

₹1.49 L CR RAISED BY COS IN APR-SEPT to boost reserves in times of Covid, making use of the booming capital market

Equity Mkt Deals at All-time High in FY21

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Mumbai: Equity fundraising by Indian companies has hit a record this year, surpassing even the best years of 2017 and 2019, data collected by ET show. Booming capital markets, low interest rates, ample liquidity and an urgent need for beefing up defences in a pandemic-hit economy is making India Inc raise record amounts of cash.

Indian companies have raised ₹1.49 lakh crore in April-September against ₹1.47 lakh crore in the entire 12 months ended March 2020. Experts believe that another ₹35,000 crore will be raised in the remaining six months. The figure excludes the likely collections from the initial public offer (IPO) of Life Insurance Corporation expected by the end of the year. The figure also comprises only primary equity market deals like IPOs, qualified institutional placements (QIPs), follow-on public offers and ex-

cludes secondary market transactions like strategic and private equity deals in Reliance Industries.

In the just-concluded September quarter alone, companies raised ₹82,756 crore, the highest in any quarter in the history of Indian primary market.

"With the dollar weakening, increased appetite to emerging markets including India is driving inflows, and transactions in deal-related activity in India have increased significantly. We are seeing this play through in the capital markets with 2020 the best year for Indian capital markets ever," said Sanjay Mookim, head — India equity research, JPMorgan India. "India's structural promise remains intact and most foreign investors appreciate the structural appeal."

In debt, Indian corporates have raised ₹3.68 lakh crore between April and September compared with ₹6.75 lakh crore raised in FY20.

For calendar 2020, India Inc has raised about ₹1.88 lakh crore compared with ₹1.33 crore in the entire 2019.

Big Collections



Quarter	IPO	FPO/OFS	Rights	Reits/InvITs	QIP	Equity Total	Debt
Jan-Mar '19	2,352	12,532	51	4,826	4,382	24,144	2,60,958
Apr-Jun '19	3,157	6,039	49,951	2,306	2,100	63,553	1,36,833
Jul-Sep '19	5,196	4,551	2,051	0	15,330	27,129	1,47,120
Oct-Dec '19	1,656	2,877	0	0	13,425	17,957	1,65,068
Jan-Mar '20	10,341	3,860	3,996	0	20,361	38,558	2,26,215
Apr-Jun '20	0	4,838	53,524	0	8,213	66,575	2,12,245
Jul-Sep '20	7,584	21,765	7,012	3,375	43,020	82,756	1,55,304

(Fig in ₹Crore)

Source: Prime Database

Foreign portfolio investors pumped in over ₹35,000 crore in the primary market in September quarter, which is yet another record. FPIs' primary market investment in August was ₹28,863 crore compared to the previous best of ₹11,000 crore in September 2017.

India equity capital market (ECM) volume, which also includes secondary market deals, is already ₹2.5

lakh crore (\$33.5 billion) in 2020 with still three months to go. The year-to-date volume is 12% higher than the previous record of \$30.7 billion achieved in 2017.

"The strong demand for quality papers highlight that investors are willing to bet on stronger companies or sector leaders despite near-term headwinds caused by the Covid-19 pandemic," said V Ja-

yashankar, head of equity, Kotak Investment Banking. "We expect the demand to continue for quality paper with strong businesses."

In September quarter, nine companies raised ₹7,584 crore through IPOs, while ₹7,012 crore was raised by 12 companies through rights issues. Yes Bank raised ₹15,000 crore in a follow-on-public offer but the biggest chunk of fundraising during the quarter was through QIPs. About 11 companies raised over ₹43,000 crore, with ICICI Bank leading with ₹15,000 crore and HDFC and Axis Bank doing about ₹10,000 crore each.

India Inc has also raised ₹1.55 lakh crore through debt excluding commercial papers in the September quarter.

"Flexible inflation targeting framework unveiled by the Fed indicates that the accommodative stance of central banks is here to stay for the medium term, which is positive for emerging market flows and broader markets in India," said Vinod Karki, head — equities at ICICI Securities.