

# Only 65% IPOs in FY26 have opened higher, a 7-year low

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There has been a weakening of a multi-year trend of listing gains in the ongoing financial year of 2025-26 (FY26).

Aye Finance and Fractal Analytics, which debuted in the market on Monday, did not have any listing gains for investors. A lower share (65 per cent) of the 99 initial public offerings (IPOs) in FY26 had a higher opening price than their issue price, shows a *Business Standard* analysis of primedatabase.com numbers.

Issue price is the price at which a company listing on the stock exchange sells its shares to the public. The opening price is the

price at which these shares begin to trade on listing day. Many investors look to profit from buying the shares in the IPO and selling them on listing.

This would have been a profitable strategy on the whole for the last few years. Every year since FY20 has seen a majority of IPOs open with a listing gain. Listing gains were seen in 82.1 per cent of IPOs in FY25. This year, it has dropped to 64.6 per cent, the lowest in the last seven years. The current year's number is still higher than the FY19 low of 42.9 per cent.

The median gain between the listed and opening price has also fallen to 4.1 per cent in FY26, compared to 20.6 per cent in FY25. There has been a double-digit gain

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in five out of the last seven years.

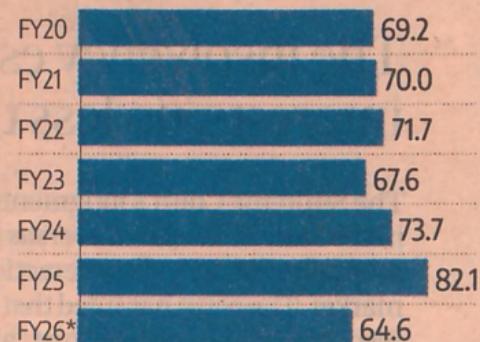
This has been despite criticism of the high valuation of some IPOs, which included offers for sale, by early investors such as private equity (PE) funds. It was said

that the exits of these early investors in many IPOs were at prices which left little on the table for listing gains.

Investors should keep an eye on if PE funds and other institutions are

## Losing steam

Share of IPOs with opening gains (in %)



Note: Data for FY26 is as of mid-February. Opening gain is the difference between opening price on listing day and the issue price. Sources: primedatabase.com, BS calculations

looking at a partial stake sale or if they are exiting completely, said Pranav Haldea, managing director at Prime Database. The general market direction during the year is also affecting gains, according to Haldea.

"This year has been characterised by a lot of volatility," he pointed out. "A little bit of the market trend during the year also impacts these numbers," echoed Mehul Savla, partner at boutique investment bank RippleWave Equity Advisors.

Savla also said that there can be a structural incentive for IPOs to be attractively priced, which could explain why many of them have opening prices higher than the issue price. Institutional investors account for a large portion of the liquidity now chasing IPOs, and their bargaining power likely results in IPO pricing being more attractive than would be the case in their absence.

Many come in as anchor inves-

tors whose investments are locked in for 30-90 days. This opens them up to the rise of adverse price movements during the lock-in period. Institutional investors would demand more attractive pricing to accommodate this risk. A wider pool of institutional investors with alternative investment funds, insurance companies, and mutual funds may result in competition, which could eventually reduce this pricing phenomenon, according to Savla.

The opening gains are not necessarily sustained since. Data as of February 16 showed that the median return for investors who had held on to their IPO shares was -6 per cent for companies listed in FY26.