OFS forms 61% of ₹2.3trn IPO proceeds in 1.5 yrs; why're promoters selling?

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Activity in India's primary market has been electric, with mainboard initial public offerings (IPO) raising a little over ₹2.3 trillion in the past 18 months.

But a striking data point is the composition of these IPOs. Over 60 per cent of the money raised via the primary market did not end up with the companies offering a stake. It was pocketed by early investors and promoters selling their stake to retail investors, non-institutional investors, qualified institutional buyers, anchor investors and employees of the company.

From January 2025 to August 2026, mainboard IPOs raised a total of ₹2.3 trillion. Of this, ₹1.45 lakh crore or 61.2 per cent came through offer-for-sale, while only ₹92,175 crore or 38.8 per cent was raised as fresh capital for companies, data from PRIME database suggests.

Deven Choksey, MD, DRChoksey FinServ Pvt. Ltd., attributed the inflated OFS component to early private equity investors offloading their stake: "For them, an exit is a natural part of the investment cycle, and the public market provides that exit route," he noted.

Choksey classified the activity in two parts, noting that private market investors provide capital to help businesses grow, while secondary market investors provide liquidity once the company is listed.

In 2025 alone, 113 issues raised around ₹1.7 trillion, of which October was the biggest month, with 10 IPOs raising ₹45,188 crore, including a massive ₹35,441 crore through OFS.

Pranav Haldea, MD, PRIME Database, said that the increase in the OFS component in IPOs has been post 2012-13. While promoters' selling obviously contributed to this, this increase also coincides with the rise of the private equity industry in India. "These funds started making investments in the early 2000s in India. After completion of fund lifecycle, exiting via IPOs gained prominence," he noted.

Seven IPOs between April 2025 and July 2026 were entirely OFS, namely WeWork India, LG Electronics India, Canara HSBC Life Insurance, Bharat Coking Coal, CMR Green Technologies, SBI Funds Management and Kusumgar, data from SBI Securities suggest.

Among them, LG Electronics India had the largest 100 per cent OFS IPO at ₹11,607 crore, followed by SBI Funds Management at ₹9,813 crore and Bharat Coking Coal at around ₹5,000 crore.

IPO Composition

Figures in Rs Crore for Fresh Capital, OFS & Issue Amount

MONTH	NO.OF ISSUES	FRESH CAPITAL	OFS	ISSUE AMOUNT
2025, Jan	6	1,319	3,526	4,845
2025, Feb	3	225	10,653	10,878
2025, Mar	-	-	-	-
2025, Apr	1	2,626	355	2,981
2025, May	6	7,983	1,000	8,983
2025, Jun	8	6,599	11,090	17,688
2025, Jul	13	4,347	11,777	16,125
2025, Aug	12	6,552	3,902	10,454
2025, Sep	25	8,069	5,232	13,302
2025, Oct	10	9,747	35,441	45,188
2025, Nov	9	9,604	14,009	23,613
2025, Dec	10	7,348	14,511	21,858
2026, Jan	3	1,816	2,949	4,765
2026, Feb	7	3,930	4,232	8,162
2026, Mar	8	2,099	3,753	5,852
2026, Apr	2	983	93	1,076
2026, May	-	-	-	-
2026, Jun	7	1,727	991	2,718
2026, Jul	12	12,206	16,442	28,648
2026, Aug	8	4,997	5,493	10,490

Chokkalingam G, founder, Equinomics Research, noted that more and more unlocking by promoters is happening primarily because valuations, particularly in the small- and mid-cap segments, have risen sharply. The rewards available to promoters are therefore very attractive. After building their businesses successfully, “they are utilising this market opportunity to reap returns at very high valuations…a great attraction for them to make use of this boom to get much superior returns for their investments”

Sunny Agrawal, head of fundamental research at SBI Securities, noted that OFS-versus-fresh-issue mix, by itself, should not determine whether an IPO is attractive. The key distinction is where the IPO proceeds are going. However, he added, “promoter-led businesses, where promoters continue to have strong conviction in the company's growth prospects, may also prefer a higher fresh-issue component and limit their stake sale.”

While several large IPOs have been entirely or largely OFS-led, some companies continue to use the IPO route primarily to raise fresh capital for expansion and other business needs. In Ather Energy’s case, 88.1 per cent of its ₹2,981-crore issue comprised fresh capital, while the corresponding share stood at 78.4 per cent for Meesho and 73.9 per cent for Emmvee Photovoltaic.