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The Hidden Cycle Behind India’s IPO Rush

India has just lived through one of its busiest Initial Public Offering (IPO) decades on record, yet many investors still approach IPOs as if they were one-off events rather than part of a longer capital cycle. The data from 2015 to 2025 tells a different story: IPOs in India move in waves that follow markets, liquidity and sector trends, and the purpose of those IPOs has been shifting from funding growth to funding exits. Understanding these cycles and who is on the other side of the trade matters more than the headline subscription number or the first-day pop.

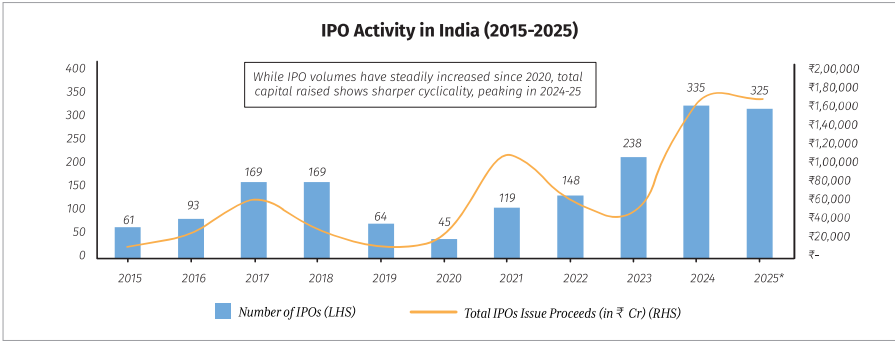
India’s Ipo Market Over The Past Decade

India’s IPO market today looks very different from what it was a decade ago. Between 2015 and 2025, both the number of IPOs and the amount of capital raised have increased significantly. More importantly, IPOs have moved from being occasional market events to a regular source of capital for companies across sectors.

This expansion, however, has not been linear. IPO activity has moved in clear waves, marked by periods of intense issuance followed by sharp slowdowns. The peak in 2021, supported by abundant global

liquidity and strong equity returns, stands out as a structural inflexion point. While activity moderated during the global monetary tightening phase of 2022, the revival seen during 2023 and 2024 indicates that the Indian IPO market has developed a stronger domestic foundation than in previous cycles.

One difference compared to older cycles is that capital raised has held up better, even when foreign participation weakened. This hints at a change in who is funding IPOs and sets up the discussion on cyclicality.



Source: SEBI Data, Company Public Disclosures, 1 Finance Magazine. *Data on IPOs as of December 2, 2025

Is There A Cyclicity In Ipos In India?

1. Seasonality in IPO issuance

Monthly IPO data reveals a pattern that repeats with striking regularity. Activity tends to pick up in the second half of the financial year, particularly between September and December, while the early part of the year remains relatively subdued.



This seasonality is driven less by investor demand and more by issuer behaviour.

By the September to December period,

half-year results are available, earnings visibility improves, and valuation discussions become easier to anchor. With greater clarity on full-year performance and fewer near-term policy uncertainties, companies find it more comfortable to price and launch IPOs. Seasonality does not determine how IPOs perform, but it plays a clear role in deciding when supply enters the market.

YEAR/MONTH	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Jan	2	3	4	11	2	4	2	6	12	22	28
Feb	1	9	5	20	8	5	6	9	7	29	21
Mar	5	5	21	19	7	4	16	10	23	25	12
Apr	7	11	13	26	9	3	7	10	10	26	8
May	3	7	11	14	7		1	14	8	26	12
Jun	1	3	7	13	1	1	8	8	18	22	24
Jul	10	9	14	14	7	3	8	11	21	31	45
Aug	6	5	13	7	4	2	14	5	21	32	44
Sep	9	13	18	13	4	3	11	22	31	47	53
Oct	9	20	34	25	8	14	12	20	30	29	53
Nov	4	3	12		2	3	14	15	26	12	22
Dec	4	5	17	7	5	3	20	18	31	34	3*
Total Number of IPOs	61	93	169	169	64	45	119	148	238	335	325

