

IPO frenzy mints billion-dollar Esop windfall for startup staff

Priyamvada C.

priyamvada.c@livemint.com

MUMBAI

The surge in IPOs in 2025 turned employee stock options from largely notional rewards into real wealth, with startup employees cashing out a record \$1 billion through public listings.

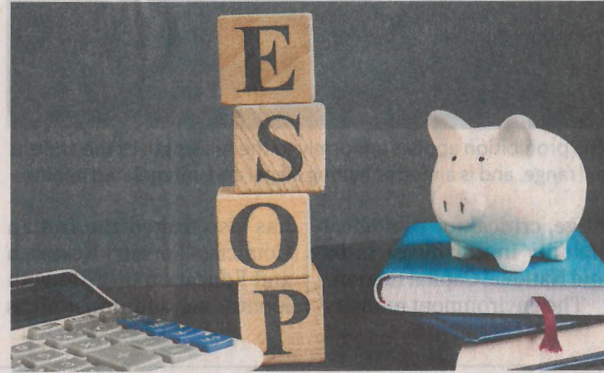
Data analysed by equity management platform Qapita shows that 16 startups went for mainboard IPO this year, enabling employees to monetise Esops worth a cumulative \$1 billion. This compares with \$807 million unlocked across 10 startups in 2024 and just \$39 million across four startups in 2023.

Much of this employee

wealth creation was driven by listings of consumer and fintech startups such as Meesho, Groww, Urban Company, Pine Labs and PhysicsWallah, which together accounted for a significant share of Esop monetisation during the year, the data showed.

The listings converted years of option grants and vesting into tangible wealth for startup employees across levels.

The 2025 data shows Esops in private companies have moved from "paper wealth" to a proven, large scale monetization channel, said Tanmay Shah, Qapita's head of liquidity programs. "10,000 employees (in private companies) saw liquidity via buybacks and many more via IPO exits,



16 startups went for mainboard IPOs this year, enabling employees to monetise Esops worth a cumulative \$1 billion. ISTOCKPHOTO

despite a funding winter backdrop."

This points to a maturing market where employee equity is now part of the mainstream startup value proposi-

tion, and secondary liquidity through buybacks and IPOs is being institutionalized rather than treated as ad hoc rewards, he added.

Typically, Esop buybacks

allow startups to reward and retain employees while offering senior management a chance to book profits at a later stage, especially during public listings. This year, however, buybacks played a smaller role as public markets emerged as the most attractive exit route for startup talent.

The 21 buyback programmes announced in 2025 unlocked \$194 million in employee wealth, lower than \$252 million across 26 buybacks in 2024 and well below the 2021 peak of \$399 million across 37 programmes during the pandemic funding boom.

In 2023, 19 buyback programmes generated \$825 million of liquidity, but this figure included an adjusted value of

nearly \$700 million linked to Flipkart and PhonePe's 2022 corporate restructuring. Excluding that outlier, liquidity in 2023 was only \$125 million, reflecting continued weakness in private funding markets, Qapita's data showed.

In contrast, the 16 new-age startups that listed this year raised more than ₹41,000 crore via IPOs, reinforcing public markets as the dominant liquidity avenue for Esop holders. In 2024, 13 startups raised around ₹29,000 crore via IPOs, including three SME listings.

Despite the muted number of buybacks over the years, Shah said buybacks will con-

IPO frenzy mints billion-dollar Esop windfall for startup staff

FROM PAGE 1

continue to matter for growth-stage companies that are pacing their way to the public markets, or choosing to stay private longer, offering periodic liquidity to employees and signalling confidence in long-term value creation.

“As the IPO pipeline remains healthy (20+ startups reported to be preparing for listings) and several unicorns/sooncorns are pre IPO, the Esop exercises at IPO or pre-IPO is expected to stay the most visible Esop monetisation route, especially for larger, late stage tech companies where listings can unlock outsized value for broad employee pools in a single event,” he explained.

Esops grant company shares to employees based on the tenure of employment as part of their compensation package. Shares vest over a period.

While Esops enable a startup to preserve liquidity, they also serve as a tool to reward employees for their loyalty and retain talent.

Legal experts also point to



The shares vest over a period, usually four years. ISTOCKPHOTO

the growing IPO pipeline as a key driver of employee wealth creation.

“Shares held by employees pursuant to Esops are not subject to statutory lock-in post IPO, and the bullish public market valuation makes it more attractive for employees to sell such shares upon listing,” said Oishik Bagchi, partner at law firm Khaitan & Co.

In contrast, secondary buy-back of Esop shares in the unlisted space could be uncertain as the company controls the pricing, quantum, eligibility, and other factors, with the

compliance process resting entirely with them, he said.

At least 30 firms, including Milky Mist Dairy Food, Curefoods India, Shiprocket, Shad-owfax Technologies and Gaja Capital, have received regulatory approvals in recent months, setting the stage for potential listings next year.

India’s IPO market has been buoyant this year after a slower start.

The last quarter saw several startup listings, including Pine Labs, Groww, Lenskart, PhysicsWallah, Meesho and Wakefit, joining Ather Energy, BlueStone and Urban Company, which listed earlier.

Overall, companies raised more than \$21 billion through IPOs in 2025, a record both in terms of capital raised and the number of filings, Mint reported earlier citing data from Prime Database.

Marquee listings this year also included JSW Cement, Tata Capital, LG Electronics India, HDB Financial Services, Orkla India and Hexaware Technologies.

For an extended version of this story, go to [livemint.com](https://www.livemint.com)