# Fundraising by India Inc via bonds go past ₹1 trn in Feb

## Despite rising yields, firms rush to raise funds, pushing FY25 issuances to a new record

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Despite elevated yields, fundraising by corporates through bonds topped ₹1 trillion in February after a relatively muted January, owing to turmoil in the market, triggered by geopolitical events.

In February, corporates mopped up ₹1.07 trillion through bonds from the debt capital market with 197 issuances. This was 47 per cent higher than ₹72,811 crore raised in January, data by Prime Database showed. So far in FY25 (until February), corporate bond issuances have reached ₹9.6 trillion and are expected to surpass the ₹10.19 trillion raised in FY24 by the end of this financial year. The amount raised in FY24 through bonds was the highest since FY20, data showed.

In FY25, fund raising through bonds by corporates topped ₹1 trillion in four months — July, September, December, and February. Despite a rate cut in February, the yields on corporate bonds moved up due to oversupply, including state government securities, and tight liquidity conditions.

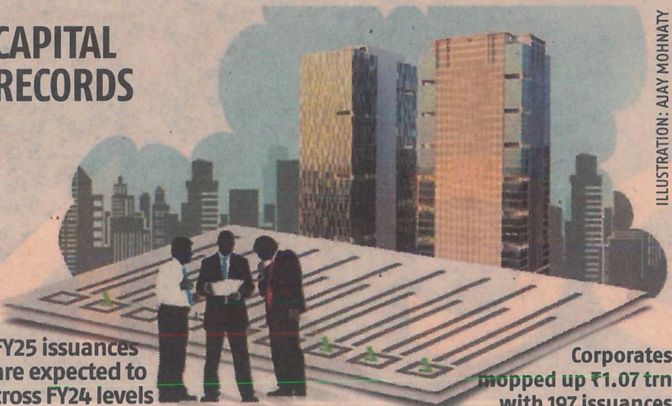
According to a SBI Economic Research report, state government securities and corporate bond spreads over government securities have widened from 30-35 basis points (bps) to 45-50 bps.

This resulted in many issuers accepting only partial subscriptions, forcing them to return to the market with follow-on issuances to meet their funding targets.

"February saw a strong resurgence in primary bond issuances, as issuers who had deferred their fundraising in January rushed to tap the market despite a rising yield environment. The surge in supply led to a notable widening of credit spreads, particularly between 10-year G-Secs and corresponding corporate bonds," said Venkatakrishnan Srinivasan, founder and managing partner at Rockfort Fincap LLP.

January's extreme bond yield volatility was largely due to global uncertainty emanating from Donald Trump's return to the White House and fluctuations in US Treasury yields.

## CAPITAL RECORDS



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