

Pre-IPO fundraising improved but fell short of 2023 peak

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Fundraising through pre-initial public offerings (pre-IPOs) more than doubled in 2025 compared with the previous year, but remained below the peak seen in 2023. The narrowing gap between pre-IPO and IPO pricing is the reason for the decline in both the number and value of such deals over the past two years.

In 2025, 11 companies raised ₹916 crore through pre-IPO placements, up from eight companies that raised ₹387 crore in 2024. By comparison, 13 firms raised a record ₹1,074 crore through pre-IPOs in 2023.

“Pre-IPOs are done tactically to bring in quality investors ahead of the IPO, either at the IPO price or at a discount,” said Bhavesh A Shah, managing director and head of investment banking at Equirus. “A large number of IPOs in 2025 were below ₹500 crore. If a pre-IPO is done for such issues, the IPO size shrinks further, making it harder to attract large investors.”

More than a third of IPOs in 2025 were sized below ₹500 crore.

Bankers said the faster pace of IPO launches and heightened investor sensitivity to valuations have led issuers to increasingly skip pre-IPO placements, preferring to seek better pricing at the IPO stage. When demand is strong, companies tend to avoid dilution through pre-IPOs, opting instead for block deals after listing.



Signs of revival

	Total		Pre-IPO placement	
	Issues	Amt (₹ cr)	Issues	Amt (₹ cr)
2020	15	26,613	2	250
2021	63	118,723	9	879
2022	40	59,302	5	434
2023	57	49,436	13	1,074
2024	91	159,784	8	387
2025	103	175,914	11	916

Catching a second wind **PDR**

“As capital markets deepen, the value arbitrage that once existed in late-stage pre-IPO deals has steadily narrowed, making such opportunities less attractive for investors,” said Mahavir Lunawat, chairman and managing director of Pantomath Capital. “In some cases, IPO pricing has been more conservative, even coming in below pre-IPO transaction levels, prompting investors to reassess risk-reward dynamics.”

Of the 11 pre-IPOs in 2025, seven were done at the IPO price, two at a discount and two at a premium.

Patel Retail’s IPO price was 15 per cent below its pre-IPO pricing. Solarworld Energy Solutions’ IPO was also priced at a discount to its pre-IPO level, though by just ₹1. In contrast, All Time Plastics and Scoda Tubes’s IPO issue price was at a premium to their pre-IPO selling prices.

Pre-IPO placements are typically undertaken after the filing of the offer document, with funds raised through this route proportionally reducing the IPO size.

Lunawat added that a structural shift is also under way, with the rise of dedicated alternative investment funds (AIFs) and long-horizon private market funds that invest two to three years ahead of an IPO.

“These platforms are increasingly replacing the traditional need for pre-IPO funding

after DRHP filing, offering issuers and investors a more patient and aligned capital pathway,” he said. “As a result, pure-play pre-IPO volumes have cooled, even as the broader capital formation ecosystem continues to strengthen.”

In 2025, 103 companies raised ₹1.75 trillion through IPOs.

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