

NSE IPO lock-in expiry overhang puts liquidity in focus

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Why lock-in expiries are trending again

Lock-in expiries are back in focus on Reddit and finance social media because they increase the number of shares eligible to trade after a fixed post-IPO period. The repeated point across posts is simple: eligibility is not the same as selling, but eligibility changes the supply story. This is being discussed in the context of large upcoming issuances, with the National Stock Exchange (NSE) frequently used as the reference case. At the same time, users are tracking a crowded calendar of anchor lock-in expiries in September, which can make more shares tradable around the same time. Several posts argue the market often prices the risk early, creating a narrative of “overhang” that can pressure prices even before any actual selling hits the tape. Others highlight that retail investors tend to be most exposed because many buy after listing, while institutions may sell later when lock-ins lift. Separately, commentary on broader market breadth ties the supply pipeline to the possibility of indices staying range-bound through the month. The shared conclusion across threads is that liquidity, not just sentiment, decides whether expiries become non-events or price-moving episodes.

What “overhang” means in post-IPO trading

The “overhang” narrative discussed online is about potential supply rather than confirmed supply. When a lock-in ends, restricted shareholders can sell, and that possibility can affect expectations for demand-supply balance. Users describe it as a psychological ceiling where buyers hesitate because they assume more shares could come to market soon. The counterpoint, also repeated frequently, is that expiry only makes shares eligible for sale. Actual price impact depends on how much is sold and whether the market absorbs it, particularly through institutional demand. Some posts note that markets can discount the event ahead of time, which can make the expiry day itself less dramatic than the buildup. Others argue that even small, steady selling can matter if it lands on days with thin liquidity. This is why the same lock-in event can look benign in one stock and volatile in another. The online takeaway is that overhang is not a guarantee of a fall, but it can increase short-term uncertainty.

The opening-bell effect traders keep citing

A specific trading claim repeated across posts is that the impact of lock-in expiries is often visible around the opening bell on the expiry day. The explanation offered is mechanical: if funds plan to

trim, they may place market orders early to ensure execution. Several users attribute this to anchor investors rebalancing positions or booking quick profits soon after the lock-in window opens. These posts suggest the first few minutes can show heavier volumes and sharper price moves than later in the session. However, the same threads also acknowledge that this is a pattern observed by traders, not a rule that must play out. Because expiry does not force selling, some days may open quietly and stay orderly if holders choose to continue holding. The more grounded argument is that a scheduled supply event can pull forward positioning from other market participants. That can create volatility around the event even without large fundamental news. The practical implication discussed online is to watch volumes and the order book early, rather than assuming a predetermined outcome.

NSE example: how much could be sellable on day one

NSE is being cited in social media as an “IPO-style” case study for how supply math shapes expectations. In a video analysis shared with CNBC-TV18, Aishvarya Dadheech, Founder and CIO at Fident Asset Management, discussed how much supply could show up if eligible holders sell. The analysis assumes that even if 50% of eligible shareholders exit on listing day, the supply could be around 2.75% of the total capital base, valued at about ₹14,000 crore. The same segment states this is relatively smaller compared with an overall market capitalisation figure of ₹4.41 lakh crore referenced in the video. It also explains that Category I and II AIFs, Venture Capital Funds, and FVCIs can sell on the first day, provided they have already completed six months of holding the stock. Other existing shareholders, as described, can only sell six months after listing is complete. Therefore, only 5.48% of NSE’s pre-offer capital is described as freely sellable on the day of listing, implying limited free float for at least the first six months. That limited free float is part of why traders tie NSE-type listings to both volatility risk and index-related conversations.

Shareholder Eligible To Sell On Day 1	% Of Pre-Offer Capital
PI Opportunities Fund I	2.35
360 One Funds	1.47
Volrado Funds	0.49
Varanium India Opportunities Fund	0.23
Sixth Sense Funds	0.18
Others	0.76
Total	5.48

September calendar: multiple anchor lock-ins at once

Beyond any single listing, the crowd is watching the calendar effect of many expiries clustering together. One widely shared data point is that 21 companies complete their 30-day anchor holding period in September. Since 50% of the anchor allocation becomes eligible after 30 days, posts cite

that shares worth nearly ₹5,742 crore could become eligible for sale during the month. The emphasis in multiple threads is that “eligible” does not mean “will be sold,” but the market tends to react to the availability of supply. In parallel, research cited in social chatter includes Nuvama Alternative and Quantitative Research estimating that between September 2 and September 30, lock-ins across 28 companies will expire, covering 575 million shares worth a combined \$1.3 billion. The same broader theme appears in reports that shares of at least 45 recently listed companies are set to become eligible for trading over the next two months. Another estimate referenced in the discussion is that more than 50 recently listed companies could see lock-ups expire over the next two months, potentially freeing shares worth over ₹80,000 crore. A larger rolling estimate also circulates: nearly 73 newly listed companies could see shares worth about Rs 3.29 lakh crore become eligible over three months, highlighting why “supply” has become a macro talking point on timelines.

