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RECORD Rs. 79446 CRORE RAISED THRU CORPORATE BONDS PRIVATE PLACEMENTS IN FISCAL 2005-06 : PRIME

The recently-concluded fiscal 2005-06 witnessed a mobilisation through corporate bonds on private placement basis of Rs.79446 crore, representing a huge increase of 43 per cent over Rs.55409 crore mobilised in the previous year according to Mr.Prithvi Haldea of PRIME which operates the country's premier and only database on debt private placements. It may be mentioned that full 2001-02, 2002-03, 2003-04 and 2004-05 had witnessed mobilisation of Rs.45427 crore, Rs.48424 crore, Rs.48428 crore and Rs.55409 crore respectively. Only such deals which have a tenor and put/ call option of more than 1 year are reflected in this database.

According to PRIME, the major reason for this substantial increase was due to the mobilisation by the financial institutions /banks. The share of this sector at a huge Rs.59290 crore grew by 80 per cent compared to Rs.32935 crore in the previous year.

The other sector which witnessed growth was PSUs, whose mobilisation went up by 66 per cent from Rs.6441 crore to Rs.10719 crore.

On the other hand, a major fall in mobilisation came from state level undertakings, down by 75 per cent to Rs.889 crore compared to Rs.3544 crore in the previous year. State financial institutions also recorded a fall, down from Rs. 2381 crore to Rs. 718 crore, representing a 70 per cent decline.

Significantly, a fall in mobilization, according to Mr.Haldea, also came from the private sector, down by 23 per cent to Rs.7829 crore compared to Rs.10108 crore in the previous year.

Government organisations and financial institutions, put together, witnessed an increase, mobilising 90 per cent of the total amount, up from 82 per cent in the previous year. Among government organisations, all-India financial institutions/ banks led with a 75 per cent share, followed by a 13 per cent share by PSUs, a 1 per cent share by SFCs, and a 1 per cent share by SLUs.

| Issuer Type | No.of Issuers | Amount (Rs.crore) | % |
|------------------------------|---------------|-------------------|-----|
| All-India Fin.Inst.& Banks | 46 | 59290 | 75 |
| State Financial Institutions | 7 | 719 | 1 |
| Public Sector Undertakings | 7 | 10719 | 13 |
| State Level Undertakings | 5 | 889 | 1 |
| Private Sector | 34 | 7829 | 10 |
| | 99 | 79446 | 100 |

According to Mr.Haldea, on an industry-wise basis, the Financial Services sector continued to dominate the market, raising Rs.59977 crore or 75 per cent of the total amount. Power ranked second with a 10 per cent share (Rs.7660 crore), followed by Food (4581).

According to PRIME, in addition to the above one-year tenor mobilisation of Rs. 79446 crore, a significant additional amount of Rs.13009 crore was raised through 507 deals of less than 1 year tenor bonds by 52 issuers (previous year Rs.11517 crore). Moreover, an amount of Rs. 5647 crore (previous year Rs.16882 crore) in 41 deals was raised through pass-through certificates (securitised paper).