

# Fundraising via QIPs gains traction in '24

23 companies raised ₹23,393 crore in 2024 via this route

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Equity fundraising through qualified institutional placements (QIPs) has gained traction this year, thanks to supportive markets, robust fund flows from domestic and foreign institutional investors and the need for fresh fundraising by firms.

So far, 23 companies have raised ₹23,393 crore in 2024 through this route, almost half compared to the previous year. In 2023, 45 companies had raised ₹52,350 crore through QIPs.

Robustness in the first four months of 2024 is also in sharp contrast to the first four months of the previous year, when four companies raised ₹1,725 crore. Moreover, liquidity this year has been abundant. On a year-to-date basis, domestic institutions were net buyers worth ₹1.08 trillion, and foreign portfolio investors bought stocks worth ₹18,903 crore.

Listed companies raise capital by issuing shares or other equity-convertible instruments to qualified institutional buyers through the QIP route.

The rally in equity markets has boosted the confidence of companies looking to raise funds.

So far in 2024, the Nifty has gained 4.7 per cent, the Nifty midcap 100 surged 9.09 per cent, and the Nifty smallcap rose 9.4 per cent.

Bankers said the market rally had mitigated concerns about its ability to absorb additional fresh paper.

The biggest QIP so far this year was that of JSW Energy, which raised ₹5,000 crore, followed by Swan Energy, which raised ₹3,319 crore, and Macrotech Developers (₹3,281 crore).

"The fundraising spree in the initial public offering (IPO) market is spilling over to fundraising by listed companies. It is linked to the momentum in

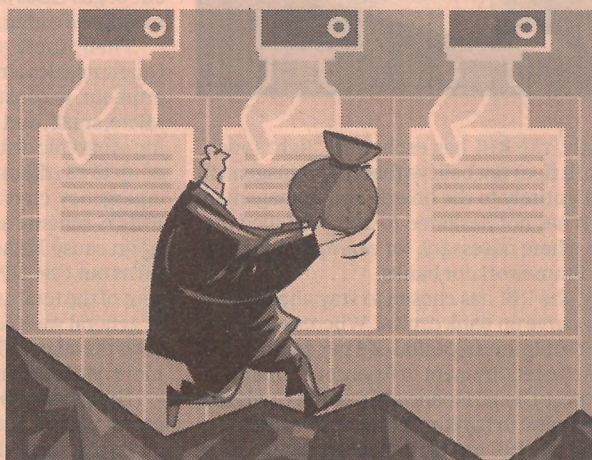


ILLUSTRATION: BINAY SINHA

## STELLAR SHOW

Year	Number of issues	Amount (₹ crore)
2019	11	35,238.14
2020	25	80,816.24
2021	35	41,997.41
2022	14	11,743.29
2023	45	52,349.59
2024*	23	23,393

\*Until April 10

Source: PRIME Database

the market and liquidity coming to the market. Unlike last year, we have firms from different sectors raising money. A lot of secondary sales are also happening, and many promoters and investors are selling and encashing the benign liquidity situation," said Pranjal Srivastava, partner-investment banking, Centrum Capital.

Srivastava said 2024 could be a record year for fundraising through blocks and QIPs.

"Firms' fundraising is linked to their growth and capital investing cycles. Market stability will be the most important factor in the QIP trajectory. If markets are stable, issuers can price and launch transactions," said Srivastava.

QIP fundraising was revived last year after a lacklustre 2022, largely due to issuances from the banking sector. Banking and financial institu-

tions accounted for almost half of the QIP issues last year.

Banks attracted investor attention after cleaning up their balance sheets and reporting healthy growth with a rise in net profit and improvement in asset quality.

Union Bank of India raised ₹3,000 crore through QIP this year, and Karnataka Bank mopped up ₹600 crore. Though not dominant, more issuances are expected from the banking and financial services sector this year.

"The deal-making scenario for the current year continues to look quite promising, particularly driven by record-high equity markets and a surge in India's economy. Both emerging sectors and conventional businesses are expected to contribute to volumes in 2024," said Mahavir Lunawat, managing director of Pantomath Capital Advisors Private.