

QIP issuances surge in H2 as financials shore up growth capital

Janaki Krishnan

Mumbai

Funds raised through qualified institutional placements in the period July to date has jumped over 10 times from year ago to ₹32,665 crore led largely by financials that have been shoring up their growth capital.

The first half of the year was fairly tepid in terms of issuance with about ₹5,800 crore being raised through QIPs. However, the pace has picked up in the second half, especially from August onwards, according to data provided exclusively to *businessline* by Prime Database. In 2022, QIP issuances worth ₹11,700 crore were seen.

Kaushal Shah, Managing Director & Head ECM, Kotak Investment Banking said, "Biggest difference in the 4x jump in QIP raise in current fiscal (Apr-Nov 23) over FY23 is the fund raise by financial services companies. Eight financial services companies raised ₹26,700 crore in the current fiscal compared to two financial services companies raising ₹2,475 crore, which is a >10x increase. The fund raise is primarily on account of growth capital."

He said that the market sentiment now in the current year was much better than it was last year.

TOP ISSUERS

The top five issuers this year in the period under review have raised ₹23,840 crore led by Bajaj Finance which raised ₹8,800 crore, followed by

TOP 5 ISSUERS

- Bajaj Finance: ₹8,800 crore
- Union Bank: ₹5,000 crore
- Cholamandalam Investment & Finance: ₹4,000 crore
- Federal Bank: ₹3,040 crore
- IDFC First Bank: ₹3,000 crore

Union Bank at ₹5,000 crore, Cholamandalam Investment & Finance at ₹4,000 crore, Federal Bank at ₹3,040 crore and IDFC First Bank with ₹3,000 crore.

The strong sentiments in the market and bullish commentaries on India by foreign brokerages were driving the demand for India paper, said Deepak Jasani, Head Retail Research, HDFC Securities.

Jasani said that foreign portfolio investors were willing to take a higher exposure to Indian equities through the QIP route, where the impact cost was much lower.

"The secondary market conditions are good and there are investors wanting to invest," he said.

He said that banks and financial institutions, had good visibility of growth in advances of 15-20 per cent and they were raising funds in anticipation of their needs one year ahead.

"It is anticipatory raising because market conditions are now favourable," Jasani said.