June drives corp bond mkt recovery

India Inc raises ₹2.37 trillion in Q1FY27, down 34% Y-o-Y, but 3rd-highest in a first quarter since FY20

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Fundraising activity through corporate bonds picked up in June as rates turned favourable following a series of policy measures by the government and the Reserve Bank of India (RBI), which helped the numbers in the first quarter (April-June) of financial year 2026-27 (Q1FY27) to hit ₹2.37 trillion. In June, more than ₹1 trillion was raised via corporate bonds. During Q1FY26, ₹3.58 trillion was raised.

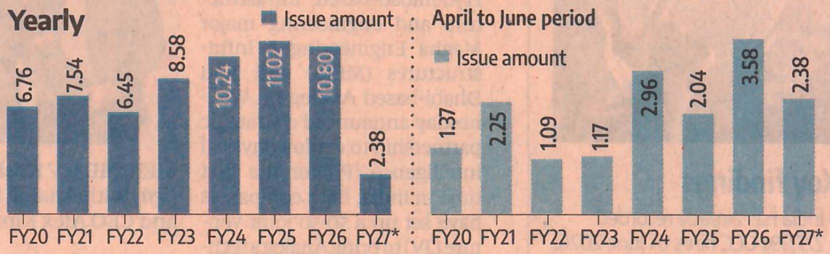
Though the Q1FY27 fundraising was lower against Q1FY26, it was still the third-highest April-June number since FY20.

According to data from Primedatabase, Indian corporates raised ₹2.37 trillion through private placements in Q1FY27, compared with a record ₹3.58 trillion in the corresponding period of FY26. Fundraising stood at ₹2.04 trillion in Q1FY25 and nearly ₹3 trillion in Q1FY24.

"Q1FY27 was a tale of two contrasting phases. The subdued activity during April and May was driven by escalating geopolitical tensions in West Asia, concerns over disruption to shipping through the Strait of Hormuz, elevated crude oil prices, weakness in the Indian rupee, fears of imported inflation, and uncertainty surrounding the southwest monsoon. All these factors collectively created a challenging environment for borrowers. Many issuers preferred to postpone their borrowing plans rather than lock in funds at elevated interest rates amid heightened volatility," said Venkatakrishnan Srinivasan, founder and managing partner of Rockfort Fincap LLP.

Money matters

Private placement corporate bonds



Note: Corporate bonds with tenor and put/call option of above 365 days; *Data until 30th June, 2026
Source: primedatabase.com

"The market environment changed significantly in June. A combination of policy initiatives by the Government of India and the RBI, coupled with easing geopolitical tensions, helped restore investor confidence," he said.

In June, the government announced tax exemptions for eligible foreign investors in government securities, while the RBI expanded the investment universe under the Fully Accessible Route, eased investment norms, introduced concessional forex swap facilities for eligible PSU ECBs, and supported hedging costs on fresh FCNR (B) deposits. Fundraising in June topped over ₹1 trillion, following a series of issuances by state-backed NBFCs (non-banking financial companies) and DFIs (development finance institutions) as yields softened. The yield on 10-year government securities eased 25 basis points in June (closing yield) over May. From the peak of 7.13 per cent on May 18, yields came down by 38 bps (as of June-end).

"March, April, and May were challenging months as yields kept rising and there was uncertainty over the geopolitical situation. That kept both issuers and investors on the sidelines. Once there was clarity sentiment improved. Issuers who had deferred their fundraising plans came back to the market, while investors, who had been sitting on cash, also started deploying money. That is why June saw such strong primary bond issuance activity," said Ajay Manglunia, executive director and head - fixed income market, Capri Global Capital.