Source: I Finance Magazine. Data on IPOs as of December 2, 2025

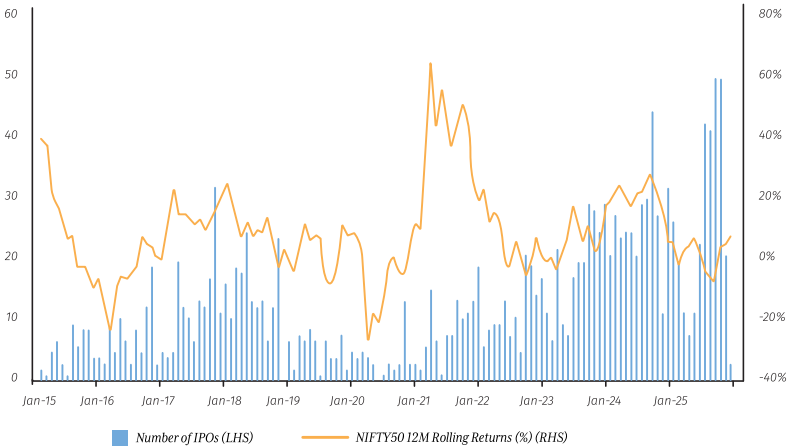
2. Trailing equity returns as a key driver

IPO issuance follows equity market performance with a lag. Periods of strong 12-month trailing returns on the Nifty 50 are consistently associated with rising IPO counts, while weaker returns are followed by slower issuance.

Issuers, in other words, do not come to market at points of maximum pessimism. They wait for returns to improve and confidence to settle. Pricing comfort and demand visibility matter more than any early-cycle valuation argument, which means IPOs typically ride on the back of bull phases rather than signal their start.

IPO Activity Follows Market Confidence, Not Market Bottoms

IPO volumes rise when equity market returns are strong or improving, and slow sharply during periods of weak or negative returns.



Source: NSE, 1 Finance Magazine

Note: The 12-month rolling return for the Nifty is calculated as the percentage change between the index level at the end of a given month and its level 12 months earlier. This rolling approach smooths short-term volatility and captures the realised equity performance that issuers typically respond to when timing IPOs



Global risk sentiment now shapes the tone of markets, but domestic capital largely determines whether the IPO window remains open.

3. Global risk appetite and foreign flows

Foreign portfolio flows still matter for sentiment, but their role in driving IPO capacity has changed. Periods of strong inflows are often associated with higher issuance, while prolonged selling usually leads to delays.

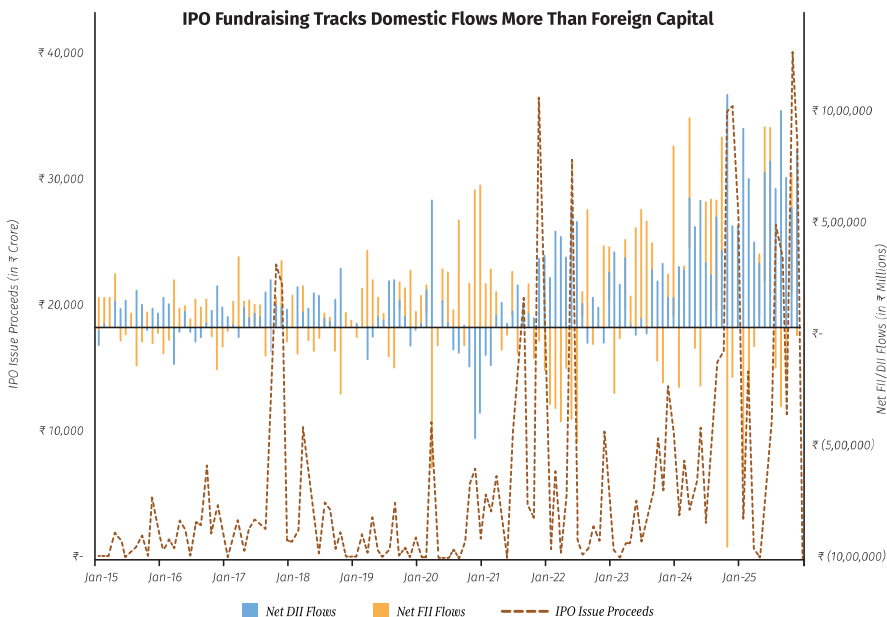


However, the relationship is tighter for IPO counts than for capital raised. In recent years, large offerings have cleared markets even during periods of net foreign outflows. This suggests that foreign capital now

affects timing more than capacity. Instead, domestic institutional and retail flows have increasingly absorbed IPO supply, allowing large issuances to proceed even when global risk sentiment is unfavourable.

