India’s IPO Machine Hit A Record Even As Stocks Flatlined

Finimize Newsroom

What's going on here?

India’s IPO market had its biggest-ever April-September haul: companies raised 2.43 trillion rupees, even as the Nifty 50 index was basically flat, up just 1.3%.

What does this mean?

India’s stock market has split in two: the market for new listings is running hot while the market for already-listed big stocks has gone nowhere. PRIME Database Group says equity fundraising jumped 75% year-on-year in April-September, and the average IPO listing gain rose to 19% from 7%.

Part of that is timing. A 2-3 year backlog of postponed IPOs finally hit the market, and a one-time extension from India’s regulator kept some approvals from expiring, pushing more deals into the same..

he same window. At the same time, steady domestic liquidity kept demand strong, helping a record 78 mainboard IPOs raise 942.05 billion rupees.

That flood of deal supply matters because it changes where investors’ money goes. Heavy issuance can create IPO scarcity – lots of buyers competing for limited allocations – which helps explain bigger first-day pops. But it can also absorb cash that might otherwise buy large-cap shares, making it harder for indexes like the Nifty 50 to climb unless fresh inflows keep rising. With nearly 250 more companies reportedly targeting about 4.65 trillion rupees of IPOs, that tug-of-war could define the next half-year.

Why should I care?

For markets: *A 19% average IPO pop can coexist with a Nifty 50 that’s only up 1.3%.*

When IPO demand stays strong, new listings can look like the action is in “the market” even if the benchmark index isn’t moving much. One reason is oversubscription: if too many investors apply for too few shares, the stock can open higher once it starts trading. But a packed issuance calendar can also pull money toward new deals and away from already-listed large caps, which can cap index returns. If the 4.65 trillion-rupee IPO pipeline lands into the same domestic liquidity pool, markets may keep seeing bigger gaps between headline-grabbing debuts and slower, index-level performance.