

QIP Fundraise in '22 Lowest in 6 Years on Strong Balance Sheets, Reduced Demand

Rajesh.Mascarnahas
@timesgroup.com

Mumbai: Fundraising through the Qualified Institutional Placement (QIP) route has dipped sharply this year compared to the previous two years and is, in fact, the lowest in the last six years due to a host of factors, data showed.

Till November of the current calendar year, only 13 companies cumulatively raised ₹8,196 crore via QIPs, India Inc's quickest and most preferred fundraising route.

Bankers said strong balance sheets in some sectors, sharp volatility in the stock market, high valuations, and consistent selling by foreign portfolio investors (FPIs) through most of 2022 have kept companies away from raising funds through QIPs.

In 2021, about 35 companies raised ₹41,997 crore, and in 2020, 25 companies garnered about ₹80,816 crore through QIPs, data from primary market tracker Prime Database showed.

"For many of the companies, balance sheets were strong, so they had no need to raise funds," said Dharmesh Mehta, mana-

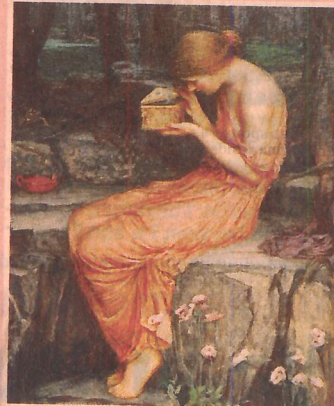
Fund Count

Funds raised through equity QIPs

Year	No of Cos	Amount Raised (₹ Cr)
2013	10	8,075
2014	33	31,684
2015	32	19,065
2016	16	4,712
2017	43	56,152
2018	25	16,587
2019	11	35,238
2020	25	80,816
2021	35	41,997
2022#	13	8,196

#Till Nov '22

SOURCE : PRIME Database



John William

ging director and CEO of DAM Capital. "On the other hand, there was no appetite for key fundraising sectors like infrastructure and power."

FPI participation in 2022 has been subdued, and only recently have they returned to the market. FPIs have sold shares worth ₹1.29 lakh crore so far this year.

QIP is a capital-raising tool through which a listed company can is-

sue equity shares, fully and partly convertible debentures, or any security other than warrants, which are convertible into equity shares.

Capital markets regulator the Securities and Exchange Board of India (Sebi) defines qualified institutional buyers as institutional investors who are generally perceived to possess the expertise and the financial muscle to evaluate and invest in the capital market.

Since it was a quicker option to raise funds, many companies opted for QIPs to raise defensive capital to deal with near-term uncertainties in 2020 and 2021.

Some of the top fundraisers through QIPs in 2022 include Macro-tech Developers, part of the Lodha group, which raised around ₹3,700 crore recently.

Tata Group-owned Indian Hotels Company raised ₹2,000 crore in March as the hotel chain wanted funds for business expansion, shrugging off the effects of the Covid-19 pandemic.

In August, AU Small Finance Bank raised around ₹2,000 crore, while in February, Burger King India raised ₹1,402 crore through QIP.

"The world has slowed down while in India most of the banks and finance companies are well capitalised, and their asset quality has improved; hence they don't need capital now," said V Jayasankar, head of equity capital markets, Kotak Investment Banking. "Companies from sectors such as pharmaceuticals, IT, and consumer are generating enough cash while only companies from real estate, infrastructure, power are looking to raise capital."