

Retail boosts IPO odds via parent shares

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For retail investors chasing red-hot maiden offers, getting an allotment has started to feel like winning a lucky draw. With many recent issues seeing double- and even triple-digit subscriptions, applying through the normal retail route often ends in disappointment.

According to analysts, retail investors are quietly reviving an old strategy of buying shares of a listed parent company before its subsidiary's initial public offering (IPO), hoping to qualify for the shareholder quota and improve their chances of allotment.

The idea is simple. Some IPOs set aside a small portion of shares for existing shareholders of the parent or group company. This bucket is much smaller than the regular retail category, but it also attracts far fewer applicants. As a result, allotment odds are usually better. The shareholder quota is typically capped at 10% of the issue size, and in some cases can go up to 15% with regulatory approval.

With IPO demand running into extreme levels, this route has suddenly become attractive again.

A Mint analysis of five subsidiary IPOs since 2024 shows that retail investors are being selective. Ahead of the IPOs of Bharat Coking Coal Ltd, ICICI Prudential Asset Management Co. and NTPC Green Energy Ltd, retail holdings in the parent companies increased, suggesting investors were posi-

A smart move?

Investors are reviving an old strategy by buying parent shares ahead of subsidiary IPOs.



tioning for the shareholder quota. In contrast, retail investors reduced exposure to the parents of HDB Financial Services Ltd and Bajaj Housing Finance Ltd despite strong IPO demand—highlighting that comfort on the parent's valuation still drives decisions.

“Just because a shareholder quota exists doesn't mean the trade will work,” said Anand K. Rath, co-founder of Mira Money. “It works when the parent stock is reasonably valued, the IPO

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comes soon after investors buy the shares, and there hasn't already been a big run-up. If everything is already priced in, the quota alone won't help.”

Pranav Haldea, managing director at Primedatabase, points out another limitation. “Whether this can be used as a long-term or short-term strategy isn't really in investors'

hands—it depends on supply. The strategy will only work when multiple group companies or subsidiaries of listed firms come to the market. If most IPOs are standalone companies with no listed parent, the shareholder-quota route becomes irrelevant.”

The clearest example of this strategy played out ahead of the IPO of Bharat Coking Coal, a subsidiary of Coal India Ltd, which was launched on 9 January 2026. In the latest December 2025 quarter, just before the IPO, Coal India added 4,42,650 new retail shareholders—the biggest jump in several quarters.

The IPO numbers explain the rush. BCCL's shares were subscribed 193 times overall. The shareholder quota alone saw demand of 87 times.

A similar, though less dramatic, pattern was visible

before the IPO of ICICI Prudential AMC listed on 19 December. In the December 2025 quarter, the parent company ICICI Bank added 1,12,906 new retail shareholders as investors prepared for the listing.

Retail activity earlier in the year had been mixed—1,29,399 investors were added in the September quarter, but the count fell by 26,897 in the June quarter after 52,519 investors were added in the March quarter.

The AMC IPO was subscribed 28 times overall. The shareholder quota saw roughly a nine-fold subscription, offering better odds than the regular retail category.

Retail investors also followed this playbook ahead of the 19 November 2024 IPO of NTPC Green Energy.

In the December quarter of 2024, the parent company NTPC added more than 7,82,080 retail shareholders. The IPO itself saw relatively modest demand but the shareholder portion was subscribed around 1.5 times, still improving allotment chances.

But the strategy clearly doesn't work everywhere. Ahead of the 25 June 2025 IPO of HDB Financial Services, the base of retail investors actually reduced in the parent HDFC Bank Ltd in the run-up to its subsidiary's IPO.

This was a similar trend before the IPO of Bajaj Housing Finance was launched in September 2024, with the retail footprint declining in the parent firm around the IPO.

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