

## Fundraising via overseas bonds dips amid turmoil



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overseas debt borrowing in FY26 as geopolitical uncertainties drove up hedging costs, reports **Christina Titus**. Indian companies raised \$4.9 billion through overseas bonds, down 43% from \$7 billion in FY25, Primedatabase data showed. ■ PAGE 6

**\$4.9 BN RAISED IN FY26, DOWN 43% FROM \$7 BN IN FY25**

# Fundraising via overseas bonds sees sharp drop

● Hedging costs rise due to geopolitical uncertainties

**CHRISTINA TITUS**  
Mumbai, April 7

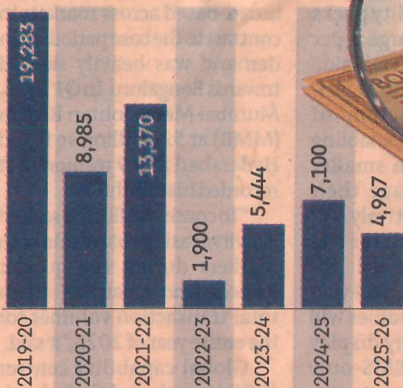
**INDIAN COMPANIES HAVE** significantly scaled down their overseas debt borrowing in FY26 as geopolitical uncertainties drove up hedging costs. Indian companies raised \$4.9 billion through overseas bonds, down 43% from \$7 billion in FY25, data from Primedatabase showed.

The year saw external shocks starting with the US President Donald Trump's tariff tantrums to the West Asia crisis now. The consistent geopolitical uncertainties raised hedging costs, prompting borrowers to cut back on overseas borrowing.

"Expectations of falling global yields in 2025 did not pan out—Fed cuts were minimal, keeping yields sticky. Combined with year-long rupee volatility and depreciation, plus elevated global rates, large borrowers slowed overseas borrowing," said Soumyajit Niyogi, director, India Rat-

## DEBT DIARIES

Amount (\$ million)



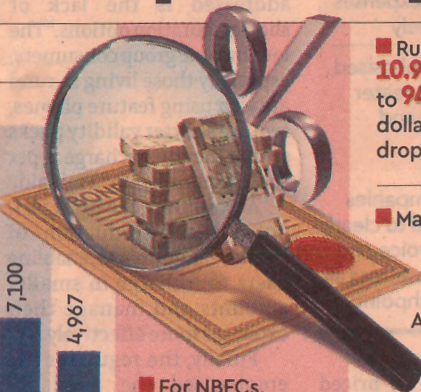
Source: primedatabase.com

ings & Research.

The rupee plunged 10.96% in FY26 to 94.83 against the dollar—its sharpest drop in 14 years—making it Asia's worst-performing currency. The rupee fell 4.24% in March alone following the war.

However, the currency bounced back to 92 following the RBI's measures, including capping banks' forex position limit at \$100 million. Market participants said sustaining at these levels will be a challenge if the war persists.

The rupee ended at 93 against the dollar on Tuesday,



■ Rupee plunged **10.96%** in FY26 to **94.83** against the dollar—its sharpest drop in **14 years**

■ Many firms & non-bank lenders are scaling back plans as West Asia pushed up hedging costs further

■ For NBFCs, overseas markets offered key avenue to diversify funding sources

■ Market participants in wait-and-watch mode; a pick-up may be seen if situation stabilises

according to Bloomberg.

"The all-in cost of borrowing abroad is no longer meaningfully lower than raising funds in India. This is because of higher base rates abroad and hedging costs," said Pranav Haldea, managing director, Prime Database Group.

Many companies and non-bank lenders are still deferring or scaling back their plans for overseas borrowing as the West Asia war pushed up the hedging cost further. For non-banking finance companies (NBFCs), overseas markets offered a key avenue

to diversify funding sources.

"The rupee's depreciation has driven hedging costs up by 40-50 basis points since the war began, significantly raising the expense of overseas borrowing. Therefore, we are holding back our plans to tap overseas market currently," said a senior official at a housing finance firm.

Market participants remain in wait-and-watch mode, eyeing further developments. Niyogi said that overseas borrowing could pick up if currency outlooks turn constructive and geopolitics situation stabilises.