More cash-out than capital raise: OFS gains ground in IPO market

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Nearly six of every 10 rupees raised through IPOs in H1 FY27 went to selling shareholders, with NSE's mega all-OFS issue driving the shift | Photo Credit: Tendo23

The initial public offering (IPO) market raised a record ₹94,205 crore through 78 mainboard issues in the first half of FY27, but a larger share of the money went to existing shareholders selling their stakes rather than into companies as fresh capital.

Of the total amount raised between April and September, ₹55,695 crore, or about 59 per cent, came through offers for sale (OFS), while fresh issues accounted for ₹38,510 crore, or 41 per cent, according to PRIME Database data. In H1 FY26, fresh issues accounted for about 52 per cent of the ₹69,533 crore raised.

The shift was driven significantly by the ₹22,563-crore IPO of the National Stock Exchange, which was entirely an OFS and accounted for nearly 24 per cent of total H1 IPO fundraising. The issue allowed existing shareholders to sell their stakes, with no proceeds going to NSE.

Excluding NSE, the H1 FY27 IPO market raised about ₹71,642 crore, only around 3 per cent higher than the ₹69,533 crore raised in H1 FY26. OFS proceeds excluding NSE stood at about ₹33,132 crore, marginally below the ₹33,356 crore recorded in H1 FY26.

So the increase in OFS-led fundraising was largely concentrated in the NSE issue, rather than a broad-based shift towards shareholder exits across the IPO market.

Fresh capital up

Fresh capital, meanwhile, increased 6.4 per cent year-on-year to ₹38,510 crore from about ₹36,177 crore in H1 FY26. However, the increase was much slower than the 35 per cent growth in overall IPO fundraising.

A significant portion of the fresh capital was also directed towards strengthening company balance sheets. About 42 per cent of the fresh issue proceeds went towards repayment of debt, according to PRIME Database.

The primary market also saw a sharp increase of 20 per cent in the number of companies accessing the mainboard with 78 issues in H1 FY27 compared to 65 issues in the year-ago period.

However, the increase in issue count did not lead to a similar increase in the size of the typical issue. Activity was also heavily concentrated in the latter part of the half, with companies raising only ₹3,794 crore in April-June, before fundraising accelerated to ₹28,648 crore in July, ₹22,453

crore in August and ₹39,340 crore in September.

September surge

September alone accounted for more than 40 per cent of H1 fundraising, with 34 companies raising ₹39,340 crore. NSE's ₹22,563-crore issue accounted for more than half of the month's proceeds.

The rush coincided with the September 30 expiry of the one-time extension granted by SEBI to IPO approvals that were due to lapse between April and September. The extension was intended to give companies more time to launch their issues amid weak market conditions earlier during the year.

The strong pipeline suggests IPO activity could remain elevated in the second half, with nearly 250 companies seeking to raise about ₹4.65 lakh crore, according to PRIME Database.

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