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Retail frenzy fizzles as IPO market cools

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and the same number debuted below their issue price.

Sentiment has also weakened among high-net-worth individuals (HNIs). Since February, over half of the mainboard IPOs failed to see full subscription from HNIs. Recent examples include Aegis Vopak Terminals and Ather Energy, which also fell short in the HNI category, reflecting broad-based reluctance.

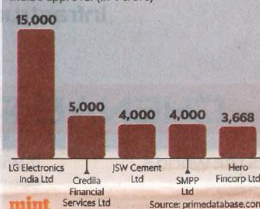
"Retail investors, who typically follow institutional cues and enter the market later, are currently adopting a cautious stance amid geopolitical tensions and market volatility," said Nipun Lodha, head of investment banking at PL Capital. "With many mid-cap portfolios in the red and recent IPOs failing to deliver strong listing gains, they are likely to stay on the sidelines until sentiment improves."

On the SME front, while most IPOs were fully subscribed, momentum is fading. Since February, nearly 40% of SME IPOs have seen retail demand drop below two times the shares on offer, indicating growing caution among individual investors. "Heightened uncertainty due to global geopolitical tensions has triggered greater risk aversion, prompting retail investors to take a cautious, wait-and-watch stance," said Prateek Indwar, managing director and head of capital markets at InCred Capital.

Lofty valuations are also a key deterrent, analysts say.

Key upcoming IPOs to watch

IPOs that have received Securities and Exchange Board of India's approval (in ₹ crore)



Source: primedatabase.com

SATISH KUMAR/MINT

"Retail investors are becoming increasingly cautious about IPOs, mainly due to sky-high valuations," said Siddharth Jain, fundamental research analyst at YES Securities. "Take Leela Hotels, for example—its IPO came with a P/E ratio over 200, and Aegis Vopak was priced at 60x EV/Ebitda and 258x P/E (based on FY25 estimates). For many investors, those numbers just don't make sense, especially when 90% of IPOs in the past year have ended up trading below their listing prices."

The poor aftermarket performance of recent listings has only deepened the concern. Of the mainboard IPOs with issue sizes above ₹500 crore launched in 2025, four are currently trading below their issue price.

"This underperformance has dampened retail senti-

ment and reinforced caution," said Indwar. "However, market conditions are showing signs of improvement, as reflected by the decline in India VIX—from a peak of 22.8 in April to 15.8 currently—indicating reduced market volatility."

Despite the current slowdown, the IPO pipeline remains strong. As of now, 66 companies have received approval from the Securities and Exchange Board of India (Sebi) to raise ₹1.06 trillion, with another 72 awaiting clearance for offerings worth ₹1.1 trillion.

ance for offerings worth ₹1.1 trillion. Market experts believe the tide could begin to turn by September, buoyed by positive triggers. June to August will be a critical test period, with IPOs like Credila Financial Services and National Securities Depository Ltd (NSDL) in the queue. But the real buzz may come from

marquee names like National Stock Exchange and HDB Financial Services Ltd, which already have strong retail engagement in the pre-IPO market.

"Things are likely to improve as Q1 and Q2 results start coming in, bringing some buoyancy with better performance. At the same time, policy stability is expected post the 90-day tariff window, ending around 28 June. By September, we should see greater market stability. From a retail investor's perspective, the IPO market will likely begin to look attractive again," said Lodha.

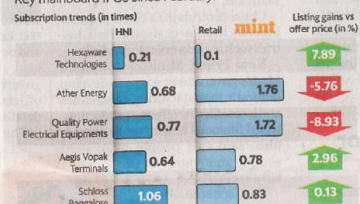
Indwar expects a sharp reversal in this trend in the near term as geopolitical tensions begin to ease. "Additionally, a few high-quality IPOs delivering strong listing gains could serve as a catalyst to revive retail interest," he added.

According to Jain, with listing gains looking uncertain, many retail investors are gravitating toward the secondary market, where established stocks offer a safer and faster alternative. Early 2025 saw sluggish IPO activity amid post-election jitters, global uncertainty, and trade tensions. While some calm has returned in May, retail sentiment remains subdued.

For interest in IPOs to recover, several conditions must align: greater market stability, more realistic pricing, and IPOs that offer meaningful gains. When pricing and growth prospects meet, retail investors do come back.

Fading buzz

Key mainboard IPOs since February.



Source: primedatabase.com

GOPAKUMAR WARRIOR/MINT

Retail frenzy fizzles as IPO market cools

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India's public listing party has lost its allure for retail investors this year amid heightened global tensions, steep valuations, and weak listing performance. Since February, their participation has cooled in both mainboard and small business maiden offerings, raising concerns about whether upcoming issues can revive enthusiasm.

So far this year, only 14 mainboard initial public offerings (IPOs) have hit the market—barely half of the 29 seen during the same period last year. On the small and

medium enterprise (SME) platform, 72 companies have so far tapped the capital markets, down from 92 a year earlier.

The decline reflects growing caution among companies as investors lose their appetite for fresh issues.

Here is more proof. March stood out as an unusual pause, with no mainboard IPOs at all, while issues in February and May struggled to garner subscription and post-listing gains. According to Prime Database, four out of nine mainboard IPOs since February failed to get fully subscribed in the retail category.

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