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Thursday, January 2, 2025

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SENSEX 78,507.44 ↑ 368.43 | NIFTY 23,742.90 ↑ 98.10 | DOLLAR ₹85.65 ↓ ₹0.04 | EURO ₹88.70 ↑ ₹0.50 | OIL $75.16 ↓ $0.28 | POUND ₹107.13 ↑ ₹0.36

India Inc.'s QIP parade to stretch out into new year

Taste for stocks, easing liquidity to help companies shore up more from market

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Indian companies are expected to raise more funds this year through qualified institutional placements (QIPs) of shares to finance capital-intensive projects, which could prove critical in shoring up the economy.

As many as 27 companies secured board approvals last month for raising funds from institutions, data from Prime Database showed. More companies including Shakti Pumps India Ltd and Azad Engineering Ltd are expected to secure board approval for QIPs shortly.

QIPs allow companies already listed on stock exchanges to raise funds from domestic markets to finance key projects. But even as fundraising via QIPs reached record levels in 2024, private capital expenditure remained sluggish, forcing the government to spend huge amounts, especially on infrastructure.

As of 28 December, Indian companies had raised ₹1,37,560 crore across 95 QIPs in 2024, against ₹54,350 crore from 45 issues a year earlier, as per Prime Database.

"Fundraising through QIPs is likely to continue in the current year, mainly driven by benign market conditions, good liquidity, and strong investor interest in the equity markets," said Mahavir Lunawat, managing director of financial services firm Pantomath Group.

He added that as companies have continued to focus on growth and reducing debt, they could use QIPs for more strategic initiatives such as adding capacity, acquisitions, and upgrading technology.

"...The need for increased private sector capital expenditure (capex) remains a critical driver for economic expansion," said Narendra Solanki, head of fundamental research–investment services, at Anand Rathi, adding that the domestic economy's strong fundamentals offer favourable conditions for fundraising and growth this year.

India's robust bull market has played a key role in companies raising funds through QIPs, drawing more investors to the table. Sectors such as banking, financial services and insurance (BFSI), real estate, healthcare, consumer durables, information technology (IT) and industrials are likely to be active with QIPs this year, said Bhavesh Shah, managing director–investment banking at Equirus Capital.

However, while market experts see India's buoyant stock market performance continuing this year, some have tempered their expectations. "While the exceptional returns witnessed during the post-covid recovery phase might not be repeated, a reasonable expectation of 13-15% returns on major indices seems achievable," Solanki said.

India's stock market enjoyed a bull run over the last five years, but rising US bond yields and a risk of slowing domestic corporate earnings are likely to weigh on it in 2025. In 2024, the Nifty 50 and Sensex climbed to record highs in September, but as foreign investors turned net sellers, the benchmark indices shed some of their gains, with the Nifty closing with a

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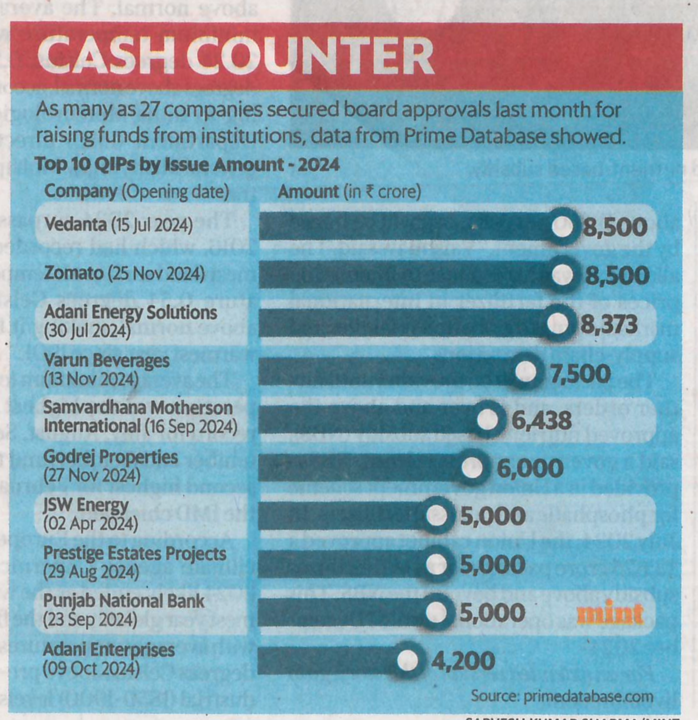

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gain of 8.8% during the year.

