

QIPs Trump IPOs in Fundraising Second Year in a Row

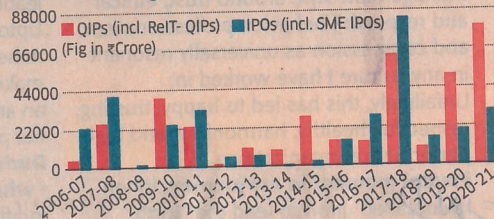
Indian firms raised a record ₹78,731 cr through QIPs in FY21; over two years, proceeds soared 2.5 times that of IPOs

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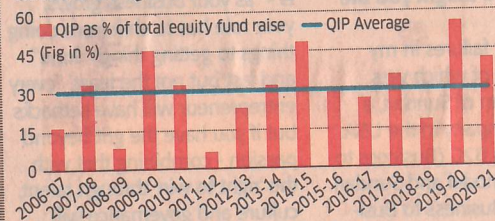
ET Intelligence Group: Equity fundraising through qualified institutional placements (QIP) has outpaced the proceeds from initial public offers (IPO) for the second fiscal year in a row. Indian companies raised ₹78,731 crore via QIP in FY21, the highest amount ever raised in a year, compared with ₹31,511 crore raised from the IPO route, according to Prime Database.

Over the past two years, the pace of fundraising through QIPs has increased significantly. This is reflected in the ratio of the equity proceeds from QIPs and IPOs, which jumped to 2.5 during the period

Fundraising: IPOs and QIPs Compared



Share of QIPs in Equity Proceeds



Source: Prime Database

compared with the five-year average of 1.4. The fundraising from QIP accounted for nearly 50% of the total equity fundraising in the past two fiscal years. The rest was contributed by IPOs (18.6%), offer

for sale (16.9%), REIT/InVITs (12.8%) and follow-on public offers. Around 31 companies raised money from QIPs in FY21, 54% more than the previous fiscal year. The QIP route is primarily used by

banks, finance companies and real estate companies, which together accounted for nearly 84% of the overall QIPs in FY21. Among private banks, ICICI Bank, Kotak Mahindra Bank and Axis

Bank cumulatively raised more than ₹31,000 crore from QIPs while public sector banks such as Punjab National Bank, Bank of Baroda and Canara Bank mopped up ₹10,000 crore worth of institutional money to boost capital base and provide headroom to expand loan book.

An investment banker with a leading domestic brokerage said that investors' appetite for companies with a proven track for long-period is high despite rich valuations, which makes it easier for companies to access the QIP route to either strengthen their balance sheet or retire high-cost debt. Over the past decade, India Inc raised a total of ₹3 lakh crore through QIP while IPO proceeds were ₹2.5 lakh crore.