

October 14, 2025

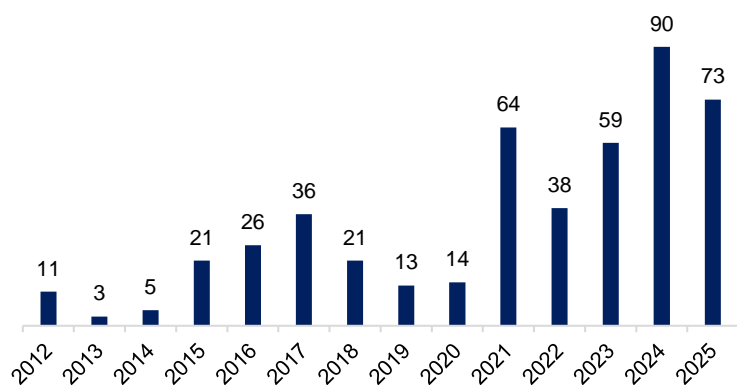
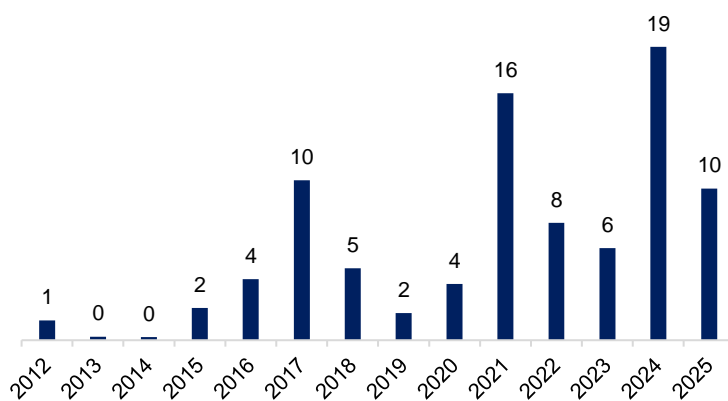
IPO Surge: Market Expansion Amid Premium Valuation**What's the Point?**

- Initial Public Offerings (IPO) activity has surged in recent years with over 150 companies getting listed in the last 2 Calendar Years.
- The IPO activity has added breadth to Indian equity markets, with companies from a wide range of industries viz. e-commerce, fintech, green energy, insurance, etc. entering public markets.
- Strong participation from mutual funds, insurance companies, pension funds, and individual investors have helped absorb this supply.
- A concern could be listing of lot of small sized companies and promoter exits at elevated valuations via the IPO route.

Recent Surge in IPOs in India

IPOs have long been a key gateway for companies to raise capital, expand operations and bring new investment opportunities to the market. In recent years, IPO activity in India has surged, underscoring the depth and dynamism of our capital markets. The trend reflects a maturing investment ecosystem where diverse participants play a vital role in absorbing fresh supply and driving market breadth.

In CY 2024, there were record number of mainboard IPOs with 90 companies raising ~ USD 19 bn. Even in the current CY, 73 companies have already raised ~ USD 10 bn via IPOs in the mainboard segment, with pipeline for the last quarter of CY 2025 being strong.

Record IPOs: Over 150 IPOs in last 2 years**Number of IPOs*****~USD 30 bn raised in last 2 years via IPOs vs USD 35 bn in preceding 5 years****Amount raised via IPOs (USD Bn)***

Source: Dam Capital. *Till Sep'25

Expanding Market Breadth

The spurt in IPOs has broadened the Indian equity market's opportunity set. Companies from a wide range of industries viz. e-commerce, fintech, green energy, insurance, etc. have entered public markets. This has significantly diversified the sectoral representation in listed equities, allowing investors to participate in businesses that tap into structural themes such as green energy transition, digitization and changing consumer habits. The number of listed companies in certain emerging sectors has gone up significantly compared to a decade back, adding breadth to the public markets.

