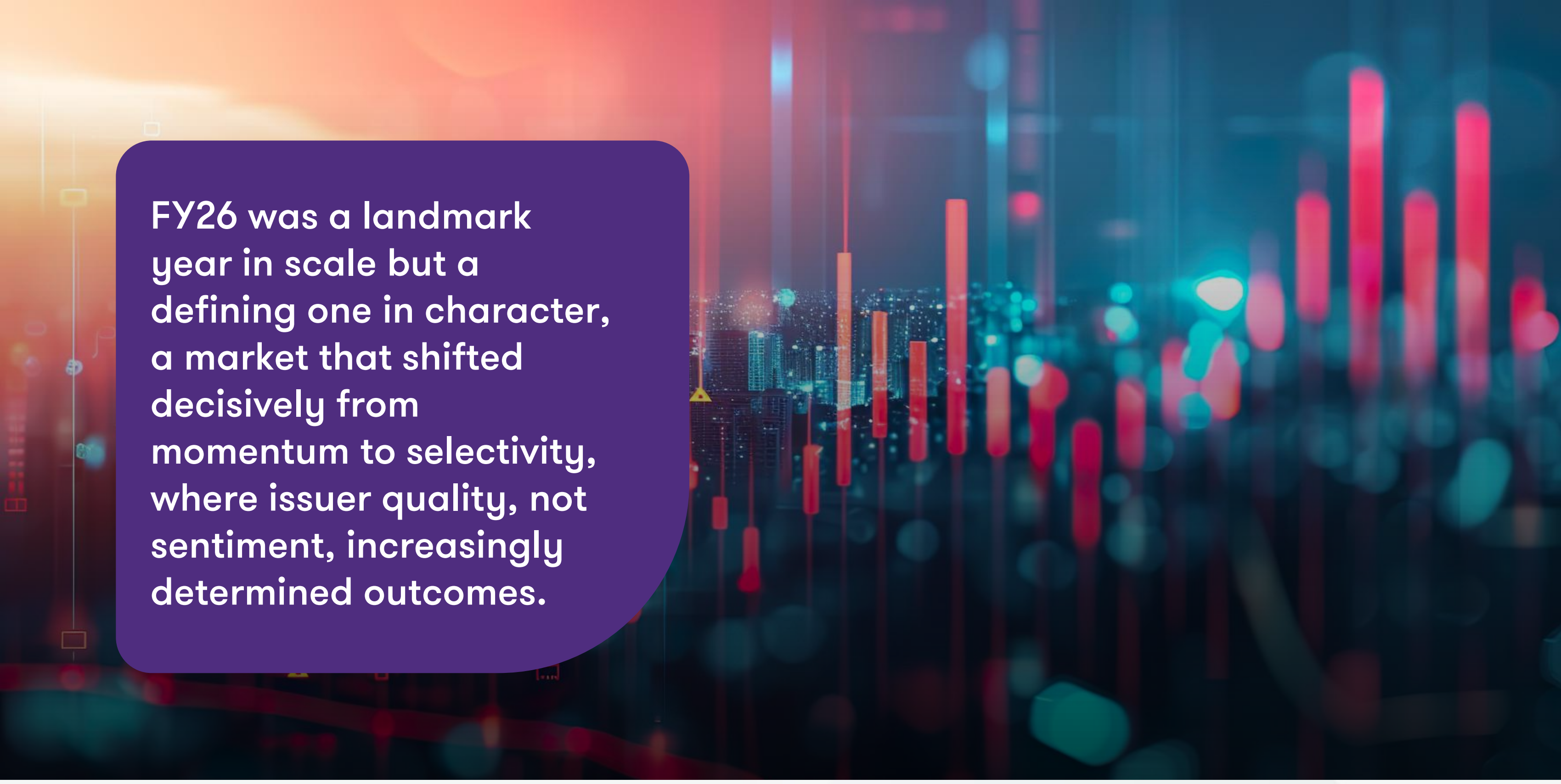
IPOs in India - FY26

Executive summary

August 2026



FY26 was a landmark year in scale but a defining one in character, a market that shifted decisively from momentum to selectivity, where issuer quality, not sentiment, increasingly determined outcomes.

Navigating a year of change

FY26 marked another active year for India's primary capital markets. A total of **366 IPOs** (mainboard and SME) were launched, raising approximately **INR 1.9 trillion.** Mainboard listings hit a record **109 IPOs raising ~INR 1,770 billion,** a three-year high. Globally, India remained a leading market by volume, accounting **for 14% of global IPO listings in March 2026,** second only to China.

Yet beneath the record headline numbers, the character of the market changed. FY25's broad-based, retail- and NII-driven momentum gave way to **QIB-led, discerning demand** in FY26. Governance, earnings quality and pricing discipline displaced the growth-narrative exuberance and liquidity-fuelled sentiment of the prior year. The defining takeaway: FY26 was not weaker, it was **more discerning,** with capital remaining available but increasingly conditional on quality and intent.

