came to the market with downsized deals and new stocks often showed lackluster performance. Clean Max Enviro Solutions, which debuted on Monday, is trading about 20% below its IPO price.

"Although not many issues are planned for March, it is natural that concerns around the war, rising oil prices, the economic impact and inflation will affect market sentiment," said V. Jayasankar, managing director at Kotak Investment Banking. "Issuers are likely to adopt a wait-and-watch approach until markets show clearer signs of stability."

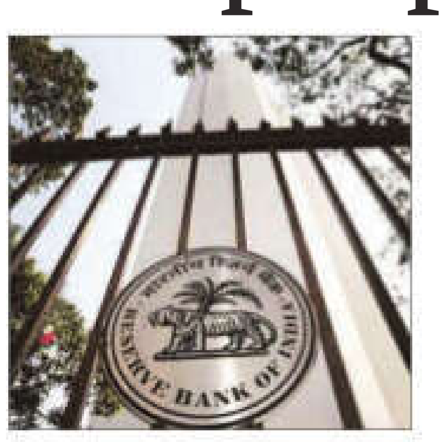
While only a handful of offerings were scheduled for March, sentiment has turned cautious as investors gauge the impact of the conflict. The benchmark NSE Nifty 50 Index slipped as much as 2.3% on Wednesday, taking its slump this year close to 7%.

Even so, deal activity has not come to a halt. SEDEMAC Mechatronics's ₹13.52 billion-($147 million) IPO opened on Wednesday, while the National Highways Authority of India's infrastructure investment trust is preparing to launch a ₹60 billion ($651 million) offering on March 11. Rajputana Stainless is set to open a smaller share sale on March 9, and Blackstone-backed Bagmane Prime Office REIT is planning to raise about 40 billion rupees through an IPO this month.

Foreign institutional investors have invested nearly 70 billion rupees ($759 million) in IPOs, suggesting selective appetite for primary offerings.

Still, they have sold shares worth about ₹212 billion in the secondary market. And the performance of IPOs in India this year has been largely underwhelming, adding to concerns over the strength of the primary market. **—BLOOMBERG**

RBI creates intervention space amid rupee pressure



THE RESERVE BANK of India has carved out more flexibility to defend the rupee, as rising geopolitical tensions and a spike in energy prices pushed the currency to a record low on Wednesday.

The central bank has changed the maturity profile of its short dollar forwards, reducing near-term delivery obligations and pushing dates further out, the latest RBI data show. By reducing the amount of dollars it must deliver over the next year, the central bank has more room to take on fresh short dollar positions and intervene if pressure on the rupee persists.

RBI data released late Friday show net short dollar positions maturing within a year fell to $27.5 billion at the end of January, the lowest since September 2024. At the same time, the overall position climbed to a nine-month high of $67.8 billion, as the RBI opted for a three-year buy-sell swap buying dollars now and committing to sell them back in three years.

If the RBI is moving from short-term to longer-term maturity, it is obvious they have some room to intervene right now, said Dilip Parmar, an analyst at HDFC Securities Ltd.

Looking at the geopolitical uncertainty, they require some of the cushion in the near term, he said. A spokesperson for the central bank didn't immediately respond to an email seeking comment on the matter.

The rupee weakened to a record low on Wednesday as elevated energy prices stoked worries about inflation and the country's widening trade deficit. The RBI intervened after the currency fell past the closely watched 92-per-dollar level, selling dollars to steady it, according to people familiar with the matter. **—BLOOMBERG**