

QIPs off to a slow beginning in 2025 as volatility hurts

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After cruising through primary markets in 2024, Indian companies are taking it slow in 2025 to ride out increased volatility.

In the three months ended 31 March, funds raised by listed firms via qualified institutional placements (QIPs) fell by nearly three-fourths sequentially and by almost a fourth on-year to ₹14,048 crore, showed data from market research platform Prime Database.

Companies had raised ₹49,479 crore in the December quarter and ₹18,357 crore a year earlier via QIPs.

The number of issuers, too, has nearly halved. Only eleven companies carried out QIPs in the first quarter of 2025, compared to 28 companies in the fourth quarter and 21 in the first quarter of 2024.

In the whole 2024, as of 28 December, companies had raised ₹1,37,560 crore via 95 QIPs, compared to ₹54,350 crore from 45 a year earlier.

Other primary market routes, such as rights issues, saw fundraising worth ₹1,881 crore in the year's first three months. There were no follow-on public offers (FPOs).

A QIP is when a listed company raises capital by issuing shares only to qualified institutional buyers. A rights issue is when a company offers existing shareholders the right to buy additional shares at a discount in proportion to their holdings.

The key reason for the slowdown is that promoters are reluctant to dilute stakes in the bear market, said experts. When markets correct, a company has to issue more shares to

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raise the desired amount.

The Nifty 50 surged 18.8% from 1 January 2024 to 26 September 2024 before it started correcting. As of 30 April, it was down 5.72% from the 26 September peak. It rose 8.8% in 2024 and has fallen 0.53% in the March quarter of 2025.

In volatile markets, investors prioritise protecting existing portfolios over exploring new opportunities like an initial public offering (IPO) or a QIP, said Vikas Khattar, managing director and co-head of investment banking and head of equity capital markets at Ambit.

The QIP activity will likely remain subdued in the June quarter. "A few issues

may happen, but broader activity is expected only post this quarter, hopefully when conditions improve," said V. Prashant Rao, director at Anand Rath Advisors Ltd.

Given the uncertainty induced by US President Donald Trump's resolve to hike tariffs, companies are recalibrating positions in the new trade order, and so are investors, said Bhavesh Shah, managing director, head of investment banking, Equirus Capital.

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