All eyes on signals from SBI Funds IPO

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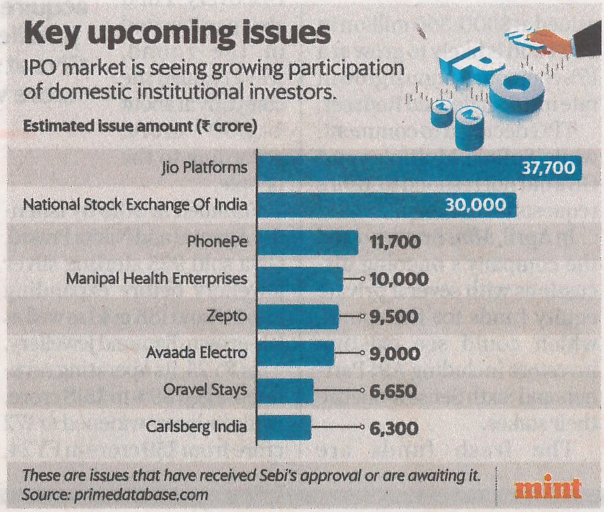
SBI Funds Management's ₹9,813-crore public offering, which opened on Tuesday, will provide the first major test of whether India's capital markets can absorb an IPO pipeline worth nearly ₹4.81 trillion after a sluggish first half of 2026 marked by geopolitical uncertainty and weak investor sentiment.

The country's largest asset manager is entering the market at a relatively moderate valuation, and its subscription and listing performance could influence how dozens of companies price and time their public issues in the coming months.



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According to data from Prime Database, companies seeking to raise ₹2.97 trillion have already received approval from the Securities and Exchange Board of India. Offer documents for another ₹1.84 trillion of proposed issues are awaiting regulatory clearance.

Together, the visible pipeline stands at about ₹4.81 trillion, compared with just ₹22,600 crore raised through IPOs during the first half of 2026.

"The IPO pipeline remains strong, with fresh filings continuing as companies seek regulatory approval so they are ready to launch when volatility subsides," said Pranav Haldea, managing director, Prime Database Group. "However, the entire ₹4.8 trillion pipeline may not necessarily come to market, as issuers will assess geopolitical risks, market conditions and investor sentiment after receiving approval and before launching."

"Several times in the past we have seen approvals lapsing and the pipeline vanishing if market conditions remain poor."

The IPO pipeline spans a range of sectors, including telecommunications, financial services, healthcare, renewable energy, consumer internet and software.

Companies seeking to raise ₹2.97 trillion have already received approval from Sebi, as per Prime Database data

Among pending approvals are some of India's largest expected listings, including Jio Platforms (estimated ₹37,700 crore IPO), NSE (₹30,000 crore), PhonePe (₹11,700 crore), Carlsberg India (₹6,300 crore) and Razorpay Software (₹4,700 crore).

Companies that have already received approval include Manipal Health Enterprises (₹10,000 crore), Zepto (₹9,500 crore), Avaada Electro (₹9,000 crore) and Oravel Stays, Oyo's parent (₹6,650 crore).

"If several mega IPOs are launched together, they could temporarily absorb institutional and HNI capital, forcing smaller issues to compete harder and making investors more selective on valuations," said Kamraj Singh Negi, managing director and chief executive of investment banking at Pantomath Capital.

Redseer Strategy Consultants expects second-half IPO proceeds to surpass the total raised during 2025, potentially making 2026 India's biggest fundraising year. But liquidity may not be evenly distributed. Large, well-known companies are likely to attract institutional and retail interest, while smaller issuers may have to offer more attractive valuations to stand out.

"Liquidity is not going to be a constraint for good-quality companies offered at attractive valuations, whether the demand comes from domestic institutions, foreign investors, retail investors or high-net-worth individuals. However, global geopolitical tensions first need resolution," Haldea said.

A key source of support for the IPO market is the growing participation of domestic institutional investors. According to Redseer, FPIs' share of primary-market investments has declined from about 25-35% in FY21 to 15-25% in FY26, while DIIs' share has risen to 35-45%, allowing them to overtake foreign investors in anchor books. Retail, high-net-worth and other non-institutional investors continue to contribute another 35-45%.

The shift has made India's IPO market less dependent on foreign capital, though large offerings will still require meaningful FPI participation.

"DIIs have gained about 10 percentage points in primary-market flows, largely at the expense of FPIs. However, FPI investment in IPOs has remained broadly steady in absolute terms, unlike in the secondary market," said Rohan Agarwal, partner at Redseer Strategy Consultants.

"Strong and scalable Indian companies should continue to attract meaningful foreign investor participation," he noted.

The SBI Funds IPO will therefore be watched not just for its subscription numbers, but for what they signal about investor appetite for the equity issuance waiting in the wings.

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