

# India Inc mops up \$14.2 bn via overseas bonds in 2021

MANISH M. SUVARNA  
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**INDIAN COMPANIES AND** banks have raised close to \$14.2 billion via overseas bonds in calendar year 2021, due to the low-interest environment across the globe amid ultra-loose monetary policies by most central banks in the backdrop of the Covid-19 pandemic.

Indian companies and banks raised \$14.2 billion in 2021, of which \$1.25 billion each has been raised by Adani Ports & Special Economic Zone, Indian Railway Finance Corp and Bharti Airtel or Network i2i, while \$1.1 billion and \$1.07 billion were raised by HDFC Bank and Export-Import Bank of India, respectively, according to the data compiled by Prime database. "The increase in both investment grade and high yield bond issuances is an outcome of India Inc taking advantage of the easy liquidity situation and benign rates environment globally," said Subhrajit Roy, India Head, Global Capital Markets, Bank of America.

The Covid-19 pandemic and restrictions to contain the virus has forced most central banks to maintain an ultra-loose monetary policy to support growth, and lower rates have helped Indian firms to garner more funds from overseas markets. They have also raised more funds because some central banks across the world have started tightening the policy, which will ultimately increase the borrowing cost.

Bond dealers with foreign banks expect that the overseas bonds-issuances momentum is expected to continue in the first quarter of 2022. This is because once the rate hike by US Fed starts, which is expected by the middle of next year or even earlier, by when borrowing costs could rise, and before that

## Highest issuers of overseas bonds in 2021

(Amount in \$ million)

Adani Ports & Special Economic Zone	1,250
Indian Railway Finance Corp	1,250
Bharti Airtel / Network i2i	1,250
HDFC Bank	1,100
Export-Import Bank of India	1,077
JSW Steel	1,000
Power Finance Corp	852

Source: ICRA Research

companies may tap the market to garner more funds.

"The broader trend is towards rate hike, but how dollar bond issuances pan out next year will depend on many factors, such as the spread of the Omicron variant and its impact on the tightening policies adopted by global central banks," Roy added.

Apart from this, issuances of environment, social, and governance (ESG) also surged sharply in 2021, as Indian companies are becoming more conscious about the environment and social responsibilities. Because of this, ESG bond issuances are expected to remain an important theme in 2022. There is huge liquidity available globally to be invested in ESG-compliant bonds, and Indian companies have started monitoring their ESG targets with great rigour.

The ESG bond market across the globe has seen rising, but India is still behind in tapping this market. So there is both demand and supply of ESG bonds, which has resulted in the rise in these issuances.