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Bonds pip shares: cos raise ` 71k cr in '13-14

CAPITAL RAISING 35 bond issues garner ` 41,989 cr in 2013-14, up 147% from 2012-13, vs ` 29,381 cr from equity

MUMBAI: Indian companies mopped up ` 71,370 crore through public markets in financial year 2013-14, a 13% rise from ` 63,056 crore raised in the previous year, according to data released by capital issue tracker Prime Database on Monday.

The funds were raised through various routes including initial public offers (IPO), follow-on public offers (FPO), offers for sale (OFS), institutional placement programme qualified institutional placement and bonds.

Out of the total amount only ` 29,381 crore was raised through equity, 36% lower than ` 46,073 crore raised in 2012-13.

Pranav Haldea, MD, Prime Database, said that the amount could have been much better had several public sector disinvestments, originally scheduled to be done through IPOs, not been made through alternative routes (such as share buybacks, block deals, sales to other PSUs and exchange traded funds) and also if there was less volatility in the secondary market through most of the year.

In comparison to equity, the year saw more activity in the public bonds market. As many as 35 issues raised ` 41,989 crore, a steep 147% hike from ` 16,982 crore garnered last year through 20 issues. "This market was initially monopolised by NBFCs (non-banking finance companies), but towards the later part of the year, the investors also witnessed tax-free bonds issuances from government companies," added Haldea.

Unstable economic climate and a volatile secondary market resulted in a bad year for IPOs as well. There was only one main-board IPO, of Just Dial, which was successful, raising ` 919 crore, compared with nine main-board IPOs in the preceding year mobilising ` 6,289 crore. "The last such lull was 11 years back in 2002-03 when there were just six IPOs in the entire financial year," said Haldea.

There was some negative sentiment as IPOs of Scotts Garments and Loha Ispaat had to be refunded, while 21 companies holding approvals of market regulator Sebi to raise ` 6,673 crore were allowed to lapse.



"The chance of a stable government could mean a possible uptick for capital raising in the next fiscal, hopefully," said Haldea about the cues that would help or hinder capital raising.

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