

Indian firms' ₹ bond issuance peaks in '23

Reuters

feedback@livemint.com

MUMBAI

Indian firms have raised a record amount from rupee bond markets this year, with large-sized issues in recent months driving such borrowings.

Indian companies raised around ₹91,400 crore (\$10.97 billion) 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 information provider 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."

Reliance Industries, REC and State Bank of India raised more than ₹40,000 crore, cumulatively, in November.

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

In addition, Canara Bank and REC will raise ₹3,500 crore and ₹6,000 crore, respectively, while SBI is set to launch a per-



Indian firms in Nov raised around ₹91,400 cr via private placement of bonds.

REUTERS

petual bond issue worth ₹5,000-10,000 crore. State-run NaBFID will come up with a ₹10,000 crore bond issue.

Lenders Axis Bank and ICICI Bank may also come up with large infrastructure 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 of the issues, shorter-duration papers have been lapped up by mutual funds.

"The corporate bond yield curve is quite flat and mutual funds are tanking up on short-duration bonds at attractive levels," said Sandeep Bagla, CEO at Trust Mutual Fund.