# Slowing IPOing, a Healthy Reset

**Sandip Sinha**

India's IPO market, which became the world's second largest in 2024, is now entering a phase of healthy recalibration. A combination of global economic concerns, shifting investor risk appetite and geopolitical uncertainty has led companies to reassess listing timelines and approach public markets more thoughtfully. According to PRIME Database, mainboard IPOs dropped from 26 in Q2 FY25 and 29 in Q3 to 9 in Q4. Year-to-date, IPO activity is down 58%, and total fundraising across listing platforms has declined by 18%.

This isn't a setback; it's a natural part of the market cycle. Periods of pause create space to reset, refocus and quietly back the next wave of public winners. In buoyant markets, IPOs become a symbol of exuberance. Late-stage deals attract aggressive capital, with PE and VC firms chasing future listings at premium valuations. It becomes a seller's market, where founders and early backers expect exits at rich multiples.

But when that window tightens, as it has now, the landscape shifts. Capital turns selective, public valuations correct and liquidity tightens. For late-stage companies built around rapid listings and lofty growth assumptions, this is a moment of reckoning — one that restores discipline and reprices risk.

**Don't fret, mix it right**

This shift, however, is also a turning point — not just for public markets but for how private capital shapes India's growth. As IPO exits stall, attention is turning inward.

For early investors, angels, VCs and even Esop holders, the need for liquidity remains. And, increasingly, it's the private market — especially secondaries — that's providing the release valve. In 2024, private equity and VC firms invested $56 bn in India, signalling a shift toward private deployment. What's different now is the growing use of secondaries and continuation vehicles — tools that help unlock liquidity and reprice opportunity.

With fewer companies going public, buyers now have access to strong businesses at more attractive valuations. In response, new structures are gaining traction: secondary transactions offering clean exits, continuation funds supporting maturing assets, and opportunity vehicles designed to re-enter quality businesses at reset prices. These aren't stopgaps, they're part of a more sophisticated private capital playbook.

But seizing this moment requires discipline. Over-allocating to illiquid assets can limit flexibility, making it harder to capture emerging opportunities in both public and private markets. What's needed is a thoughtful, balanced approach that protects near-term liquidity while building long-term value.

For investors leaning into private markets, quality should be the north star: resilient business models, strong cash flows and credible paths to profitability. Diversification across sectors, geographies and stages is key to managing risk. And perhaps, most importantly, partnering with experienced private market managers can be critical in navigating dislocation and surfacing value.

Market swings aren't a cue to retreat but a call to rethink and reallocate. Investors who act with intention, stay patient and remain anchored in fundamentals will be the ones best positioned when momentum returns.

Because the real edge isn't in choosing between public or private — it's in knowing how to blend strategically, flexibly and for the long haul.

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