India Inc raises ₹9 trillion-plus via equity and debt issuances in 2021

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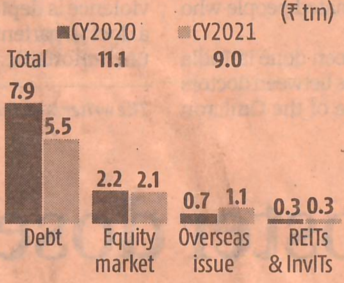
Indian companies have mopped up more than ₹9 trillion through equity and debt routes in 2021 to meet their renewed thirst for business expansion in a buoyant stock market brimming with liquidity and helped by recovering macroeconomic indicators after a pandemic-ravaged first few months.

Unless the still-evolving Omicron situation plays spoil-sport, the next year is expected to be much more robust in terms of fund-raising activities and there seems to be no dearth of funds, said experts.

"The 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 mobilisation through debt markets has fallen sharply, while the equity fund-raising has been robust and the stock market bull-run with liquidity all around has resulted in record fund-raising through initial public offerings (IPOs).

EQUITY, DEBT ISSUANCES



Source: PRIME Database

Despite the plunge in fund mobilisation through the debt route, it continued to contribute a lion's share to the overall fund-raising activity in 2021.

Debt fund-raising has slowed because of long-term economic disruptions during the first wave of the Covid-19 pandemic, followed by a prolonged impact of the ravaging second wave, said Sandeep Bhardwaj, chief executive officer, retail broking, IIFL Securities.

Of the cumulative ₹9.01 trillion garnered till mid-December 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, revealed the data compiled by analytics major PRIME Database.

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

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

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

Fresh capital was raised by companies for debt payment, to fund capital expenditure for new projects, to support inorganic growth like acquisitions as also for marketing and R&D purposes, said Satyen Shah, managing director and head, investment banking at Edelweiss Financial.