

Rupee bond issuances at record high

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INDIAN FIRMS HAVE raised a record amount from rupee bond markets this year, with large-sized issues in recent months driving such borrowings.

Companies raised around ₹91,400 crore through the private placement of bonds in November, pushing the overall issuance to ₹8.83 trillion for 2023, the highest for any calendar year, according to data from Prime Database.

Large borrowers are trying to lock in rates at current levels, said bankers.

“Since corporate bond yields had not risen sharply in the rate-hike cycle, going ahead, they may not go down drastically,” said Shameek Ray, head of debt capital markets at ICICI Securities Primary Dealership. “It makes sense for large issuers to lock in funding at these rates for longer term, even if this is not the bottom of the cycle, as the bottom would not be drastically lower.”

RIL, REC and SBI cumulatively raised more than ₹40,000 crore in November.

December started with Bank of Baroda raising ₹5,000 crore and Bharti Telecom mopping up ₹8,000 crore, via its largest-ever bond issue.

Corporate bond yield curve is flat and MFs are tanking up on short-duration bonds at attractive levels

In addition, Canara Bank and REC will raise ₹3,500 crore and ₹6,000 crore, respectively, while SBI is set to launch a perpetual bond issue worth ₹5,000-10,000 crore.

State-run NaBFID will come up with a ₹10,000-crore bond issue.

Axis Bank and ICICI Bank may also come up with large infrastruc-

ture bond sales, traders said.

Apart from the interest rate environment, banks may have hit limits prescribed for lending to individual borrowers, prompting these firms to tap the bond market, Ray said.

Rising inflows with insurance companies and mutual funds ensured that the supply was absorbed without any major impact on yields, traders said. While the longer-tenor issues of SBI and RIL saw a large state-run insurance company corner a major part, shorter-duration papers have been lapped up by mutual funds.

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