

# QIP-related stocks rule the roost, outperform markets

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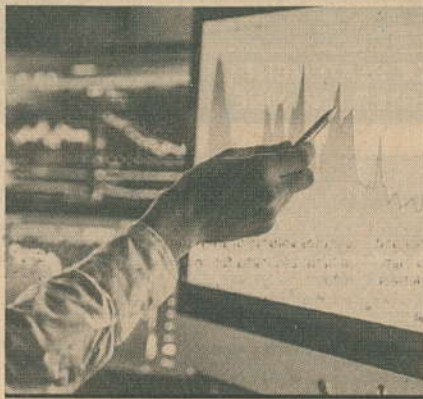
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Investors who subscribed to qualified institutional placement (QIP) issues have recorded handsome returns on account of a run-up in the market price of stocks.

A sharp recovery in equity markets has seen nine out of 12 firms that raised money via the QIP route in the past six months (since August) outperform the market, surging up to 33 per cent against their issue price.

YES Bank (down 58 per cent), RBL Bank (down 5 per cent) and Prestige Estates Projects (down 0.04 per cent) are the only three counters to trade below their respective QIP prices.

These 12 entities collectively raised close to ₹49,117 crore via the QIP route, with the amount now valued 17 per cent higher at



₹57,371 crore. In comparison, the Sensex recorded an average return of 3.8 per cent.

The BSE SmallCap index (up 23 per cent) and BSE MidCap (up 22 per cent) have rallied more than 20 per cent from their lows on August 23. In comparison, the Sensex rose 13 per cent during the same period.

In all, seven firms including Avenue Supermarts, Bajaj Finance, Shree Cement, PVR, Axis Bank, Varun Beverages, and Bharti Airtel were up in the range of 20-33 per cent to their QIP price.

"Some of these stocks are trading at a premium. The cost of servicing the funds raised via

QIP is quite low when the going is good. In some cases, there is no other alternative for raising funds, given business operations may not be on a strong footing. Firms performing well, on the other hand, have done well by lapping up financial resources through QIPs at the peak of their valuations,"

## HIGH RETURNS

Name	QIP size ₹ crore	Price in ₹		
		QIP	Feb 12, 2020	% chg
Varun Beverages	900	612.0	814.1	33.0
Shree Cement	2,400	19,300.0	24,688.2	27.9
Bajaj Finance	8,500	3,900.0	4,769.6	22.3
Bharti Airtel	14,400	445.0	539.6	21.2
Avenue Supermarts	4,098	2,049.0	2,481.6	21.1
PVR	500	1,719.0	2,063.8	20.1
Axis Bank	12,500	629.0	755.2	20.1

Source: Exchange; Compiled by BS Research Bureau

explains G Chokkalingam, founder and CIO, Equinomics Research.

Some of these companies comprise the mid- and small-cap segments that have done well, say analysts. According to them, there is more headroom for stocks in these two segments. "The Nifty MidCap and SmallCap have been relatively outperforming the benchmark since the beginning of calendar year 2020 (CY20). We expect both to keep outperforming. At present, both indices have bounced back after retracing 61.8 per cent of their mid-January rise. The secondary corrective phase has helped indices undergo healthy consolidation," wrote analysts at ICICI Securities in a recent report.

### New high

Fund raising via the QIP route is

likely to touch an all-time high during FY20. So far in FY20, 13 firms have raised ₹51,216 crore via the QIP route. Fundraising via this route had hit a record high in FY18, with 51 entities raising ₹57,524 crore, according to PRIME Database.

YES Bank on Saturday said it has received shareholders' nod to raise capital up to ₹10,000 crore via issuance of equity shares or other convertible securities.

Torrent Pharmaceuticals, Piramal Enterprises, Adani Power, Adani Transmission, and Adani Enterprises are among those to have passed a board resolution to raise up to ₹7,000 crore each via QIP, shows data.

Chokkalingam expects more firms, especially from the top 250 stocks (in terms of market cap) to accumulate financial resources through QIPs.