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India IPO

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With a strong IPO pipeline ahead, the key question is whether retail investors will return with the same intensity.

India's IPO rally loses steam in FY26-can retail bring back the heat?

The shift comes against a volatile backdrop. Tariff-led trade tensions early in the year were followed by escalating conflict in West Asia, triggering risk-off sentiment and sharp swings in equities. As market conditions turned uncertain, the primary market began reflecting the strain through weaker subscriptions, lower listing gains, and a visible moderation in retail participation.

With a strong pipeline of IPOs ahead, the key question is whether retail investors—who powered the previous boom—

The moderation is even more evident in overall subscription trends. The share of IPOs with total subscription above 10 times declined to 55% in 2025-26 (60 out of 109 IPOs), compared with over 70% in the previous two years. Among 60 IPOs, 23 IPOs were subscribed over 50 times, 21 between 25 and 50 times, and 16 between 10 and 25 times.

"Retail participation in IPOs is largely driven by expectations of listing gains, and the recent moderation in these gains has naturally reduced subscription enthusiasm," said Pranav Haldea, managing director, Prime Database Group. "As valuations rise during a typical IPO cycle, the chances of strong listing gains decline, making investors more cautious."

Anand K. Rathi, co-founder of Mira Money, added that while IPO interest remains, "stretched valuations have made quick gains harder, leading to more selective participation despite some long-term opportunities".

Listing gains fade

The cooling in retail interest closely mirrors the sharp decline in listing gains. The Mint analysis showed median listing gains dropped to just 3% in 2025-26, from 21.2% in 2024-25, 15.4% in 2023-24, and 7.9% in 2022-23—marking one of the weakest performances in recent years.

"The fall in median listing gains from 21% to 3% signals that the 'apply and flip' trade is unwinding," said Rajesh Singla, chief executive and fund manager at Alpha AMC. "Investors are now being pushed to focus more on fundamentals and long-term value."

He added that the issue is less about demand and more about pricing, with aggressive valuations in several 2025-26 IPOs prompting investor caution. The shift suggests that while easy gains may be fading, the IPO market is gradually transitioning towards a more valuation-conscious and fundamentally driven phase.

Strong pipeline

Despite softer demand, the IPO pipeline remains robust. Issues worth over ₹1.75 trillion have already received regulatory approval, while another ₹1.49 trillion is awaiting clearance—indicating strong supply in the months ahead.

However, sustaining momentum will depend on a revival in retail participation. "Primary market follows the secondary market, and the current volatility is not conducive for IPO activity," Haldea said. "Until there is some stability—even without a strong bullish trend—conditions will remain challenging for new listings."