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India's IPO market is booming. And it's luring global companies to list local units

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KEY POINTS

Many global companies, including those from the U.S. and Korea, are keen to list their Indian operations.

The business units of many multinationals in India are valued at a premium, leading to big gains for their parent companies.

Deep domestic liquidity from mutual funds and retail investors is driving larger IPOs and supporting high valuations.

In this article



MUMBAI, INDIA - OCTOBER 22: Executive chair at the South Korean automaker Hyundai Motor Group Euisun Chung and managing director and CEO at India's National Stock Exchange (NSE) Ashish Kumar Chauhan and Jaehoon Chang, Chief Executive Officer (CEO) and President of Hyundai Motor Company pose for a photo during the listing ceremony of Hyundai Motor India for its initial public offering (IPO) at the NSE in Mumbai, India on October 22, 2024.

Anadolu | Anadolu | Getty Images

Even as foreign investors remain [net sellers of Indian equities](#) this year, global companies are rushing to list their local business units in one of the world's [busiest IPO](#) markets, lured by a valuation premium.

Coca-Cola's Indian bottling unit is [reportedly](#) weighing a billion-dollar float next year. The Indian division of South Korea's CJ Darcl Logistics has already [filed draft papers](#), and analysts expect more global companies to bring their Indian operations to market.

“Every valuation accretive step is being taken by MNCs today,” said Akshay Gupta of Prime Securities, pointing to German multinational [Siemens](#) , which [split](#) its India business in two by listing the energy arm in [March 2025](#).

While its parent, [Siemens Energy](#) , has had a [stellar run](#) since last year and trades at over 60 times earnings, Siemens Energy India trades at 117 times earnings.



arbitrage.”

One example is LG Electronics India, which [recently listed](#) and has a market value of 1.13 trillion rupees (\$12.6 billion). By comparison, its South Korean parent, LG Electronics, is valued at 14.89 trillion Korean won (\$10.1 billion), according to LSEG data.

LG Electronics holds an [85% stake](#) in the India arm after the IPO. Even with net income roughly one-tenth that of its parent, the Indian unit trades at a forward price-to-earnings ratio of 58 times, compared with 9 times for LG Electronics.

Explaining the gap

Dhiraj Agarwal, Managing Director of Ambit Investment Managers, linked the gap to faster revenue growth in local units — in the low to high double digits — compared with the global parent companies, which are usually in the low single digits.

Indian markets, and to some extent, U.S. markets, “tend to overpay for high growth,” he said, calling the loft valuation for local units a “short-term bubble” that will eventually correct.

MNCs are also sought after investment opportunities, says Gupta, because of their “corporate governance regimes”.

Experts say these reasons for high demand are coupled with a strong Indian liquidity base, which in turn is underpinned by a growth in mutual funds pouring money into equities, leading many MNCs to get premium valuations.

“While Indian equities have commanded a valuation premium over most global parent-company markets for years — true across consumer and industrial sectors — the key change has been the increasing maturity of India’s capital market,” according to Hari



Shyamsunder said that the [popularity of Systematic Investment Plans](#) (SIPs), which involve investing a fixed sum at regular intervals, and a surge in retail participants have created a deep pool of domestic liquidity.

In August, the [Reserve Bank of India](#) noted that retail investors have been increasingly preferring equity investments over traditional saving instruments, primarily through mutual funds.

The central bank said that the share of mutual funds in the household sector's gross financial savings climbed from 0.9% in 2011-12 to 6% in 2022-23. Mutual funds are seeing higher growth in new SIP accounts from smaller towns compared to the top 30 cities, along with greater participation from women, the central bank highlighted.

Experts say this strong liquidity base allows larger IPOs. Two big IPOs worth about \$3 billion in total, [Tata Capital](#) and [LG Electronics](#), were fully subscribed as they opened back-to-back during a five-day window in October.

This makes it easier for MNCs to list their India operations and monetize part of their holdings for significant gains, experts say.

“Listing in India also helps prop up the parent's share price due to successful value unlocking of India operations,” said Bhavesh Shah, MD & Head of Investment Banking at Equirus Capital.

Many companies continue to be highly valued by Indian investors after listing, improving the sum-of-parts valuation of the parent company, he said.

[Hyundai Motor India](#) and [LG Electronics](#) both debuted through offers for sale of existing shares — rather than issuing new shares — and raised hardly any fresh capital.



More than two-thirds of the IPO funds raised in India in 2025 have gone to existing investors cashing out, according to Mumbai-based Prime Database.

While critics see offers for sale as MNCs shifting risks to domestic investors, multinationals continue to hold close to 75% of their Indian subsidiaries even after listing, said Pranav Haldea, managing director of Prime Database Group.

While the partial sales of a parent company's stake reduces net foreign investment at the time of execution, Templeton's Shyamsunder said that "the possibility of this exit strategy and value creation could serve to attract [foreign direct investment] in the long term."

"These listings validate the depth and liquidity of India's financial markets on a global scale."

Correction: Dhiraj Agarwal is the Managing Director of Ambit Investment Managers. An earlier version of this article misspelled his name.