Table: Number of Listed Companies in Few Niche Sectors

Industry	2015	2025
Aerospace & Defence	8	24
AMCs	0	4
E-Commerce	4	23
Education	4	14
Exchanges, Depositories & Registrars	1	6
Insurance	0	10
Logistics	13	41
Quick Service Restaurant	1	8
Stock/ Commodity Brokers	11	21

Source: Capitaline

Strong Absorption by Investors

A common concern in periods of heightened IPO activity is whether the market can absorb the supply without hurting valuations. Encouragingly, in India, robust participation from domestic institutional investors (DIIs) and retail investors has met this challenge head-on. Some of the large-sized IPOs witnessed strong demand and were comfortably absorbed by the market.

Company Description	IPO size (in ₹ crore)	Subscribed
A fintech company	18,300	1.89x
A leading life insurance company	20,557	2.95x
A leading Auto company	27,870	2.37x
A PSU engaged in renewable energy generation	10,000	2.55x

Source: Publicly Available Information

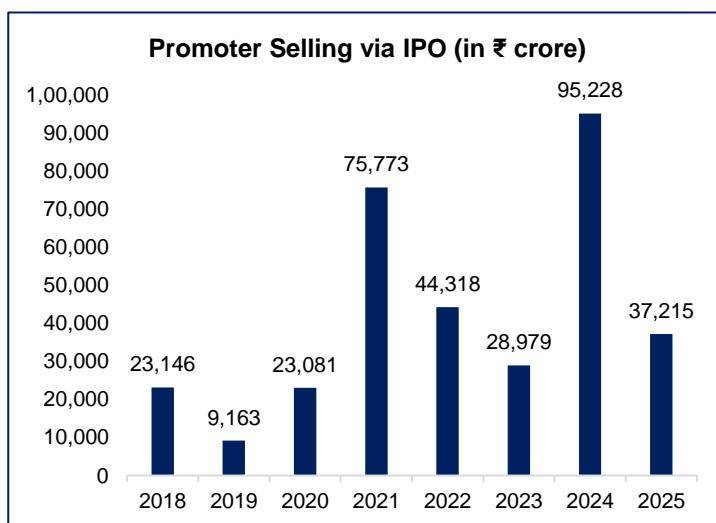
Listing of Small sized companies and Promoter Exits

While there has been a sharp rise in number of IPOs, a breakdown of companies in terms of size shows that lot of small sized companies have got listed in the recent past. Out of total companies listed in the last few years, 65-70% of the companies were with market cap (at the issue price) of less than Rs 5k cr.

Another trend that emerges is that promoters have also offloaded significant stakes at current valuations via OFS route. Out of the total IPO proceeds (INR 2.4 lac cr) raised in the last 2 CYs (2024 and 2025CYTD), over 1 lac cr was through the OFS route.

Year/Market Cap Range [▲]	0-5k	5-10k	10k-25k	> 25k	Total
2018	9	6	3	3	21
2019	7	5	1		13
2020	9	2	1	2	14
2021	37	14	7	6	64
2022	24	9	2	3	38
2023	42	11	5	1	59
2024	59	8	15	8	90
2025	49	12	8	4	73
Total	236	67	42	27	372

Source: Dam Capital. ▲ market cap at the issue price



Conclusion

The Indian equity markets have witnessed a surge in IPO activity over the past two calendar years, with over 150 new listings. This influx has significantly broadened market participation, bringing in companies from diverse sectors such as e-commerce, fintech, green energy, and insurance. Importantly, strong demand from mutual funds, insurance companies, pension funds, and retail investors has ensured healthy absorption of this supply, including large-sized IPOs. While the trend of smaller company listings and promoter exits at high valuations raises some concerns, the overall deepening of the market and expanding sectoral representation could signal a maturing and resilient capital market ecosystem.

Sources: DAM Capital, Capitaline and other publicly available information

About Tuesday's Talking Point (TTP): TTP is an effort by HDFC AMC to guide key conversations in the Indian financial markets and investing ecosystem. We aspire to do this by providing relevant facts, along with our perspective on the issue at hand. Please provide your feedback at this link: <https://forms.office.com/r/Cr8JNjMGWk>

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