Key metrics at a glance

Metrics	FY24	FY25	FY26
Mainboard IPOs (no.)	76	80	109
Funds raised (INR bn)	619	1,630	1,770
Avg. oversubscription (x)	50x	71x	39x
Avg. listing-day gain (%)	29%	29%	7%
OFS share of proceeds (%)	53%	65%	61%
Fresh-issue share (%)	47%	35%	39%

Source: NSE, BSE, SEBI, Grant Thornton Bharat LLP internal research

Valuation fatigue was the defining theme

The clearest signal of the shift was a sharp compression in both demand and returns. Average oversubscription nearly halved, from 71x in FY25 to 39x in FY26, with pullbacks across the QIB, non-institutional, and retail segments. More strikingly, **average listing-day gains collapsed from 29% to just 7%**, while average annual performance stood at **-17%** - strong subscription no longer translated into aftermarket returns.

The pain was not evenly distributed. Smaller IPOs bore the brunt, delivering only **2% average listing gains** (versus 33–35% in FY24–FY25) against disproportionately high issue costs of **9.7%** of issue size. Medium and large IPOs proved more resilient, both delivering ~11% average gains, confirming a clear investor flight toward **scale, visibility and track record.** Oversubscription ceased to be a reliable predictor of performance, and institutional conviction and reasonable pricing became the true differentiators.

Momentum to selectivity: demand became institutional (QIB)-led, with conviction more differentiated across issuers.

Narrative to fundamentals: investors prioritised governance, earnings quality, cash flows and transparency over thematic positioning.

Exuberance to normalisation: Q4 FY26 showed clear valuation fatigue, with only 15 IPOs raising INR 168 billion and listing gains turning negative (-1%).

Capital remains available - but conditional on quality and intent

Deal structure under scrutiny

Offer-for-sale continued to dominate at **61% of mainboard proceeds** (versus 65% in FY25), confirming that promoter and PE monetisation remained central to IPO supply. However, the **fresh-issue share improved to 39%** (from 35%), signalling a gradual revival of growth-capital fundraising. In a year of softer listing gains, investors increasingly read the fresh-issue/OFS mix as a proxy for promoter alignment, capital use and post-listing conviction, pure OFS issues delivered ~15% average gains versus ~4% for fresh-issue-only offerings.

Sectoral divergence

Investor preference varied sharply across themes. **Financial services led fundraising with ~INR 598 billion across 12 IPOs,** while consumer services and durables saw strong oversubscription and listing gains, reflecting robust confidence in earnings-visible models. In contrast, capital-intensive and cyclical sectors - **power, telecom and textiles** - delivered weak or negative debuts, underscoring preference for earnings certainty. Capital remained available but concentrated toward sectors offering structural growth drivers and valuation comfort.

Use of proceeds and governance

Raising funds was important, but how those funds were deployed mattered just as much. **Debt repayment was the largest use (~26%),** consistent with investor preference for deleveraged, stronger post-listing balance sheets, followed by capex/expansion (~21%). Governance emerged as a hard filter - transparency, promoter quality, related-party dealings and disclosure standards now directly shape both demand and valuation

FY27 outlook: Constructive, but measured

India's outlook has turned more cautious as a global, conflict-driven energy shocks have unsettled consumption and investments, caused currency volatility and inflation leading to more cautious capital-markets. **Growth is expected to moderate to ~6.3% in FY27**, with inflation edging up to ~4.8% and the rupee under pressure after crossing INR 95/USD. Primary markets are likely to remain **selective and timing-sensitive,** with momentum increasingly dependent on issuer quality, pricing comfort and domestic institutional support that cushions foreign outflows.

As markets become more discerning, success in FY27 will be driven by **preparation rather than momentum.** The report identifies six factors that will define successful issuers:

Market timing — reading receptivity: low volatility, rising indices and healthy aftermarket in recent listings.

Valuation discipline — pricing anchored to earnings visibility and peer benchmarking, with willingness to flex the band.

Governance readiness — operating as a public company from day one, with robust disclosures and RPT monitoring.

Earnings visibility — consistent growth, strong cash conversion and defensible unit economics.

Institutional demand quality — QIB conviction as the key differentiator of successful issuances.

Post-listing communication — a sharp equity story, clear use of proceeds and a credible IR framework.

The bottom line

FY26 confirmed that India's capital markets are moving into a phase defined less by momentum and more by maturity. Where depth of participation, valuation realism, governance and resilience to external shocks converge, issuers will continue to access capital - but the market will reward those who list at the right stage of readiness, not those who simply chase the window.

Grant Thornton Bharat Perspective

The focus on earnings and governance requires issuers to consider their current and planned investments in readiness for being public companies. Starting early allows for these investments to be calibrated and prioritised in sync with other priorities

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