

Yield products thrive amid IPO drought

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Yield-generating instruments — infrastructure investment trusts (Invits), real estate investment trusts (Reits), and non-convertible debentures (NCDs) — are attracting heightened investor interest, even as activity in the equity primary market slows down.

Despite a rebound in equities, April has seen the completion of just one initial public offering (IPO): Om Power Transmission's ₹150 crore issue. The month is shaping up to be the weakest for IPO activity since March 2025, when no offerings reached the equity primary market.

In contrast, fixed-income and quasi-yield products have witnessed steady demand. Recent weeks have seen three NCD issuances, two Invit launches and one small and medium Reit offering come to market. The momentum is expected to persist, with Bagmane Prime Office Reit preparing to launch a ₹3,400 crore offering next week.

Earlier this month, the ₹1,105 crore issue of Citius TransNet Investment Trust was subscribed more than 20 times. In March, the ₹6,000 crore offering by NHAI-backed Raajmarg Invit drew subscriptions of roughly five times.

Market participants say the divergence reflects a growing investor preference for predictable

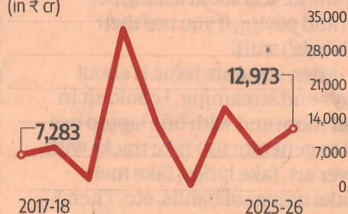
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In vogue

Amt raised via Invits/ Reits/ SM-Reits

(in ₹ cr)



Source: PRIME Database

Recent launches

	Size (₹ cr)
Raajmarg Invit	6,000
Bagmane Prime Office Reit*	3,400
Citius Transnet Invit	1,105
PropShare Celestia SM Reit	245
Muthoot Fincorp NCD	3,000
Capri Global NCD	2,000
IIFL Finance NCD	2,000

*Opens next week; NCD amounts include greenshoe option
Source: Chittorgarh, company filings

cash flows amid lingering macroeconomic uncertainty.

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Subscription trends reinforce that shift. While Invit offerings have attracted robust demand, several IPOs in recent months have struggled to secure full subscription.

Rahul Jain, president and head of Nuvama Wealth, said the appeal of these instruments lies in their ability to combine income visibility with the prospect of capital appreciation. "Reits and In-

rule that enhances visibility on payouts. "Listed Reits currently offer yields of 7 per cent to 9 per cent, while Invits typically offer 9 per cent to 12 per cent. As the RBI has reduced repo rates, traditional fixed-income returns are compressing. Reits and Invits are filling the gap by offering real returns that outpace inflation," Jain said.

He added that the products also serve as portfolio diversifiers because of their relatively low correlation with equities and conventional debt instruments.

The demand extends to NCDs as well. High-quality issuances from financially strong companies are drawing investors seeking higher returns than bank deposits or debt mutual funds.

Yields on such offerings currently range from 9.5 per cent to 10.5 per cent for maturities of three to five years, according to investment professionals.

Ashwin Patni, head of wealth management solutions at Julius Baer India,

vits have emerged as effective alternatives for investors seeking a blend of regular income and capital appreciation, which is hard to find in traditional fixed-income products," he said.

Analysts point to Securities and Exchange Board of India (Sebi) regulations requiring these vehicles to distribute at least 90 per cent of net distributable cash flows, a

said investors increasingly view these products as fixed-income alternatives rather than equity substitutes. He said recent changes to the taxation of debt mutual funds had helped level the playing field across investment products, encouraging investors to look beyond traditional options.

"These instruments now have a six- to seven-year track record of stable distributions. Their low beta and relatively muted volatility, combined with the intuitive appeal of underlying real assets, make them attractive -- especially for high-net-worth investors seeking diversified exposure to rental income," Patni said.

Regulatory changes are also expected to support future issuance activity. Market participants said Sebi's classification of Reits as equity instruments has broadened their appeal, particularly among domestic mutual funds, which are increasingly allocating capital to such products in search of stable income streams.

