India primary market: bankers watch 2026 valuations

Multibagg AI

India’s primary markets are back at the centre of trader and banker chatter, helped by a sharp pickup in corporate bond issuance and a busy equity fundraising calendar. Social feeds are focused on one question: can domestic liquidity keep absorbing supply while valuations stay disciplined. The latest data points suggest strong risk appetite in debt, improving sentiment in equities, and investment banks preparing for another active year.

Corporate bonds signal cheaper capital

India’s corporate bond market saw a notable surge as issuers raised more than ₹13,400 crore on Tuesday. NIIF Infrastructure Finance added to the day’s tally, taking it past ₹13,400 crore and making it one of the stronger single-day fundraisings in recent history. The move followed a rally in fixed-income markets that encouraged borrowers to accelerate fundraising. Bond price gains have pushed yields lower, which improves funding conditions for issuers. Market discussion also linked the demand to supportive RBI measures and improved liquidity. Anticipated foreign flows and stable currency perceptions were cited as additional comfort. Declining crude oil prices were also flagged as a macro tailwind for risk appetite. Demand showed up across three-year, five-year, and ten-year maturities, even as supply increased.

Equity supply window tightens in 2026

In equities, around a dozen companies are preparing to raise over ₹52,000 crore through IPOs, institutional placements, and government stake sales in the next two months. Social commentary frames this as the most concentrated equity supply window of 2026. The debate is less about whether deals will launch and more about the market’s capacity to absorb them. The earlier underperformance of Indian stocks made issuers cautious on timing. With the Nifty recovering from its April lows, that hesitation is now easing. Domestic institutional flows were described as staying firm, helping confidence on execution. Deal teams remain constructive despite the crowded calendar. Several posts highlighted that participation appears broad across investor segments.

Domestic liquidity is the key variable

A recurring theme is that domestic liquidity has become the anchor for primary issuance. Prime Database’s commentary pointed to mutual funds being “flush with money” due to sustained monthly inflows. Equity mutual funds saw net flows of ₹3.22 lakh crore in 2025, according to the same context. Another widely shared data point was domestic participation at nearly 75% for 2025 in years where IPO proceeds exceeded ₹1 trillion. That mix matters because it can reduce reliance on foreign risk-on phases. Bankers and market participants described issuance as supported by domestic institutions, foreign investors, and retail segments. One view in circulation is that the pipeline does not materially stretch liquidity if issuers are fundamentally strong. The immediate test will be whether multiple transactions can price smoothly in close succession. If they do, it reinforces the narrative of a deeper, more self-reliant capital formation cycle.

Valuations: high premia, then moderation

Valuations are a second pillar of the discussion, especially after a strong 2025. Market commentary noted that India often sees comparatively high IPO valuations, with several listings at significant premiums. At the same time, bankers have argued the post-pandemic ultra-low cost of capital phase pushed valuations higher than warranted. Nipun Goel of IIFL Capital Services said valuations have since moderated. Another shared point was that India's stock valuation premium over global peers has fallen to the lowest level in four years, with valuations closer to a five-year average. This moderation is being positioned as helpful for foreign allocations in 2026. In parallel, a "more mature approach to valuations" is being cited as a sign of market evolution. The practical implication is that issuers may still access strong demand, but they may need to be more realistic on pricing. For investors, the focus shifts from listing-day gains to longer-term capital formation, a point also echoed in panel-style discussions online.

What bankers earned in 2025, and why

The fee pool is part of why deal activity is being watched so closely. India's IPO market delivered a record ₹4,113 crore windfall for investment bankers in 2025, according to Prime Database. That compared with ₹3,463 crore in 2024, alongside higher total fundraising. Total IPO fundraising rose from ₹1.6 lakh crore in 2024 to more than ₹1.75 lakh crore in 2025. More than 100 companies went public in 2025, with 103 mainboard IPOs specifically cited in the context. Fees on midsize IPOs were described as rising to around 2% to 2.5%, and large offerings around 1.75%. LG Electronics India's ₹11,605-crore IPO delivered the highest banker fee, at ₹226 crore. The combination of larger issue sizes and aggressive investor participation strengthened deal economics for lead managers.

Metric	2024	2025
Total IPO fundraising	₹1.6 lakh crore	>₹1.75 lakh crore
Lead manager earnings (Prime Database)	₹3,463 crore	₹4,113 crore
Mainboard IPO count	Not stated in context	103
Largest IPO mentioned	Not stated in context	LG Electronics India ₹11,605 crore

Pipeline confidence vs supply overhang fear

Even with optimism, the overhang risk is a live thread in trading communities. The concentrated ₹52,000 crore pipeline is seen as a near-term stress test of pricing discipline. Deal teams quoted in the context said they do not see the pipeline materially stretching liquidity. The reasoning is that participation remains healthy across domestic institutions, foreign investors, and retail. Another supportive factor is the improvement in broader sentiment as the Nifty recovered from April lows. Still, the market will likely distinguish between “fundamentally strong companies” and weaker stories, as several posts implied. The bond market’s ability to clear large supply at lower yields is being read as a positive signal for overall risk appetite. However, equity deals face a different challenge because valuation is more subjective than yield. This is why the conversation keeps returning to book quality, pricing bands, and how much secondary markets can digest.

What derivatives positioning is signalling

Derivatives data is also being used to frame sentiment around the issuance window. As of June 10, 2026 at 3:30 PM IST, Nifty PCR was around 0.70 based on NiftyTrader Option Chain data. That was characterised as cautious but not outright bearish. For primary markets, that kind of positioning matters because new issuance typically prefers stable or constructive secondary conditions. A cautious PCR can mean investors want better entry points, which can influence IPO pricing and anchor demand. It can also mean volatility is being hedged rather than a full risk-off stance. In social discussion, this is being interpreted as a market that can fundraise, but not at any price. This aligns with bankers’ comments on moderation in valuations after the ultra-low capital era. It also helps explain why issuers that delayed launches during underperformance are now revisiting timelines. If secondary sentiment holds, the crowded calendar becomes a capacity question rather than a confidence question.

What to watch over the next two months

The next two months are being described as the most concentrated equity supply window of 2026, making execution sequencing crucial. Watch whether large transactions force smaller issuers to reprice or delay, especially if multiple deals compete for the same investor pools. Keep an eye on whether corporate bond yields remain low, because cheaper debt can change the urgency of equity fundraising. Monitoring foreign investor expectations also matters, given the context’s emphasis on anticipated foreign investments and a stable currency. Bankers have offered upbeat forecasts, with IPO fundraising in 2026 expected to exceed last year’s roughly $10 billion level, as per IIFL Capital Services. Kotak Mahindra Capital and Goldman Sachs were cited as expecting proceeds as high as $15 billion, while JPMorgan expects fundraising to stay above $10 billion for the next few years. V. Jayasankar of Kotak Investment Banking also pointed to a potential overall ECM recovery, with activity rising from roughly $15 billion in 2025 to about $10 billion in 2026. The market’s job, as traders frame it, is to balance that growth with realistic valuations and steady secondary-market support.