

PRESS RELEASE

HIGHEST EVER JAN-SEP MOBILISATION THROUGH BOND PRIVATE PLACEMENTS IN 2017 AT RS. 5.52 LAKH CRORE: PRIME DATABASE

The first nine months of the calendar year 2017 witnessed a mobilisation through corporate bonds on private placement basis of Rs. 5,51,767 crore. This was mobilised by 569 institutions and corporates. This has been reported by PRIME Database which operates the country's premier and only database on debt private placements. Such deals, listed and unlisted, which have a tenor and put/call option of above 365 days have been considered.

On a period-on-period basis, the January-September period's raising of Rs. 5.52 lakh crore was an increase of 19 per cent over the Rs. 4.65 lakh crore mobilised in the corresponding period of the previous year, courtesy higher raisings by the private sector, according to Mr. Sanjeev Khandelwal, President of PRIME. Full year mobilisations for previous years through debt private placements have been given in the table.

As per PRIME, the highest mobilisation in the year was made by the Private Sector (excluding banks/FIs) at Rs. 2,62,675 crore. This was in comparison to Rs. 2,03,586 crore in the corresponding period of the previous year, representing an increase of 29 per cent. It is significant to note that the share of the Private Sector has been going up steadily and is now 48 per cent; 6 years ago, it was just 24 per cent.

An increase in mobilisation was also witnessed by All-India Financial Institutions/ Banks (up by 21 per cent to Rs. 2,29,245 crore compared to Rs. 1,88,713 crore in the corresponding period of the previous year) and Public Sector Undertakings (PSUs) (increase of 28 per cent to Rs. 49,475 crore compared to Rs. 38,584 crore in the corresponding period of the previous year).

Full year mobilisations through Debt Private Placements	
Year	Amount (Rs.crore)
2001	47,090
2002	50,792
2003	39,942
2004	52,345
2005	74,597
2006	98,014
2007	1,05,882
2008	1,61,824
2009	1,69,618
2010	2,28,372
2011	2,25,815
2012	3,31,301
2013	2,97,446
2014	3,86,616
2015	5,16,155
2016	6,23,629

Source: PRIME Database

According to Khandelwal, there was a fall in mobilisation by State Level Undertakings (SLUs), down by 69 per cent to Rs. 10,372 crore compared to Rs. 33,423 crore, and State Financial Institutions (SFIs) down to nil compared to Rs.275 crore in the corresponding period of the previous year.

Government organisations and government financial institutions, put together, mobilised 38 per cent of the total amount, lower than the 44 per cent in the corresponding period of the previous year. As per PRIME, among government organisations, All-India Financial Institutions/Banks led with a 71 per cent share, followed by a 24 per cent share by PSUs and 5 per cent share by SLUs. The overall break-up by issuer-type was as follows:

Issuer Type	No. of Issuers	Amount (Rs.crore)	%
Government			
All-India Financial Institutions & Banks/Subsidiaries - Public Sector	31	1,49,806	27
State Financial Institutions	0	0	0
Public Sector Undertakings	10	49,475	9
State Level Undertakings	2	10,372	2
Sub-Total	43	2,09,653	38

Private Sector			
All-India Financial Institutions & Banks/Subsidiaries - Private Sector	13	79,439	14
Private Sector - NBFCs / Financial Services	162	1,48,489	27
Private Sector - Manufacturing / Services	351	1,14,186	21
Sub-Total	526	3,42,113	62
Total	569	5,51,767	100

Source: PRIME Database

The highest mobilisation through debt private placements during the period was by **HDFC (Rs. 42,891 crore) followed by NHA (Rs.33,550 crore), PFC (Rs.32,266 crore), NABARD (Rs.24,530 crore), LIC Housing (Rs.19,445 crore), REC (Rs.16,285 crore) and IRFC (Rs.15,765 crore).**

Maximum amount of monies was raised in the **3-5 year maturity bucket (Rs. 1.89 lakh crore or 34 per cent of the total amount)** followed by more than 10 years bucket (Rs. 1.23 lakh crore or 22 per cent of the total amount).

50 per cent of the total amount (Rs. 2.77 lakh crore) was in the 7-8 per cent coupon range and 18 per cent of the total amount (Rs. 1 lakh crore) was in the 8-9 per cent coupon range. **This was in contrast to 2016, wherein just 17 per cent of the issue amount was in the 7-8 per cent coupon range while a huge 44 per cent was in the 8-9 per cent coupon range.**

Issues of as much as Rs. 3.24 lakh crore or 59 per cent of the overall amount were AAA rated.

According to Khandelwal, on an industry-wise basis, the Financial Services sector continued to dominate the market, collectively raising Rs.3,78,629 crore or 68 per cent of the total amount. Power sector ranked second with an 8 per cent share (Rs. 45,621 crore).