

IPO frenzy waning after a record year

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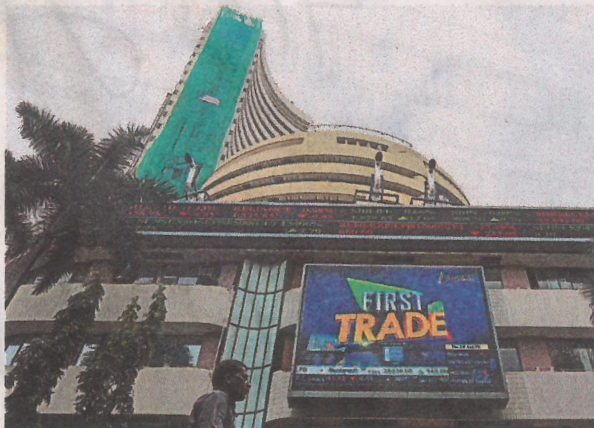
India's record-breaking initial public offering (IPO) run is beginning to show signs of fatigue. Even as companies raised an all-time high ₹1.78 trillion in 2025-26—surpassing the previous peak of ₹1.62 trillion—investor enthusiasm, particularly among retail participants, has started to wane.

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—will return with the same intensity.

India's IPO cycle has expanded rapidly in recent years, with fundraising rising from ₹20,350 crore in 2019-20 to ₹1.11 trillion in 2021-22, before peaking in 2024-25 and 2025-26, according to Prime Database.

However, recent data points to a cooling demand, especially from retail investors. A *Mint* analysis showed that the share of mainboard IPOs receiving strong retail subscription—defined as more than 10 times—fell to 39.4% in 2025-26 (43 out of 109 IPOs),



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down sharply from 58.2% in 2024-25 and 52.6% in 2023-24.

The longer-term trend highlights the cyclical nature of retail participation. The share had dropped to 22.2% in 2022-23 from 35.3% in 2021-22, before rebounding over the next two years. Earlier, it stood at 46.2% in 2019-20 and 58.6% in 2020-21.

Even within the 43 IPOs that saw strong retail demand in 2025-26, participation was uneven. Ten issues were subscribed over 50 times, 14 between 25 and 50 times, and 19 between 10 and 25 times.

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”.

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.

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.”

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