Promoters increasingly using OFS route to sell stake

Sindhu Hariharan
Chennai

The proportion of the offer-for-sale (OFS) component in IPOs is trending up year-on-year and stake sale by promoters via the OFS is also on the rise as more companies approach the primary market.

The OFS portion made up almost 65 per cent of all IPOs issued in 2025 (January-November) in value terms compared to 58 per cent in 2023 and 59 per cent in 2024, showed a *businessline* analysis of data sourced from Prime Database.

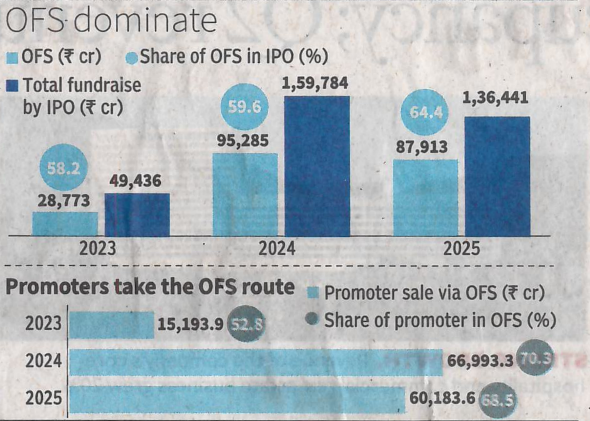
While 15.8 per cent of the IPOs issued (in number terms) in 2023 were entirely OFS without any fresh fund raise component, this ratio was 15.4 per cent in 2024, and went up to 16.5 per cent in 2025. These include the mega IPOs of Hyundai in 2024 and LG Electronics in 2025.

TOP IPOs

Vishal Mega Mart, Mankind Pharma Ltd, Tata Technologies, WeWork India, Sagility India, Travel Food Services, Cello World and Orkla India are among the top IPOs by value that were entirely OFS across the three years.

Further, a lion's share of the OFS was by promoters. While sellers under the OFS can be promoters, large institutional investors and others, data show that promoters made up 68.5 per cent of the OFS (value) in the IPOs issued in 2025. This ratio has also risen, from 52.8 per cent in 2023.

HDB Financial Services, Hexaware Technologies, Schloss Bangalore, Vikram Solar, Bajaj Housing Finance and Afcons Infrastructure were among the top IPOs in the period where the OFS was entirely of promoters selling stake.



Source: BI analysis of primedatabase.com data *2025 numbers till Nov 4, 2025

MATURING CAPITAL

Pranav Haldea, MD, Prime Database Group, believes that the increasing share of OFS should be seen as a sign of a maturing capital market ecosystem. "In the 1990s and early 2000s, most of the IPOs used to be dominated by fresh capital raise and we all know what happened with those companies," he said.

As for more promoters tapping the OFS route, he said there are regulations in place to ensure that they continue to have skin in the game. "However, bulk and block deals by promoters post IPOs are picking up, and that's something which investors should watch for."

Narendra Solanki, Head-Fundamental Research Investment Services, Anand Rathi Shares and Stock Brokers, said that 100 per cent of OFS in certain categories of companies cannot be considered a negative. "It is generally prevalent for companies that are backed by PE/VC funds during their start-up phase, where high-risk capital is needed."