More recent cycles show greater stability, with domestic investors providing a steady source of demand. As a result, global risk sentiment now shapes the tone of markets, but domestic capital largely determines whether the IPO window remains open.

IPO Fundraising Tracks Domestic Flows More Than Foreign Capital



Source: CMIE, 1 Finance Magazine

4. Domestic liquidity as a structural support

Measures such as M3, a broad proxy for money supply, behave differently from both equity returns and foreign flows. Its impact is less visible month to month, but more persistent over time.

When domestic liquidity growth is elevated or stable, IPO activity rarely collapses for extended periods. Even during phases of market volatility, a reasonable level of issuance continues as long as domestic liquidity remains supportive. In contrast, sharp slowdowns in IPO activity tend to coincide with phases where liquidity tightens alongside weaker market sentiment.

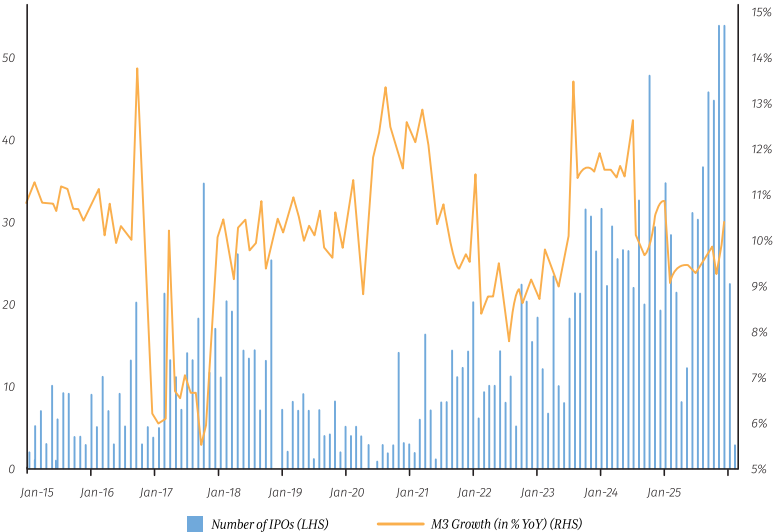
The post-2020 phase is particularly revealing. Even as money supply growth eased from pandemic-era peaks, IPO volumes

recovered and then remained elevated. Issuance stopped tracking short-term liquidity swings and began operating off a higher base.



This points to a deeper pool of domestic capital. Household savings, mutual fund inflows and steady participation build gradually and unwind slowly. Liquidity today does not decide how aggressive an IPO cycle becomes. It determines whether the market shuts or stays open. Equity returns influence ambition. Domestic liquidity provides continuity.

Domestic Liquidity Provides a Stable Base For IPO Issuance



Source: CMIE, 1 Finance Magazine



A growing share of total IPO proceeds is now attributable to OFS-led issues, even as fresh issue activity continues.

When IPOs Fund Growth And When They Fund Exits

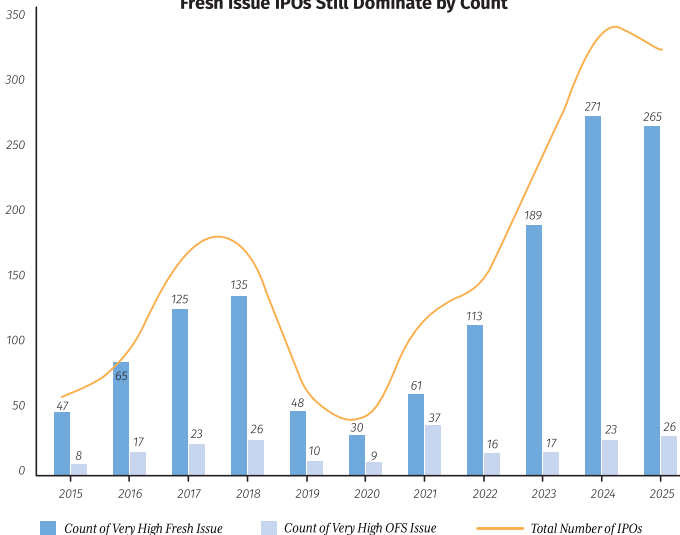
One way to understand the purpose of India's IPO market is to look at how issue proceeds are allocated. At a broad level, IPOs can be grouped by what dominates the issue. Fresh issue capital flows into the company to fund growth, reduce debt or support capex. Offer for sale (OFS) proceeds, in contrast, go to existing shareholders, allowing them to monetise part of their holding.

