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Mega IPOs smash the villain tag in 2025, delivering nearly 3x returns of smaller listings

By Nikhil Agarwal, ETMarkets.com Last Updated: Dec 17, 2025, 11:08:00 AM IST

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Synopsis

India's IPO market in 2025 is defying conventional wisdom, with large IPOs significantly outperforming smaller issues. Offerings above Rs 5,000 crore have delivered average listing gains of 22%, nearly three times the 7.5% returns from IPOs below Rs 1,000 crore and well above the broader market average.



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India's **IPO market** is flipping the script in 2025, shattering a long-held myth that has guided retail investors for years: bigger isn't better. The data tells a stunning story: **mega IPOs** are crushing their smaller rivals, delivering nearly three times the listing-day gains and turning the conventional wisdom of fast money in small issues on its head.

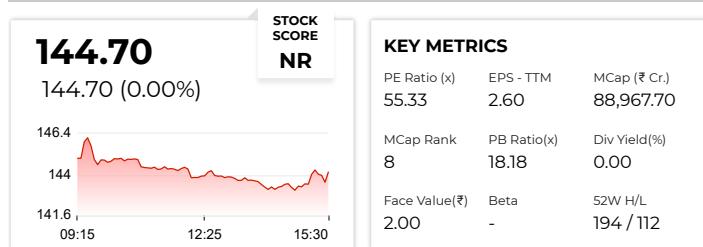
IPOs sized above Rs 5,000 crore have clocked average listing gains of 22% this year, compared to a meager 7.5% for offerings below Rs 1,000 crore, according to data from Prime Database. That's double the broader market average of 10%, defying widespread fears around stretched valuations and offer-for-sale-heavy structures that have historically spooked investors away from large listings.

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[LG Electronics India](#)'s mammoth Rs 11,600-crore offer, entirely an OFS, delivered a nearly 48% listing pop. [Meesho](#) surged over 53% on debut despite its Rs 5,420-crore size. [Groww](#) and [HDB Financial Services](#) also posted double-digit listing gains, proving scale has ceased to be a drag on returns.

Meanwhile, smaller issues have been left in the dust. All 13 worst-performing IPOs by listing-day gains in 2025 have been offerings worth less than Rs 1,000 crore. This year's smallest mainboard IPO, [Jinkushal Industries](#) at Rs 116.5 crore, managed just 0.5% on the listing day. The worst performer, [Om Freight Forwarders](#) at Rs 122 crore, tanked around 36%. In stark contrast, none of the seven IPOs above ₹5,000 crore delivered negative returns on the listing day.

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"This trend reflects a deeper shift in investor behaviour rather than mere sentiment," said Shivani Nyati, Head of Wealth at [Swastika Investmart](#). "Large IPOs attract strong anchor and institutional participation, providing credible price discovery and post-listing stability. Well-known brands with established business models and scale offer investors visibility, liquidity and comfort, which smaller, lesser-known issuers often lack."

Even the dreaded OFS tag has lost its sting. Nine out of 10 IPOs with the highest offer-for-sale in value terms saw positive listing-day gains in 2025, upending years of investor skepticism around promoter exits.

Kush Gupta, Director at SKG Investment & Advisory, attributes the shift to a quality and liquidity premium. "Large IPOs typically bring established franchises, visible cash flows and business models that investors already understand. Companies like LG Electronics, HDB Financial, Groww or Meesho are not discovery stories where the market is still guessing the sustainability of revenues or the viability of the model."

The institutional footprint tells the story. Groww has nearly 57% FII ownership and about 4% DII holding, while LG Electronics India, despite a non-promoter holding of only around 15%, has approximately 7.5% held collectively by FIIs and DIIs. "This institutional depth improves liquidity quality, stabilises trading and leads to more efficient price discovery on listing day," Gupta said.

Pricing discipline has also improved. "Large issuers operate under much tighter scrutiny from bankers, institutional investors and regulators, making it harder to push aggressive, narrative led valuations," Gupta noted. He pointed to [Lenskart](#), which listed at a seemingly rich post-issue P/E of around 285x, yet 74.5% of its equity is held collectively by FIIs and DIIs, with the stock trading steadily above 250x P/E post-listing.

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The OFS narrative itself has evolved structurally. FY22 and FY23 were exit-heavy years, with OFS accounting for nearly 65-70% of total IPO proceeds. But FY24 saw a near 50-50 split, and in FY26 so far (April-October 2025), fresh capital has overtaken OFS, forming about 54.98% of IPO proceeds.

"When a significant part of the money raised is going back into the company, OFS stops looking like a lack of promoter confidence and starts looking more like ownership rebalancing in mature businesses," Gupta said.

Nyati emphasized the changing investor composition. "Domestic institutional investors, passive funds and long-only global capital have become more influential in IPO pricing, and their preferences are skewed towards large, liquid companies that can absorb meaningful capital without distorting prices. These investors are less focused on short-term listing gains and more on building positions in future index candidates and sector leaders."

Smaller IPOs, by contrast, remain dominated by momentum-driven retail and leveraged HNI participation, where profit-booking begins almost immediately after listing, capping upside.

Not everyone is swept up in the mega-IPO wave, however. [Kotak Mahindra](#) AMC Managing Director Nilesh Shah struck a note of caution: "There are many IPOs where businesses may be real, but valuations are very high. And we have skipped those IPOs. At the same time, there are people who have accused us of investing in highly-priced IPOs. So, beauty is in the eye of the beholder, one has to take a call looking at their research."

For now, though, the market has spoken: in 2025's IPO sweepstakes, bigger is decidedly better. The question is whether this marks a permanent shift or just another cycle in India's volatile primary markets.

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