Liquidity question: where FPI money is going

A key argument in market commentary is that foreign inflows do not automatically lift indices if the money is directed toward primary issuance and block deals. One shared note says foreign investors returning to India are chasing discounted block deals and new share sales rather than buying from the open market. In that framing, even sizeable inflows can be absorbed by supply without translating into broad-based buying pressure in the secondary market. A widely cited datapoint says Sensex and Nifty gained 0.6% and 0.9% over the last two months while FPIs invested ₹50,000 crore, reversing a long selling spree that began in September 2024. The same discussion links “range-bound” index behaviour to the large pipeline of monetisation by promoters and institutions. Tanvi Kanchan, Associate Director at Anand Rathi Share and Stock Brokers, is quoted saying that if supply continues to absorb a sizable share of incremental FPI liquidity, the secondary market could remain range-bound through September. Prime Database data referenced in posts shows block deal value jumped 63% from July to nearly ₹80,000 crore, the highest monthly amount in 14 months, as investors sold stakes after six-month lock-ins expired. The combined message is that liquidity is being routed into supply events, and the market’s ability to digest them determines how stable pricing remains.

What it can mean for indices and index funds

Index investors enter the conversation because free float and tradable supply can influence how a stock behaves and how easily it can be absorbed by passive flows. Social chatter repeatedly ties lock-in expiries to the idea that public float rises as early investors get an opportunity to exit. Abhilash Pagaria, Head - Nuvama Alternative and Quant Research, is quoted saying he particularly likes stocks with over 6-month lock-in openings because that is where the private equity and early-investor overhang starts to ease, public float rises, and the probability of global index inclusion also improves. Even without making a direct claim about any specific stock’s inclusion, the point being debated is that index-related demand is typically smoother when float is higher. The same posts

caution that if multiple large deals hit the market at the same time, passive and active funds may have to prioritise, leaving less liquidity for marginal buying in other names. In this cycle, the concern is less about a single expiry and more about the consolidation of liquidity into a few large offerings and block deals. That can make market moves look narrow, with large-cap actions absorbing cash while mid and smallcaps see less incremental support. In short, the index-fund angle is not about forced buying, but about how float, liquidity, and supply can shape the market's capacity to stabilise prices.

How investors are framing risk for newly listed stocks

The most practical guidance repeated across posts is to treat lock-in schedules as a known event risk rather than a surprise catalyst. Users recommend checking whether additional lock-in tranches are still ahead, because a company clearing a 6-month expiry may still face 1-year or 1.5-year promoter lock-ins later. This matters because the market may reprice the stock each time a new tranche approaches, regardless of whether selling actually happens. Another widely shared view is that the overlap between lock-in expiries and the primary issuance window makes domestic liquidity the central question of the cycle. A quote attributed to Sachin Relekar, Senior Equity Fund Manager at Axis Mutual Fund, says the risk of liquidity stretch is not insignificant if multiple large deals hit at the same time, and that pressure could show up in secondary-market liquidity, especially in mid and smallcap stocks. Some social posts also point to a specific day-level risk, arguing that early-session selling can affect price discovery even if the full day ends stable. At the same time, the most consistent factual reminder is that expiries only create the option to sell, not an obligation. The market impact ultimately depends on whether institutions absorb supply and whether buyers step in at levels sellers demand. That is why the lock-in debate has shifted from predicting a drop to monitoring volumes, flows, and how quickly supply is digested.

Frequently Asked Questions

Shares that were restricted become eligible to trade. It does not force selling, but it can increase potential supply and short-term volatility.

No. Expiry only makes shares eligible for sale, and the price impact depends on how much is actually sold and whether the market absorbs it.

Social media posts claim selling, if it happens, can show up as early market orders around the open as funds rebalance or book profits.

A CNBC-TV18-shared analysis by Aishvarya Dadheech (Fident Asset Management) said only 5.48% of NSE's pre-offer capital would be freely sellable on day one.

Posts cite many expiries and large deals overlapping, including 21 companies with 30-day anchor lock-ins ending in September and broader estimates of large share supply becoming eligible.