

# Market mayhem cuts fundraising via QIPs

Amount raised in the January-July period down 80% to ₹5,039 crore

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MUMBAI

**F**undraising by India Inc. through the qualified institutional placement (QIP) route fell 82% in 2022, as global macro headwinds and stock market volatility reduced opportunities for companies to tap the market to raise equity.

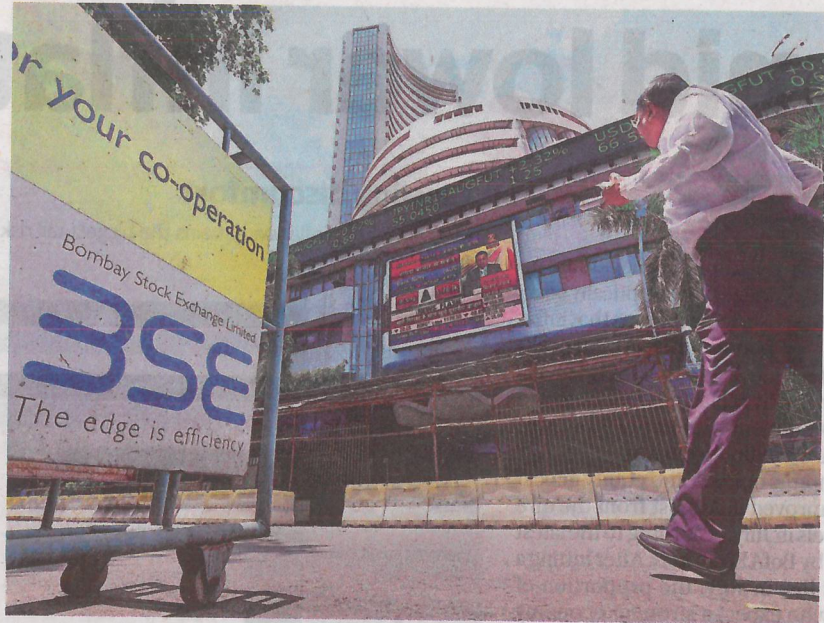
QIP is a capital-raising tool through which listed companies can sell shares, fully and partly convertible debentures, or securities other than warrants that are convertible into stocks, to institutional investors.

Till July, only seven companies used QIPs to raise ₹5,039.49 crore, while the same period last year had seen 26 companies raise ₹28,177.09 crore, data from primary market tracker Prime Database showed.

"QIPs are a bull market product and, thus, in volatile markets, or markets that are trending downwards, few companies will use this route to raise funds. And that's why this year the quantum of fundraising through QIPs has been low," a Mumbai-based investment banker said on the condition of anonymity.

To be sure, since hitting its 2022-low of 51,360 on 17 June, the benchmark Sensex has seen a 17% recovery, with foreign institutional investors (FIIs) making a comeback to Indian stock markets. This has raised hopes that companies waiting on the sidelines are likely to reevaluate their plans and may launch QIPs.

On 3 August, AU Small Finance Bank Ltd was the first to launch a QIP since May. "We are seeing more interest in QIPs in the last few weeks. We recently completed the AU Small Finance Bank QIP which raised ₹2,000 crore. With more stability



Since hitting its 2022-low of 51,360 on 17 June, the benchmark Sensex has seen a 17% recovery so far.

in the markets, reduced global oil prices and more optimism that the US may not have a prolonged economic recession, we continue to see more discussion on possible fundraises by corporates," said Prashant Gupta, partner, national practice

deals are always a precursor to a rebound in primary deals, which take a bit longer to execute, given the documentation and diligence process required under the regulations of Securities and Exchange Board of India "We are seeing interest in QIPs currently from financial services and manufacturing or industrial sector companies. These companies have reported decent earnings and growth in the last few quarters, and we expect these will be the first to access the primary markets in coming months,"

## LOOKING UP

**QIPs** are a bull market product, thus, in volatile markets, few firms use this route

**HOWEVER**, Sensex recovery and FIIs coming back to Indian stock markets have raised hopes

**MARKETS** have seen secondary deals which are a precursor to a rebound in primary deals

head, capital markets at law firm Shardul Amarchand Mangaldas & Co.

The markets have seen some large secondary deals recently involving KKR-Max Healthcare, Aberdeen-HDFC Life, Uber-Zomato and Temasek-Crompton.

According to Gupta, such secondary

said Gupta.

The stock market closed higher on Wednesday, as investors pinned their hopes on strong earnings data amid signs of cooling inflation, sending the Sensex above 60,000 level for the first time since April 5.

PTI