

OpenVoiceNews India

Transparent. Unbiased. Yours.

SBI Raises ₹25,000 Crore via QIP, India's Largest Institutional Stock Placement

July 23, 2025

– Categories: Finance



DOWNLOAD IPFS

State Bank of India (SBI) has completed a ₹25,000 crore qualified institutional placement (QIP), marking the largest-ever institutional share placement in India's capital markets. The bank issued 305.9 million shares to qualified institutional investors at ₹817 per share, slightly below its pre-issue market price.

The highly anticipated offer opened on July 16 and closed on July 21, receiving strong demand. It was oversubscribed more than 4.5 times, with foreign participants accounting for around 64% of demand. Notably, the Life Insurance Corporation (LIC) of India secured approximately ₹5,000 crore worth of shares, increasing its holding in SBI from 9.21% to 9.49%.

The proceeds from the QIP are earmarked for strengthening SBI's capital buffer, raising its Common Equity Tier 1 (CET-1) ratio from 10.8% to a projected 11.5%. The additional capital aims to support calibrated growth in retail, SME, and corporate lending sectors. SBI Chair C.S. Setty described the issuance as a "vote of confidence in SBI's fundamentals, risk management, and digital-first agenda."

Despite the scale of the placement, the infusion is expected to modestly impact SBI's CET-1 ratio compared to peer banks like ICICI and HDFC, which report ratios between 16–18%. Nevertheless, the move reinforces SBI's capacity to support an expanding loan book, even as its return on equity experiences a slight dilution.

To further fortify its balance sheet, SBI has approval to raise an additional ₹20,000 crore through Basel III-compliant AT1 and Tier-II bonds in FY26. The bank is also exploring more equity or bond issues and may monetise assets such as its stake in Yes Bank or stakes in subsidiaries.

As India's largest lender by assets, SBI holds a nearly 23% market share in loans and deposits. It also plans to deploy the additional capital for strategic objectives while maintaining shareholder value.