Note: All analyses in this report that refer to “very high fresh issue” or “very high offer for sale (OFS)” IPOs are based on issues where more than 70 per cent of total proceeds are attributable to fresh issue or OFS, respectively. IPOs with a more balanced split are classified as mixed issues. All pricing, return and subscription data used in this study covers IPOs listed between January 1, 2015 and December 2, 2025. Median post-listing returns are calculated using closing prices one month and one year after listing, relative to the issue price.

For this analysis, IPOs are classified based on which of these components accounts for the larger share of total proceeds.

Viewed through this lens, the balance between growth capital and exit capital has shifted over time. While the number of fresh-issue-led IPOs has increased in recent years, the change is more pronounced when measured by capital raised. A growing share of total IPO proceeds is now attributable to OFS-led issues, even as fresh issue activity continues. This indicates that a larger portion of primary market activity is being used to facilitate exits rather than exclusively to fund new investment.

Fresh Issue IPOs Still Dominate by Count

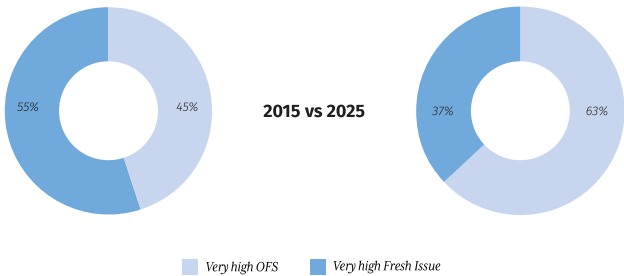


Source: I Finance Magazine

This does not suggest that companies are raising less capital. Instead, it points to a change in how IPOs are being used. Promoters, early financial investors and foreign shareholders are increasingly using the

public market to monetise existing stakes alongside capital raising. That distinction matters because markets tend to respond differently once trading begins.

Total Funds Raised via IPOs



Return patterns highlight this clearly. IPOs classified as fresh-issue-led, where fresh issuance accounts for more than 70 percent of proceeds, tend to show modest listing-day performance. What stands out is what follows. Within a month or year of listing, median returns for these IPOs slip into negative territory, suggesting that growth narratives face quicker scrutiny once price

discovery moves to the secondary market.

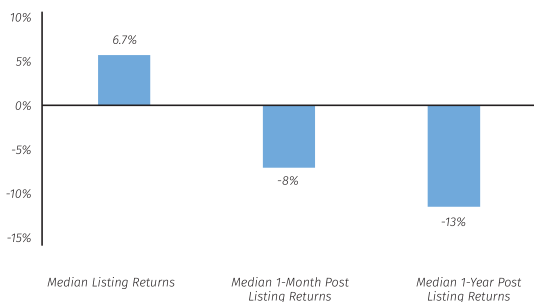
The key point is not that one structure is inherently better than the other. It is the dominant use of proceeds that shapes both investor expectations and post-listing behaviour. Understanding whether an IPO is primarily funding growth or facilitating exits often provides more insight than headline demand or listing-day gains alone.

Not All IPOs Behave The Same After Listing

Return patterns differ meaningfully by issue structure, and those differences persist beyond the listing day. IPOs with a very high fresh issue component, defined as more than 70 percent of total proceeds, tend to show modest listing-day performance. The median listing-day return for this group is around 6.7 percent. What stands out, however, is the speed with which this early optimism fades. One month after listing, median returns for fresh-heavy IPOs slip

into negative territory, at roughly minus 8 percent.

The longer-term picture offers little recovery. Even one year after listing, the share of fresh-issue-heavy IPOs delivering positive returns remains below half. This suggests that while growth-oriented narratives attract initial interest, they face sustained scrutiny once companies begin trading and execution risks become clearer.

