

# Pre-IPO deals moderate after peaking in 2023

Narrowing valuation gap between pre-IPO and issue prices seen as key factor

SUNDAR SETHURAMAN

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Pre-initial public offering (IPO) allotments have fallen out of favour over the past two years amid buoyant primary markets and increasing average float sizes.

In 2023, 13 firms raised a record ₹1,074 crore through pre-IPO placements. However, this figure dropped to eight firms raising ₹387 crore in 2024. Meanwhile, so far this year, seven firms have raised ₹506 crore.

The decline in both the number and value of these deals over the past years is largely attributed to the narrowing valuation gap between pre-IPO and IPO prices.

“Earlier, the pre-IPO price was lower than the IPO price, creating a price arbitrage opportunity. Now, significant discounting in pre-IPO pricing tends to negatively impact IPO valuations. As a result, many companies avoid pre-IPO placements,” said Mahavir Lunawat, founder and managing director (MD) of Pantomath Financial Services Group.

Among the seven pre-IPO deals in 2025, four were executed at the IPO price, one at a discount, and two firms are yet to launch their IPOs.

Notably, retail chain Patel Retail’s IPO price band is 15 per cent below its November 2024 pre-IPO pricing. The company’s ₹243-crore

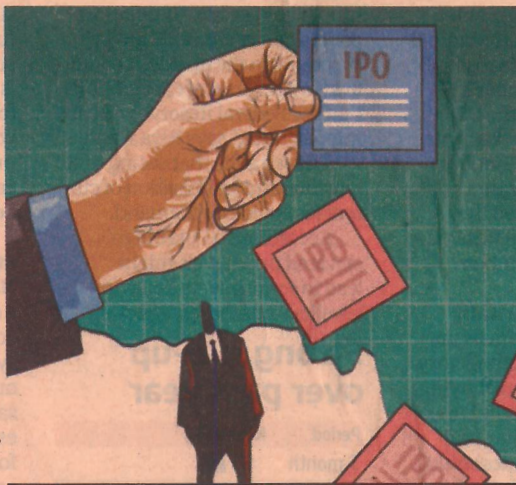


ILLUSTRATION: BINAY SINHA

IPO opens on August 19.

Payments solutions provider Sessaasai Technologies announced pre-IPO placement of ₹120 crore on August 11. Those participating in the funding round were Tata AIG General Insurance Company, VQ FasterCap Fund II, and Valuequest India Gift Fund.

Pre-IPO placements take place after filing the offer document, and the funds raised this way proportionally reduce the IPO size.

Lunawat added that the increasing speed of IPO launches, and growing investor sensitivity to valuations have contributed to companies opting out of pre-IPO placements, aiming instead for

better valuation at the IPO stage amid market buoyancy. “IPO investors increasingly resist paying a premium over recent pre-IPO prices,” he explained.

“When demand is robust, issuing companies prefer to avoid heavy dilution during the pre-IPO stage. Instead, companies and investors may prefer block deals after listing. The incentive to dilute pre-IPO is limited unless factors like a smaller issue size or fund life-cycle pressures come into play,” explained an investment banker on the condition of anonymity.

Other companies conducting pre-IPO placements so far in 2025 are: Standard Glass Lining Tech-

nology (₹40 crore), Scoda Tubes (₹55 crore), Arisinra Solutions (₹80 crore), Brigade Hotel Ventures (₹126 crore), All Time Plastics (₹70 crore), and Patel Retail (₹15 crore).

Experts said pre-IPO deals are expected to moderate unless there is a downturn in market sentiment.

“Only some issuers will pursue pre-IPOs. When IPO demand is strong, pre-IPOs are unnecessary. Additionally, smaller deals tend to see more pre-IPOs than larger ones,” said Pranjal Srivastava, partner-investment banking at Centrum Capital.

So far this year, about 37 firms have collectively raised ₹61,500 crore through IPOs.

## Wait and watch

Robust IPO momentum lessens the necessity for pre-IPO placements, say experts

Year	No. of deals	Amount raised (₹ cr)
2016	2	779
2017	3	193
2018	0	0
2019	2	356
2020	2	250
2021	9	879
2022	5	434
2023	13	1,074
2024	8	387
2025*	7	506

\*As of 14 August 2025

Source: Prime Database