

Local IPO Anchor Books tell a Different FPI Story

Foreign funds' collective anchor investments rise threefold to ₹26,508 crore in FY25 from a year earlier

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Mumbai: Foreign portfolio investors, relentless net sellers lately in the listed secondary market, are nevertheless betting big on India's world-beating growth story as committed anchor investors in initial public offerings (IPO) of local companies.

Collective investments of overseas funds in the anchor books of Indian IPOs surged threefold to ₹26,508 crore in FY25, compared with the previous year. The share of FPIs in total anchor investment also improved to 46% in the year ended March — from 35% in FY23.

And, their commitment to this asset class remains unaltered, regardless of the noise around tariffs that are expected to change the global trade mosaic. Even in the current financial year, fore-

Heavy Flow FPI INVESTMENT IN IPO ANCHOR BOOK

	₹ CRORE	SHARE AMONG QIBs (%)
FY23	5,830	34.5
FY24	8,570	40.3
FY25	26,508	46.3
FY26*	7,142	40.7

Till August 20, 2025/ Source: Prime Database



ign funds invested ₹7,142 crore in anchor books until August.

"You are backing a company before the market fully prices its future prospects," Bhavesh Shah, managing director and investment banking head, Equirus Capital told ET, explaining why overseas funds are flocking to IPOs.

Higher Returns from Early Birds

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►► From Page 1

Anchor investors in IPOs must hold the stock they are allocated for a specified period of time before they can sell their holdings in the secondary market. To be sure, local funds, too, have a robust presence in the IPO anchor market. Domestic institutional investors (DIIs), which include mutual funds, insurance companies, alternative investment funds, saw their anchor participation climb two-and-a-half times to ₹30,709 crore in FY25 over a year ago.

When a company lists, it is still early in its growth cycle, likely generating significantly higher returns for early investors in comparison with already-listed companies, said Shah. Furthermore, little impact of bulk purchase on stock prices, and access to differentiated business models at cheaper valuations are the other drawcards for IPOs.

In recent times, overseas funds have been circumspect on the secondary markets owing to

stretched valuations, geopolitical tensions, and tariffs-related uncertainties that could dent India's merchandise exports to the US.

Foreign funds sold close to ₹1.3 lakh crore worth of Indian equities in FY25, and ₹2,322 crore in the current financial year, until the middle of August.

While local institutional funds continue to dominate the total anchor book, their share has fallen in recent years. In FY25, it dropped to 53% from 65% in FY23.

According to Pranav Haldea, managing director, Prime Database Group, the prominence of domestic institutions in the primary market is a positive development.

"Especially for smaller IPOs, it has significantly reduced their dependence on foreign investors," Haldea said.

Among domestic institutional backers of IPOs, mutual funds put in ₹21,740 crore, and insurance companies ₹5,098 crore as anchor investors in FY25.