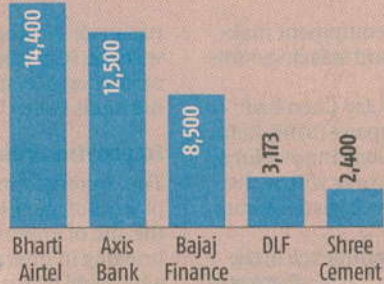


Bharti Airtel's mega issuance buoys outlook for fundraising

ISSUANCES PICK UP

Large QIP transactions in the past one year

(In ₹ crore)



Source: Prime Database

Investment bankers expect QIP issuances to jump significantly this year

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Telecom major Bharti Airtel's \$2-billion fundraising has boosted the prospects for the new year, particularly through the qualified institutional placement (QIP) route. Underpinned by a broad rally in the secondary market, corporate India will raise a significantly higher amount than it did last year through fundraising instruments such as QIPs and block deals, according to market experts.

In the last calendar year, around ₹35,000 crore was raised – more than double what was mopped up in 2018 – by about a dozen companies to fund their business requirements.

This year, Bharti has already closed its ₹14,400-crore QIP, while others including Avenue Supermarts and some financial firms

intend to close their share sales before the end of the fiscal year. Encouraging performance of recent QIPs and momentum in the stock market are giving issuers and bankers the confidence to launch mega deals, say industry players. On the other hand, several large investors – both domestic as well as global – are showing appetite to invest large sums in companies with good track record, they add.

"This year will definitely be a good year for capital raising. Already, we have seen an uptick in the past few months. We believe QIP could be the preferred mode of fundraising for corporate houses, given its quick turnaround time. In large-caps and select mid-caps, there will be good demand. As the rally gets more broad-based, we will see further improvement in appetite for new papers," said Sudhir Bassi, executive director at Khaitan & Co.

Global risk appetite has been favourable this year with most world markets, including the US and India, logging new record highs. More importantly, the economic environment is seen supportive for equities for the rest of the year. Unlike last year, the rally in the

market hasn't been restricted to large-caps. So far this year, the NSE Midcap and NSE Smallcap indices have gained 4.3 per cent and 6.8 per cent, respectively. In comparison, the benchmark Nifty has gained just 1.4 per cent.

V Jayasankar, head of equity capital markets, Kotak Investment

Banking, forecasts that equity fund mobilisation, including QIPs, IPOs and block deals, would be 30 per cent higher in 2020 compared to last year. "For institutional investors QIPs and block deals present an opportunity to acquire a large quantity of

shares in a company. Normally, it is difficult to pick such large quantity from the secondary market without moving the price," he said during a recent media interaction to discuss fundraising outlook.

Fresh fundraising is also seen as a good sign from the broader economic point of view.

"Buoyant primary markets are generally precursors of strong underlying economic growth as they help channelise household savings. Much like 2019, appetite for high-quality companies targeting QIPs will generate strong interest this year as well. Last year marked the re-emergence of QIP with investors giving a thumbs-up to high-quality large issuances from companies such as Axis Bank, Bajaj Finance, Shree Cement and PVR," says a note by Edelweiss titled 'a zestful year on the anvil'.

Market players say access to equity capital will give companies the confidence to chalk expansion plans to benefit from an upturn in the economy.

AIRTEL MOPS UP \$2 BN AT ISSUE PRICE OF ₹445/SHARE

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