# Corp bond issuances see revival signs

## Major borrowers, after a pause in July and August, are beginning to return to the market

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The domestic debt capital market is showing signs of revival after two months of subdued issuance activity. Major borrowers who had paused during July and August are beginning to return to the market, indicating a pickup in the primary market activity.

In the last few days, issuers have raised over ₹15,000 crore through the electronic bidding platform. This fundraise included a successful perpetual bond issue by a major state-owned entity.

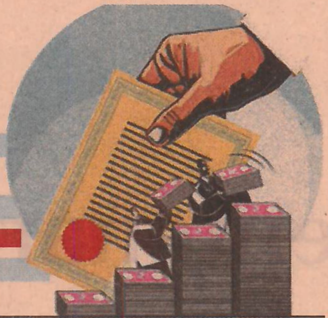
Additionally, the activity is no longer limited to state-owned entities. Private sector BFSI (banking, financial sector, and insurance) firms across credit ratings along with select corporates are also making a comeback with large deals. Aditya Birla Capital raised ₹3,400 crore via a secured 10-year NCD (non-convertible debenture) at a competitive 7.61 per cent coupon, a rare, long-tenor issuance for a AAA-rated private sector non-banking financial company.

### Rising tide

**Public debt issues**

| | No. of issues | Issue amount (₹ cr) |
|---|---|---|
| Apr '25 | 7 | 1,594 |
| May '25 | - | - |
| Jun '25 | 2 | 233 |
| Jul '25 | 8 | 2,263 |
| Aug '25 | 3 | 375 |

Source: primedatabase.com



Marquee issuer Bajaj Finance on Friday raised ₹1,000 crore via 3-year bonds at 7.10 per cent. Tata Capital also raised ₹425 crore through 3-year bonds at 7.24 per cent (annualised).

"Favourable market conditions have helped support the revival. Worries about extra government borrowing have eased, thanks to progress on goods and services tax (GST) reforms, and strong liquidity in the system, which is set to improve further with inflows from the Cash Reserve Ratio (CRR) cut between September and November. Stabilising yields have also boosted confidence: the benchmark 10-year G-sec, which had briefly touched 6.64 per cent, is now back near 6.47 per cent. Importantly, large institutional investors — who previously focused mainly on long-term G-secs — are now showing interest in long-term AAA-rated corporate bonds, expanding the investor base," said Venkatakrishnan Srinivasan, founder and managing partner of Rockfort Fincap LLP.

Indian corporates had raised a record ₹4.07 trillion through debt in the first four months of 2025-26 (FY26). However, banks, which were once key players in primary issuance, have raised only about ₹1,765 crore so far in FY26, compared to around ₹87,000 crore during the same period of FY25. Meanwhile, corporates that required funding have largely turned to external commercial borrowings (ECBs), where the fully hedged cost is very competitive for short-tenor overseas borrowings, or to domestic bank funding linked to External Benchmark Lending Rate (EBLR).

Market participants said that many banks currently sit with ample liquidity or comfortable capital cushions, and when the lenders require funds, they either tap qualified institutional placements (QIPs) or raise foreign currency bonds. As a result, they do not expect significant bank bond issuances at least until the end of September. Looking ahead, issuers see strong rationale to act now rather than wait, said market participants. "Issuances are generally the highest in the second quarter, which was not the case in this financial year. There is some pickup and people want to tap the bond market now, rather than waiting," said a dealer at a state-owned bank.

A widely expected US Federal Reserve rate cut next week should bolster global risk appetite while India's sovereign rating upgrade has strengthened the case for portfolio flows. With the yield spread between 10-year Indian government bonds and US Treasuries widening beyond 200 basis points, foreign investors have also begun reassessing allocations in favour of India since last month. Against this backdrop, tapping the market early offers issuers a clear first-mover advantage, allowing them to lock in funding before supply builds up and spreads compress.