

IPO, QIP Fundraising Hits 20-Month High. What's Driving The Surge?

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Summary of this article

Companies raised over ₹52,300 crore in July through IPOs and QIPs despite volatile markets.

Strong domestic liquidity and institutional demand offset FPI selling and global uncertainty.

Analysts say firms are using favourable valuations while investors remain increasingly selective.

India's primary market shrugged off geopolitical tensions, volatile global markets and continued foreign investor selling in July, with companies raising more than ₹52,300 crore through initial public offerings (IPOs), SME IPOs and qualified institutional placements (QIPs), marking the strongest monthly equity fundraising in nearly 20 months.

According to Prime Database, nearly 36 companies tapped the capital markets during the month, making July the busiest fundraising month since November 2024, when 24 companies

had mobilised ₹56,737 crore through the same routes.

The surge came despite renewed tensions between the US and Iran, which briefly pushed crude oil prices above \$100 per barrel and revived concerns over inflation and India's macroeconomic outlook. Foreign portfolio investors (FPIs) also resumed selling after briefly turning buyers in mid-June. Yet, benchmark indices remained resilient, with the Sensex and Nifty gaining around 0.5% each during the month.

So, why are companies rushing to raise money despite an uncertain market backdrop?

Companies Are Using A Favourable Fundraising Window

Vinit Bolinjkar, Head of Research at Ventura, said companies are using the current window to strengthen balance sheets, fund expansion, reduce debt and pursue strategic growth opportunities.

"The combination of strong domestic institutional participation and relatively favourable valuations has encouraged companies to raise equity capital while market conditions remain supportive. The broader revival in fundraising through IPOs, QIPs, OFS and block deals since April suggests issuers are looking to capitalise on improving investor sentiment before market conditions potentially become more challenging," he said.

The month saw several large issuances, led by SBI Funds Management's ₹9,796-crore IPO and Manipal Health Enterprises' ₹9,276-crore issue. On the QIP front, Adani Enterprises alone raised around ₹15,000 crore, while Adani Energy Solutions mobilised ₹3,500 crore.

Domestic Liquidity Has Become The Market's Biggest Strength

Perhaps the biggest reason fundraising has remained resilient is the growing role of domestic investors.

While FPIs have continued to remain volatile, systematic investment plans (SIPs), mutual funds, insurance companies and domestic institutional investors have consistently absorbed new equity issuances.

Bolinjkar said domestic liquidity has become the primary stabilising force for India's capital markets.

"Strong SIP inflows and mutual fund participation have enabled the primary market to absorb significant supply even during periods of FPI outflows. Foreign flows have increasingly become a source of volatility rather than the primary driver of fundraising activity," he said.

Akshat Garg, Head of Research & Product at Choice Wealth, echoed the view.

"The biggest support has come from domestic institutions. Strong SIP inflows, along with steady participation from insurance companies, pension funds and domestic institutional investors, have significantly reduced the market's dependence on foreign capital. This has given companies confidence to continue raising equity despite foreign selling," he said.

Investors Have Become More Selective

While fundraising activity remains robust, analysts say investors are no longer chasing every new issue.

Instead, they are rewarding companies with established businesses, healthy earnings visibility and reasonable valuations, while scrutinising richly priced offerings more closely.

"The current valuation environment remains supportive but increasingly selective. Companies with strong business models and credible earnings visibility continue to command investor interest, while weaker or aggressively priced issues are facing greater scrutiny," Bolinjkar said.

This trend has become evident in July's fundraising mix, where larger and better-known companies dominated investor interest, helping institutions deploy capital with greater confidence.

Can The Momentum Continue?

The outlook for India's primary market remains constructive, supported by a healthy IPO pipeline and continued domestic liquidity. However, analysts believe July's pace may not be repeated every month.

Future fundraising will depend on corporate earnings, global interest rates, geopolitical developments, FPI flows and the post-listing performance of recent IPOs.

Garg said any sharp correction in equities or escalation in geopolitical tensions could temporarily slow issuances, but India's stronger domestic investor base should continue to provide long-term support.

Bolinjkar also expects fundraising to remain healthy but believes investors will become increasingly valuation-conscious.

"India's primary market continues to demonstrate strong absorption capacity, with domestic liquidity acting as the key driver. Going forward, fundraising will depend increasingly on valuation discipline and the quality of companies coming to the market," he said.

For now, July's record fundraising suggests that companies are no longer waiting for perfect market conditions. Instead, they are capitalising on a market where domestic capital has become strong enough to offset global uncertainty.