

Indian firms could raise \$15 bn overseas'

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JPMorgan expects Indian companies to raise as much as \$14.5 billion next year by issuing overseas bonds, a senior executive at the investment bank said. The majority of this could be used for refinancing existing debt, and some for financing acquisitions.

"A lot of foreign capital was raised in 2021, and given that five years is the typical tenure for external commercial borrowings (ECBs), everything which was raised in that year for five years is maturing in 2026," Anjan Agarwal, India head of debt capital markets, JPMorgan, said in an interview. According to the bank's internal research, debt of \$9 billion matures in 2026.

Indian companies have raised ₹32,825.54 crore (\$3.8 billion) so far in 2025, against ₹68,727.23 crore (\$8.2 billion) in all of 2024, data from primedatabase.com showed. Some of the bigger borrowings were from Tata Capital (\$400 million in January), Mumbai International Airport Ltd (\$800 million in June), and Sammaan Capital (\$300 million in August).

"In addition, with the strong balance sheet that we see across the spectrum of Indian companies, we witness a stronger theme among the Indian companies to evaluate overseas acquisitions to either get access to newer markets or expand their capabilities," said Agarwal, adding this will further result in financing mergers and acquisitions, and subsequently



Anjan Agarwal, India head of debt capital markets, JPMorgan, said foreign capital raised in 2021 is maturing in 2026.

drive up global bond deals.

Agarwal's optimism is pinned on three drivers—refinance requirements, the US Federal Reserve's rate trajectory, and potential changes to India's ECB regulations.

In October, the Reserve Bank of India (RBI) proposed sweeping changes to India's ECB framework, including significantly raising the amount corporates can borrow, scrapping cost caps on ECB rates, and easing restrictions on how the funds can be used.

The new draft framework aims to simplify access to overseas markets, higher per-tranche limits, and greater currency flexibility, including the conversion of rupee bonds to foreign currency and vice versa. ECBs are loans and bonds raised from non-resident lenders and investors.

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Indian non-banking financial companies (NBFCs) have flocked to ECBs. For instance, 38% of all ECBs in September (latest available data) were raised by companies in the financial sector, against 57% in August. RBI's ECB data includes bonds as well as loans

from foreign sources, although a breakup isn't available. "Diversification of funding sources—more relevant for NBFCs—a longer tenor are expected to be a material factor for issuers to evaluate US dollar bond issuances," said Agarwal.

The apex bank has been encouraging NBFCs to explore funding sources beyond banks. In December, RBI said in its Report on Trend and Progress of Banking in India, "NBFCs need to further diversify their sources of funds as a risk mitigation strategy." The report

pointed out that NBFC borrowings from banks had moderated from 43.1% of their total funding at end-March 2023, to 42.7% a year later.

In the first half of FY26, Indian companies raised \$18.49 billion in ECBs, below \$25.42 billion in the same period in FY26, according to RBI data.

The ECB slowdown in 2025 was also in part due to the rupee weakening by nearly 5% against the dollar this year owing to a strong dollar, foreign portfolio outflows, and US tariffs on Indian goods. On Wednesday, the domestic currency hit an all-time low of 90 against the US dollar on steep demand for the greenback from importers and foreign portfolio investors.

The biggest challenge that corporates have faced this year is the steep hedging rates for borrowing abroad due to the rupee's depreciation over the past year. On the other hand, domestic rates have only eased since February 2025 following the RBI's cumulative 100 bps cut in the repo rate.

Indian companies are also expected to tap the local markets. As per Agarwal, the domestic market continues to provide significant liquidity at attractive prices, and at the current rates, borrowing in India is certainly cheaper than borrowing overseas for better-rated companies. Indian firms raised ₹5.44 trillion via private placement of bonds in the domestic market between April and October, against ₹5.32 trillion a year earlier, data from the Securities and Exchange Board of India showed.

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