

# Fundraising Through QIPs Falls to 11-Year Low in FY23

Equity market volatility keeps investors away while firms defer fundraising due to delay in capex revival

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**Mumbai:** Fundraising by Indian companies through qualified institutional placements (QIP) plunged to an 11-year low in FY23 high volatility in the stock market, outflows from foreign portfolio investors and delay in private capital expenditure.

During the current fiscal year ending March 31, 2023, only nine companies have raised ₹7,619 crore via QIPs, compared to ₹28,532 crore in FY22, according to data

from the primary market tracker Prime Database. In FY21, 31 companies raised ₹78,045 crore through this route, while in FY20, 13 companies garnered about ₹51,216 crore, the data showed.

Bankers said the delay in recovery of the private sector capex cycle could be a reason for fundraising through the QIP route losing popularity.

"India has seen muted private capital expenditure due to slowdown in advanced economies amid high inflation. Hence most companies do not need funds now," said V Jayasankar, head of equity capital markets at Kotak

## Down to a Trickle

Year	No of Issues	Amount (₹ cr)
2011-12	11	1,713
2012-13	14	10,818
2013-14	6	9,402
2014-15	44	28,429
2015-16	20	14,358
2016-17	22	13,671
2017-18	51	57,524
2018-19	13	10,489
2019-20	13	51,216
2020-21	31	78,045
2021-22	29	28,532
2022-23	9	7,619

Source: Prime Database

Investment Banking. "Banks and NBFCs which generally raise funds through QIPs are now well capitalised after raising enough funds during Covid times."

Foreign portfolio investor participation in the last two years has been subdued. They sold shares worth ₹30,000 crore in this fiscal year and ₹1.36 lakh crore in FY22. The benchmark Nifty 50 has declined 3% so far in FY23, while the Nifty Midcap and Smallcap indices fell 2% and 3%, respectively.

Some analysts said valuations of Indian companies are not cheap despite the recent correction as corporate earnings haven't improved as expected.

"Valuations concerns, sharp volatility in the stock market, and con-

sistent selling by foreign portfolio investors have kept companies away from raising funds through QIPs," said Gopal Agrawal, head of investment banking at Edelweiss. "However, companies are expected to raise funds in the next financial year with the likely recovery in private capital expenditure."

QIP is a capital-raising tool whereby a listed company can issue equity shares, fully and partly convertible debentures, or any security other than warrants which are convertible into equity shares, to institutional investors. Many companies opted for QIPs to raise capital to deal with near-term uncertainties in 2020 and 2021 because it is considered the quickest way to raise money.