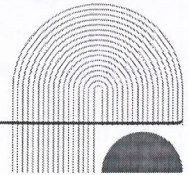



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India IPO

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Record IPO fundraising in FY26 contrasts with weak secondary market performance, as most stocks ended the year in negative territory.

Record IPO fund raise hides secondary market pain

Fiscal year 2026 was like chalk and cheese for equity markets. While 112 firms – the highest number in 29 years – raised a record 1.79 lakh crore through initial public offerings (IPOs), nearly 71% of listed stocks were down.

According to data from Prime Database, the amount collected from in fiscal 2026 surpassed the previous record of Rs 1.62 lakh crore raised in FY25. However, the total money raised through equities, including follow-on offers, qualified institutional placements, InVIT and RelTs public offers was Rs 3.04 lakh crore from Rs 3.71 lakh crore – down 18%.

While the benchmark indices were between 5%-7%, most of the market were in the red. However, 2,705 stocks out of the total 3,796 actively traded stocks, ended fiscal 2026 in the red, according to data sourced from Capitaline. And as many as 1,305 stocks or one-third of the stocks fell over 30%.

Weak performance, largely driven by uncertainties

The weak performance was largely driven by uncertainties around US import tariffs, supply chain disruptions, and a sharp surge in Brent crude prices amid the West Asia conflict. In comparison, 1,839 stocks, or 51% of the total had fallen in fiscal 2025.

Even in the benchmark indices, the divide is equally sharp. Fifteen out of the 30 Sensex constituents (50%) declined by up to 38% during fiscal 2026, while 23 stocks from the Nifty 50 also ended in negative territory. BEL, Shriram Finance, and Hindalco Industries were the top Nifty gainers, while Trent, TCS, and ITC were among the biggest losers.

Over 50% of the total amount raised in FY26 — Rs 90,659 crore — came from 29 issues in Q3FY26. In contrast, Q4FY26 saw Rs 18,779 crore raised through 18 listings, the lowest among all four quarters. The average deal size during the year stood at Rs 1,598 crore, 23% lower than Rs 2,082 crore in FY25.

Key trends observed during the war

A key trend during the year was mutual funds taking over from foreign portfolio investors (FPIs) as anchor investors, accounting for 14.89% of the subscription amount compared to 13.38% for FPIs. However, on an overall basis (including both anchor investors and QIBs), FPIs subscribed to 24% of the issue amount, higher than 21% by mutual funds.

Despite record fundraising, retail participation in IPOs cooled in FY26, with average applications per issue declining to 12.87 lakh from 21.31 lakh in FY25. The average oversubscription also dropped to 28 times from 49 times a year ago. Issues that saw the highest retail interest included Bharat Cooking Coal (68.95 lakh applications) and LG Electronics (54.49 lakh applications), followed by Meesho (54.12 lakh applications).

According to Pranav Haldea, Managing Director, Prime Database, retail interest weakened due to lower listing gains. The average listing gain for the 108 companies listed during the period was around 8%, compared to 30% in FY25. The broader market correction, driven by geopolitical concerns, also impacted post-listing performance, with average returns at -7% as of March 27, 2026, compared to 3% in FY25 and 16% in FY24.

Owing to the West Asia conflict and heightened market volatility, new IPO launches are currently on hold. At present, 144 companies have received SEBI approval to raise around Rs 1.75 lakh crore, while another 63 companies are awaiting approval to raise about Rs 1.37 lakh crore. Haldea noted that IPOs are once-in-a-lifetime events for companies, and many would prefer to let approvals lapse rather than launch in volatile or bearish conditions.

Rahul Saraf, head – Investment Banking, Citi India, said that despite ongoing geopolitical tensions, demand for quality offerings is likely to remain strong in FY27, supported by India's resilient economy and capital markets. "FY27 could be a stellar year, marked by several large IPOs that may define the Indian capital markets. Demand for high-quality offerings is expected to strengthen further," he added.

Bhavesh Shah, MD and head – Investment Banking at Equirus Capital, also highlighted India's long-term structural growth story. "The new financial year will be less about volume and more about quality, scale, and pricing discipline. We could see a few mega IPOs attracting significant attention. Overall, we expect FY27 to raise around \$20 billion in capital, depending on market conditions," he said.

He added that key risks include geopolitical tensions and FPI flows, which could delay but not derail the IPO pipeline. Sectors such as financial services, consumer technology and digital platforms, manufacturing, and healthcare & life sciences are likely to see strong investor interest.