Fresh-Issue-Heavy IPOs Deliver Early Gains but Fade Over Time

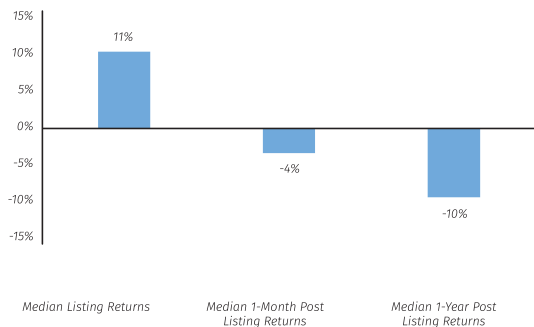
Source: ACE Equity, 1 Finance Magazine



OFS-heavy IPOs gain 11% on listing, but retreat to -4% median returns within one month.

OFS-heavy IPOs display a different early pattern. Issues where more than 70 percent of proceeds come from offer for sale deliver stronger median listing-day gains, close to 11 percent. These gains are typically driven by scarcity and limited free float. However, this strength does not fully carry through.

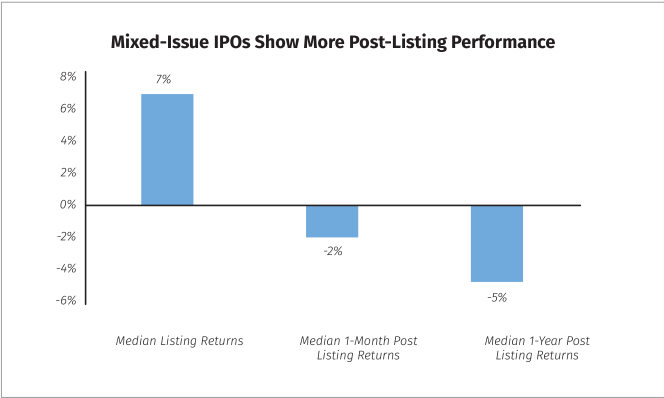
One-month median returns fall back to around minus 4 percent, and by the one-year mark, outcomes converge with those of fresh-heavy issues. The proportion of IPOs posting positive returns remains similar, indicating that early demand does not translate into lasting outperformance.

OFS-Led IPOs Early Gains but Sharper Post-Listing Weakness

Source: ACE Equity, 1 Finance Magazine.

Mixed issues sit between these two extremes. IPOs with a more balanced split between fresh issue and offer for sale show less pronounced swings, both on listing day and over subsequent periods. Returns are

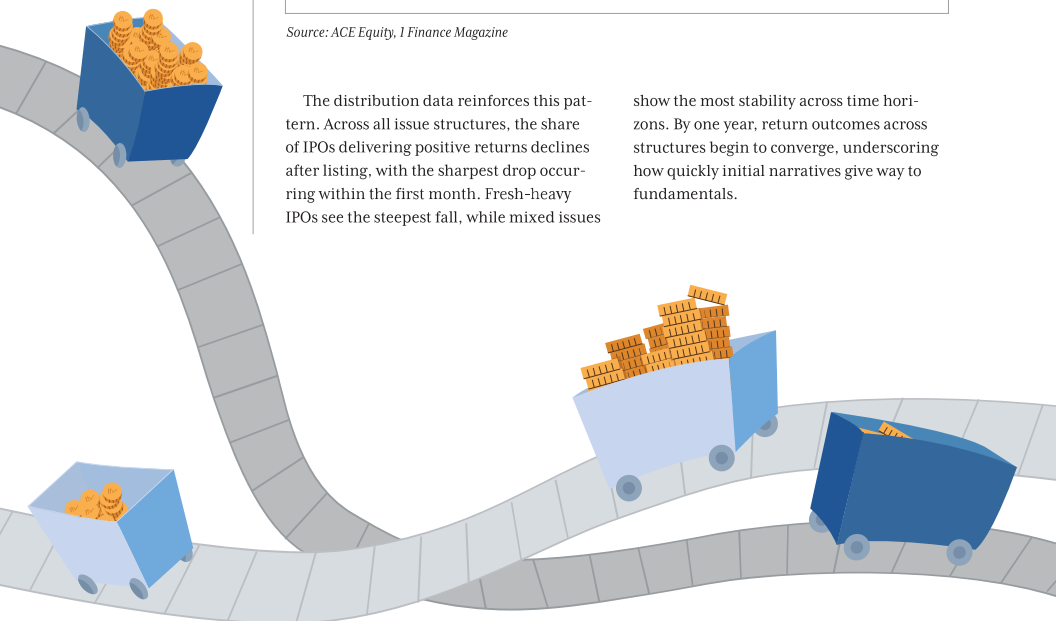
more tightly clustered, and the decline from listing-day performance to one-month and one-year outcomes is more gradual. While gains are not the highest, outcomes are more evenly distributed.



