

Mainboard IPOs emerged as preferred exit path for PE, long-term promoters ● 91% of funds raised by SME IPOs came via fresh issues, underscoring their growth-stage funding needs

# IPO Rush was More for Shareholder Cash-Out than Firing Up Growth

## Monied Destination

IPOs and SME IPOs

| Year | IPOs (Mainboard) |               |                |               | SME IPOs      |               |                |               |
|------|------------------|---------------|----------------|---------------|---------------|---------------|----------------|---------------|
|      | No. of Issues    | Fresh Capital | Offer for Sale | Issue Amount* | No. of Issues | Fresh Capital | Offer for Sale | Issue Amount^ |
| 2023 | 57               | 20,663        | 28,773         | 49,436        | 182           | 4,376         | 310            | 4,686         |
| 2024 | 91               | 64,499        | 95,285         | 1,59,784      | 240           | 8,207         | 554            | 8,761         |
| 2025 | 103              | 64,406        | 1,11,495       | 1,75,901      | 267           | 10,388        | 1,041          | 11,429        |

Source: Prime Database



\*For 2025, issue amount for Gujarat Kidney & Super Speciality Ltd. calculated on lower price band.  
 ^For 2025, issue amount for Global Ocean Logistics India Ltd., Marc Technocrats Ltd., Phytochem Remedies (India) Ltd., Dacheपाल Publishers Ltd., Epw India Ltd., Shyam Dhani Industries Ltd., Sundrex Oil Co. Ltd., Admach Systems Ltd., Apollo Techno Industries Ltd., Bai-Kakaji Polymers Ltd., Dhara Rail Projects Ltd., Nanta Tech Ltd. and E To E Transportation Infrastructure Ltd. are calculated on lower price band.

### Himadri Buch

**Mumbai:** India's red-hot IPO market in 2025 was driven less by companies raising growth capital and more by existing shareholders using lofty valuations to cash out.

The 103 mainboard listings that raised ₹1,75,901 crore saw ₹1,11,495 crore, or 63.4% of total proceeds, routed to existing shareholders via the offer for sale (OFS) route. By contrast, only ₹64,406 crore, or 36.6%, translated into fresh capital for companies.

In stark contrast, in the 267 SME listings that raised ₹11,429 crore among them, ₹10,388 crore, or 91%, amounted to fresh issue of stock. Only ₹1,041 or 9% crore went to existing shareholders through OFS.

An OFS allows existing shareholders such as promoters or private equity investors to sell their shares to the public, with proceeds going to them rather than the company, whereas a fresh issue of shares creates new equity, with proceeds flowing into the company's treasury for business expansion, debt repayment, or working capital needs.

The mainboard OFS dominance was led by marquee deals where no fresh capital was raised at all. LG Electronics India's entire ₹1,607 crore IPO was an OFS by parent LG

Electronics Inc., as was ICICI Prudential AMC's ₹10,603 crore listing by promoter Prudential Corporation Holdings. Lenskart Solutions' ₹7,278 crore IPO comprised 70.5% OFS (₹5,128 crore), while even Tata Capital's blockbuster ₹15,512 crore offering was 56% OFS.

The large OFS share shows that India's capital markets have become

### IN NAMES THEY TRUST



**LG Electronics' 38-times subscription and 38.35% listing gains show that investors are willing to back strong, well-known cos even when a large part of the issue is not fresh capital**

more mature and that many of the companies coming to the mainboard are already well established, according to investment bankers.

### PROFITABLE ENTITIES

"The companies are largely scaled, profitable businesses coming to market at a point of operational strength," said Bhavesh Shah, MD & head of Investment Banking, Equirus Capital.

Many of these companies had raised capital as funding into the company, when they were younger and

their businesses were evolving. These investments were made by the private equity investors or other investors, who in turn took higher risks as the companies were scaling up, Shah said.

Bankers also believe as the risk characteristics of the companies change with scale, the type of capital in the captable changes and the stock

changes hands from high risk-taking private investors to less risk averse capital market investors. The mainboard IPO market has emerged as the most efficient and transparent exit route for private equity and long-term promoters, especially for mature investments. On the other hand, SMEs are very small companies and are typically at a nascent stage of growth often even pre-growth. "At this stage, promoters generally want capital to be infused directly into the business so that they can scale up and play a bigger game rather than

remain small," said Siddharth Bhamre, head — Institutional Research, Asit C Mehta adding expansion, business growth, and capacity building are therefore the most important reasons for SMEs to raise funds.

LG Electronics' 38-times subscription and 38.35% listing gains show that investors are willing to back strong, well-known companies even when a large part of the issue is not fresh capital. The trend also points to the evolution of India's private equity ecosystem, where early investors are increasingly looking to exit after long holding periods of 10-15 years.

However, this exit-focused approach has drawn sharp criticism. "When over 63% of mainboard IPO proceeds are going to selling shareholders rather than productive assets, it fundamentally changes the investment proposition," said Dev Chandrasekhar, partner at valuations branding advisory Transcendum. "Retail investors need to recognize they're essentially providing exit liquidity to PE funds and promoters rather than funding the next phase of growth."

Without fresh capital for growth initiatives, these companies must rely entirely on operational improvements to justify premium valuations, a tougher ask in competitive markets, Chandrasekhar noted.