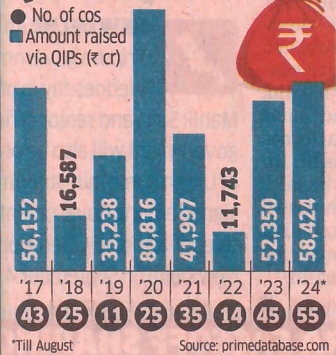


# QIP Route Sees Heavy Traffic of Listed Cos Headed for Raising Fresh Capital

## QIP Tracker



A record in the making with many QIPs planned this yr; ₹58,400 cr raised via this option till August

Rajesh Mascarenhas

**Mumbai:** A growing number of listed companies are turning to qualified institutional placements (QIPs) for raising fresh capital. In the first eight months of 2024, 55 companies raised ₹58,400 crore through QIPs, the

second-highest ever after ₹80,800 crore in 2020. With several companies announcing plans to raise funds, QIPs are on track to break records in 2024.

The corporate sector is taking advantage of the vibrant equity markets to strengthen balance sheets and raise the required resources to fund expansion plans, said market participants.

Metal and mining giant Vedanta in July raised ₹8,500 crore through the QIP route mainly to de-leverage its balance sheet. The issue was subscribed more than three times, according to the bankers.

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## 'Building War Chest for Growth'

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Later in the same month, Adani Energy Solutions raised Rs 8,373 crore through QIPs to invest in transmission assets, smart metering, debt repayment and general corporate purposes.

"Indian corporates are building a war chest for growth, raising capital for both organic and inorganic expansion, and positioning themselves for a stronger competitive edge in the market," said V Jayasankar, head of equity capital markets, Kotak Investment Banking.

On Tuesday, Bengaluru-based Brigade Enterprises launched a QIP to raise up to ₹1,500 crore. Another real estate company Prestige Estates Projects, also based in the southern city, last week raised ₹5,000 crore through QIPs.

"Favourable valuations, strong secondary markets, and ample liquidity have positioned QIPs as the go-to fundraising method for listed companies aiming to finance new projects, modernisation, infrastructure development, and debt repayment," said Deepak Kaushik, head of equity capital markets, SBI Capital Markets. "Many companies are now lining up to leverage this route for their capital needs."

In 2023, Indian corporations secured a total of ₹52,349 crore through QIPs. India Inc raised a record-breaking ₹80,816 crore in 2020, breaking the previous high of ₹56,152 crore in 2017, according to primedatabase.com.

JSW Energy in April raised ₹5,000 crore through QIPs to bolster its capital structure, enhance financial flexibility and enable

the company to accelerate its ambitious growth plans. The issue was subscribed more than three times. Others that raised funds through QIPs this year include Swan Energy (₹3,319 crore), Macrotech Developers (₹3,282 crore), Union Bank of India (₹3,000 crore) and Coforge (₹2,240 crore).

### INVESTMENT OPPORTUNITY FOR MFS, INSURERS

"After a long pause, we are seeing green shoots in the private capex cycle in India, driven by higher utilisation levels across many industries and policy initiatives like production-linked incentive (PLI) schemes for import substitution and the China+1 strategy to drive exports," said Gaurav Dua, head of capital market strategy at Sharekhan.

"QIP issues provide the necessary supply and offer domestic institutions like mutual funds and insurance companies an opportunity to deploy their cash in high-quality companies."

Companies such as Angel One, Shyam Metals & Energy, Techno Electric & Engineering, Lloyds Metals & Energy, Craftsman Automation, Chalet Hotels and Sterlite Technologies among others have each raised between ₹1,000 crore and ₹1,500 crore in the last few months.

A QIP is a capital-raising tool that allows listed companies to issue equity shares, fully and partly convertible debentures or any security, other than warrants convertible into equity shares, to qualified institutional buyers (QIBs). Sebi defines QIBs as institutional investors generally perceived to possess the expertise and financial muscle to evaluate and invest in the capital market.