Source: ACE Equity, 1 Finance Magazine

The distribution data reinforces this pattern. Across all issue structures, the share of IPOs delivering positive returns declines after listing, with the sharpest drop occurring within the first month. Fresh-heavy IPOs see the steepest fall, while mixed issues

show the most stability across time horizons. By one year, return outcomes across structures begin to converge, underscoring how quickly initial narratives give way to fundamentals.



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Within one month, the share of IPOs delivering positive returns drops from 70% at listing to just 36–45% post listing across issue structures.

IPO Performance Distribution by Issue Structure (%)

LISTING-DAY OUTCOME DISTRIBUTION (%)		
ISSUE STRUCTURE	POSITIVE	NEGATIVE
Very High Fresh Issue (>70%)	73%	27%
Very High OFS (>70%)	70%	30%
Mixed Issue	74%	26%

1-Month Post-Listing Outcome Distribution (%)

LISTING-DAY OUTCOME DISTRIBUTION (%)		
ISSUE STRUCTURE	POSITIVE	NEGATIVE
Very High Fresh Issue (>70%)	36%	64%
Very High OFS (>70%)	41%	59%
Mixed Issue	45%	55%

1-Year Post-Listing Outcome Distribution (%)

LISTING-DAY OUTCOME DISTRIBUTION (%)		
ISSUE STRUCTURE	POSITIVE	NEGATIVE
Very High Fresh Issue (>70%)	45%	55%
Very High OFS (>70%)	44%	56%
Mixed Issue	45%	55%

Note: Positive and negative classifications are based on simple median returns. Issue categories are defined by the share of fresh issues or offer-for-sale exceeding 70% of the total IPO size.

The broader takeaway is not that one issue structure is inherently superior. IPOs serve different purposes. Some primarily fund growth, others primarily facilitate exits. Markets respond differently to each,

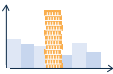
especially in the early stages of trading. For investors, understanding which objective dominates an issue often proves more useful than headline subscription ratios or listing-day gains.

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A growing share of total IPO proceeds is now attributable to OFS-led issues, even as fresh issue activity continues.

When Subscription Signals Demand, And When It Signals Excess

If issue structure explains where the money is going, subscription ratios indicate how crowded the trade has become. High subscription is often treated as shorthand for quality. An IPO that is 100x subscribed is assumed to be strong by default. In reality, the subscription ratio only measures how many times the issue was bid for relative to shares on offer. It captures the intensity of demand, not whether the business or valuation justifies it.



When IPOs are grouped by subscription intensity, a clear pattern appears on listing day. IPOs subscribed in the 0–50x range

tend to deliver modest and relatively stable outcomes. As subscription moves into the 51–100x and 101–200x bands, listing-day returns improve meaningfully, supported by tighter allotments and stronger secondary-market demand.

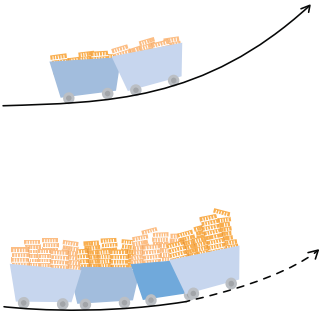
That relationship weakens once subscription crosses extreme levels. IPOs subscribed over 200x show the strongest median listing gains, but also the most uneven outcomes. While nearly all of these issues are listed positively, performance begins to fade quickly. One-month returns fall back sharply, and by the one-year mark, gains are far less consistent. What initially looks like conviction increasingly reflects crowding and momentum.