Even so, Lunawat of Pantomath Group expects fundraising through QIPs to hit new records this year as companies seek more flexibility in accessing capital. QIPs allow companies to raise funds close to the market price. "Institutional investors are expected to continue participating at high levels, driven by easing monetary policies and attractive market valuations," said Lunawat.

The Reserve Bank of India estimates a 6.6% growth aided by rural consumption, govt investment and strong services exports. MINT

Among prominent QIP transactions in 2024 were Vedanta Ltd's and Zomato Ltd's ₹8,500 crore fundraises, Adani Energy Solutions Ltd's ₹8,373 crore issue, and Varun Beverages Ltd's ₹7,500 crore share placement.

JSW Energy Ltd, Prestige Estates Projects Ltd, and Punjab National Bank each raised ₹5,000 crore via QIPs. Godrej Properties Ltd launched a ₹6,000 crore QIP in November. Fintech firm Zaggle Prepaid Ocean Services Ltd raised ₹594.84 crore via a QIP last week.

Qualified institutional placements of shares by new-age economy companies such as Zomato and Zaggle have been few—MapMyIndia raised ₹500 crore via QIP in 2023—but experts see an uptick as more startups tap the public markets.

Last year saw about a dozen startup IPOs, with Ola Electric Mobility Ltd, Swiggy Ltd, FirstCry (Brainbees Solutions Ltd), Ixigo (Le Travenues Technology Ltd), Unicommerce eSolutions Ltd, and Blackbuck (Zinka Logistics Solutions Ltd) making their public market debuts. India is expected to witness more companies tapping the public markets at an earlier stage, according to experts. In 2024, investors purchased a record ₹1.34 trillion worth of shares in initial public offerings, surpassing the previous record of ₹1.19 trillion raised in 2021.

Easing monetary policies worldwide and substantial liquidity are also expected to lure significant investor interest, increasing listing activity, Lunawat said, adding that the "growth of demat accounts to 179 million also points to increasing retail investor interest in driving more potential listings".

India is expected to witness more firms tapping the public markets at an earlier stage, according to experts

For 2025, 34 companies have already secured the requisite approvals from the Securities and Exchange Commission of India for IPOs, targeting a combined ₹41,462 crore. Additionally, 55 companies await regulatory clearance to raise about ₹98,672 crore, Lunawat said.

"The pipeline of companies from high-growth sectors such as technology, renewable energy, and consumer goods, along with favourable market conditions and improved regulatory frameworks, will keep the trend going," Lunawat said.

Both IPOs and QIPs could likely funnel more spending by private companies into capital-intensive projects that could help fuel economic growth.

Shortly after the National Democratic Alliance returned to power, the Economic Survey made a strong case for the private sector to scale up investments and focus on job creation. Last month, Mint reported that India's first-ever private capital expenditure survey would capture spending by companies in key sectors such as infrastructure, energy, and real estate to capture their contribution to the country's economic growth.

India's real gross domestic product (GDP) grew by 5.4% in the September quarter (the second quarter of 2024-25), the slowest in nearly two years, due to a slowdown in manufacturing, urban consumption and low corporate earnings.

India's finance ministry last week said it expects the economy to grow at 6.5% in 2024-25, while the Reserve Bank of India estimates a 6.6% growth aided by rural consumption, government investment, and strong services exports.