

DEFENSIVE CAPITAL needs led to 27 issues in FY21 of which 20 gave returns of 12% to 106%; liquidity, fair valuations draw investors

Institutions Go Big on QIPs and Net Handsome Returns

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Mumbai: If you thought the WFH brigade is the only class of investors taking to equities in this season of high valuations, you couldn't be wider off the mark.

Institutions are buying bigtime into stocks — and setting records on both purchases and short-term returns.

The total amount raised by companies through the qualified institutional placement (QIP) route crossed ₹69,000 crore in FY21, with foreign portfolio buyers and private equity fund managers reaching for their cheque books. They were suitably rewarded, too, with 20 of the 27 issues in FY21 given a return between 12% and 106%.

Borosil Renewables, which did a ₹200-crore QIP in December at ₹127 per share, is currently quoting at ₹262. Axis Bank's ₹10,000-crore QIP in August gave a return of 77% since then. Axis Bank stock is currently trading at ₹743 as against the QIP issue price of ₹420.

Similarly, ICICI Bank and Kotak Mahindra Bank QIPs have given a return of nearly 75% each. ICICI Bank did a ₹15,000-crore QIP in August while Kotak Bank sold shares worth ₹7,442 crore to institutional investors in May.

Since it is a quicker option to raise funds, many companies opted for QIP to raise defensive capital to deal with near-term uncertainties, said bankers.

"The buoyant secondary markets and excess liquidity that institutional investors are sitting on have

Top Post-QIP Gainers

Company	Issue Price (₹)	LTP (₹)	% Chg	Amount Raised (₹ Cr)
Borosil Renewables	127	262.75	106.89	200
Amber Enterprises	1,780	3,513.00	97.36	400
Axis Bank	420	745.45	77.49	10,000
ICICI Bank	358	625.10	74.61	15,000
Kotak Mahindra Bank	1,145	1,978.95	72.83	7,443
Info Edge India	3,090	4,864.00	57.41	1,875
PI Industries	1,470	2,280.80	55.16	2,000
Canara Bank	104	159.95	53.80	2,000
HDFC	1,760	2,577.30	46.44	10,000
Poly Medicure	524	756.90	44.45	400
JM Financial	70	97.30	39.00	770

Source: Capitaline

made QIPs the instrument of choice for listed companies that are looking to raise capital, as this instrument is time-saving," said Dharmesh Mehta, CEO, DAM Capital Advisors. "As most of the QIPs done in recent months are fairly priced, the return was excellent for institutions."

So far in FY21, 27 companies have raised ₹69,664 crore through QIPs compared to ₹51,216 crore raised by 13 companies in FY20, shows data from primary market tracker Prime Database. In FY18, 51 companies raised ₹57,524 crore.

Info Edge India, PI Industries, Canara Bank, HDFC, Poly Medicure, JM Financial are currently trading between 40% and 60% higher than their QIP issue prices.

More companies tend to opt for QIPs in the current markets as there is enough demand from the insti-

tutions, said bankers.

"Many companies are coming forward to raise funds through QIPs as there is ample liquidity in the market and valuations, according to promoters are fair," said V Jayashankar, head of equity, Kotak Investment Banking.

Godrej Properties and AU Small Finance Bank have launched QIPs on Tuesday to raise about ₹3,750 crore and ₹633 crore respectively. The board of IDFC First Bank has approved a plan to raise ₹3,000 crore through QIP while Affle India is also likely to raise over ₹1,000 crore through a QIP.

Listed companies can raise funds through the QIP option by issuing equity shares, fully and partly convertible debentures, or any securities other than convertible warrants, to a qualified institutional buyer.