Median IPO Returns by Subscription Intensity

SUBSCRIPTION RATIO	MEDIAN RETURNS		
	LISTING DAY	1-MONTH POST LISTING	1-YEAR POST LISTING
0x-50x	2%	-7%	0%
51x-100x	31%	-2%	-2%
101x-200x	44%	-7%	-25%
200x+	90%	-7%	4%

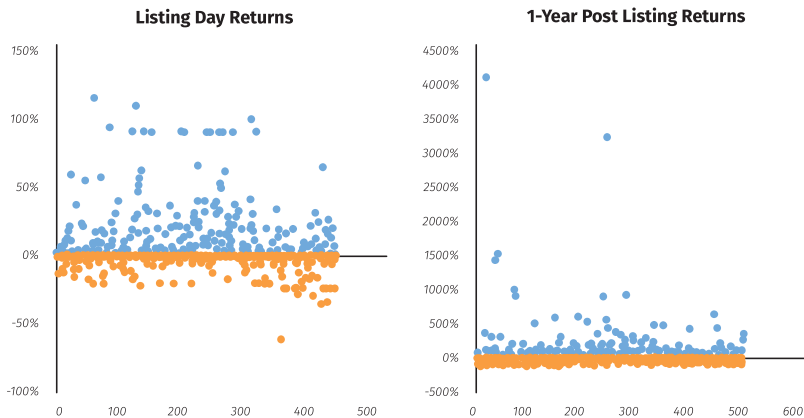
Note: Returns shown are simple period medians. Subscription ratio represents the total subscription across all investor categories.

Longer-term outcomes reinforce this point. Moderately subscribed IPOs, while less dramatic on day one, tend to show better return stability over time. Excess demand often front-loads returns, leaving little support once initial enthusiasm fades. In contrast, IPOs with strong but measured demand face fewer expectations and lower pressure to sustain inflated prices.

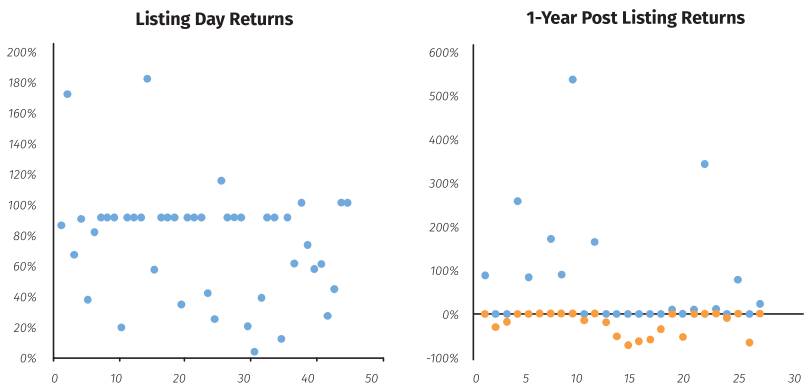


Listing vs Post-Listing Performance of 0x-50x Subscribed IPOs

About 62% of IPOs subscribed in the 0-50x range list positively, but this share drops to 50% after one year

**Listing vs Post-Listing Performance of 200x + Subscribed IPOs**

IPOs subscribed more than 200x deliver uniformly positive listing-day returns, but only about half retain positive returns after one year



Source: ACE Equity, 1 Finance Magazine

The message is straightforward. Subscription improves listing-day outcomes, but only up to a point. Beyond that, it becomes a signal of crowding rather than quality. For investors, the most reliable outcomes

tend to come from IPOs where demand is healthy, but not euphoric, and where pricing leaves room for returns beyond the first few trading sessions.

How The Sectoral Mix Of IPOs Has Evolved

Cyclicality in IPOs is not only about timing and structure. It is also about which parts of the economy are coming to market in each wave. The sectors coming to market today are not the same ones that dominated earlier cycles, and the shift has been gradual rather than abrupt.

Between 2015 and 2019, IPO activity was anchored largely in financial services, consumer-facing businesses and select services sectors. These listings were relatively evenly spread across cycles, reflecting a market still driven by consumption and credit-led growth.

The post-2021 phase looks different. Industrials, manufacturing-linked businesses and infrastructure have taken a larger share of issuance.

