

QIPs expected to pick up in H2 2020

Swaraj Singh Dhanjal

swaraj.d@livemint.com

MUMBAI: Companies will look to tap fundraising avenues through rights issues and qualified institutional placements (QIP) in the second half of this year as India Inc. will seek to repair its balance sheets to cope with the fallout of the coronavirus outbreak and the prolonged lockdown.

Activity in the IPO space, on the other hand, is expected to stay largely muted, with only a few high-quality issuers tapping the markets.

In the six months to June 30, Indian companies raised ₹1.04 lakh crore from the capital markets, according to Prime Database.

This was largely due to Reliance Industries Ltd's (RIL) ₹53,125 crore rights issue. Companies had raised ₹81,052.72 crore in the year-ago period, and

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₹45,233.41 crore in July-December 2019.

“From a ECM (equity capital markets) deal pipeline perspective, we are at a healthy place compared with where we were in March. There is a lot of liquidity as seen by FII buying in the last few weeks. This shows India is attractive to FIIs despite the concerns and the commentary around the pandemic,” said Mangesh Ghogre, executive director and head, equity capital markets at Nomura India.

“While we are seeing a lot of activity in rights issues, if the markets continue to stay strong like it has in recent weeks, we might see more QIPs than rights issues going ahead,” he added.