

Indian cos raise over ₹9 tn via equity, debt

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Indian companies have raised more than ₹9 trillion through equity and debt routes this year to expand businesses amid a buoyant stock market.

Unless the still-evolving Omicron situation plays spoilsport, the next year is expected to be even more robust for fundraising, as there seems to be no shortage of funds, experts said.

“Banks have been sitting on surplus liquidity for quite a while, and there should be enough appetite for quality borrowers, said Ricky Kirpalani, lead sponsor, First Water Capital Fund.

In the year passing by, fund mobilization through debt markets has fallen sharply. In contrast, equity fundraising has been robust and the stock market bull-run with liquidity all-around has resulted in record fundraising through initial public offerings (IPOs).

Despite the plunge in fund mobilization through the debt route, it continued to contribute the lion's share to the overall fundraising activity in 2021.

Debt fundraising has slowed because of long-term economic disruptions during the first wave of the coronavirus pandemic, followed by a prolonged impact of the ravaging second wave, said Sandeep Bhardwaj, chief executive officer, retail, IIFL Securities.

Out of the cumulative ₹9.01 trillion garnered till mid-De-



Companies have borrowed to expand business. ISTOCKPHOTO

cember this year, funds totalling ₹5.53 trillion were mopped up from the debt market, ₹2.1 trillion came from the equity market, ₹30,840 crore through Reits and InvITs and ₹1.06 trillion via the overseas route, data compiled by analytics major Prime Database showed.

In 2020, firms raised ₹11 trillion, including ₹7.91 trillion through debt and ₹2.12 trillion through equity.

Explaining higher fundraising through debt route in 2020, Samir Sheth, partner and head, deal advisory services, BDO India, said that businesses came to a halt as a strict lockdown was imposed since March 2020 and to manage the adverse impact of the same, corporates resorted to debts.

He further said that the stock market was down for most of the year, and PE/VC markets were also not that active, leaving businesses with few options other than debt funding in 2020.