Capital goods, automobile ancillaries and infrastructure show the sharpest growth, aligning closely with India's domestic capex cycle and policy push towards manufacturing and public investment. Technology and business services surged during the liquidity-heavy phase and then stabilised as valuations reset. Healthcare listings have remained steadier across cycles, reflecting long-term capital needs rather than short-term market timing.

IPO Count Growth By Sector (2015-2025)

YEAR/SECTOR	INDUSTRIALS MANUFACTURING & INFRASTRUCTURE	FINANCIAL SERVICES	TECHNOLOGY & BUSINESS SERVICES	CONSUMER & RETAIL	HEALTHCARE	LOGISTICS & TRADE	MEDIA & OTHERS
2015	23	0	3	9	6	5	3
2016	19	32	22	17	19	2	0
2017	38	51	29	28	6	13	12
2018	76	33	8	25	7	18	9
2019	28	12	8	12	7	8	2
2020	11	40	11	13	6	3	3
2021	78	58	48	59	31	11	5
2022	74	26	24	47	12	25	7
2023	100	34	44	44	35	56	18
2024	178	47	56	89	29	51	22
2025*	166	37	80	59	27	50	13

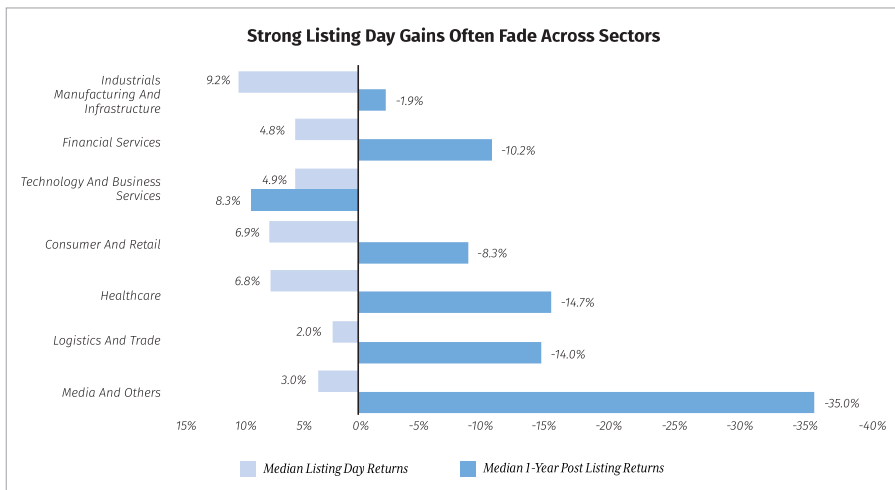
Source: 1 Finance Magazine. Data on IPOs as of December 2, 2025.

Performance trends reinforce this rotation. Industrials and manufacturing-linked IPOs show stronger listing-day gains with less severe post-listing corrections. In contrast, sectors driven by momentum or consumer narratives are more prone to sharp fade-outs after listing once sentiment cools.

Taken together, the sectoral data points to a market that is increasingly aligned with India's investment cycle. IPOs are no longer concentrated in a narrow set of growth narratives. Instead, they reflect a broader shift toward manufacturing, infrastructure and

capital formation. This rotation adds depth to the market and reduces reliance on any single sector to sustain IPO activity.

Importantly, it also ties back to the growth vs exit question. Fresh-issue-heavy industrial and infrastructure IPOs are more likely to expand productive capacity and diversify the market's risk exposures. OFS-heavy, momentum-driven deals in fashionable sectors lean more towards providing exit liquidity to existing owners. Both have a place, but investors need to be clear which one they are participating in.



Source: ACE Equity, I Finance Magazine

What This IPO Cycle Means For Investors

Putting these strands together, India's IPO market has matured from a sentiment-driven, foreign-flow-dominated cycle into a structurally broader ecosystem. Issuance still moves in waves, but the drivers of those waves have changed. Trailing equity returns and global risk appetite continue to influence when windows open and how aggressive issuers become. Domestic liquidity increasingly decides whether those windows shut completely or remain partially open. Sector rotation and issue structure

determine whether IPOs add depth and growth exposure or mainly monetise existing ownership.

Understanding who funds IPOs, why companies list when they do, and how markets absorb supply is now more important than the headline volume or the first-day gain. In a market where domestic capital has become the marginal buyer, the cyclicity of IPOs has not disappeared; it has simply become more nuanced.