

25th January, 2021

PRESS RELEASE

HIGHEST EVER MOBILISATION THROUGH BOND PRIVATE PLACEMENTS IN 2020 AT RS. 7.77 LAKH CRORE: primedatabase.com

The recently concluded calendar year 2020 witnessed an all-time high fund mobilisation through corporate bonds on private placement basis of Rs. 7,77,473[#] crore, according to primedatabase.com which provides India's premier and only database on debt private placements. This was mobilised by 637 institutions and corporates. Such deals, listed and unlisted, which have a tenor and put/call option of above 365 days have been considered.

According to Mr. Pranav Haldea, Managing Director, PRIME Database Group, which runs primedatabase.com, this was courtesy record low interest rates, surplus liquidity and introduction of liquidity windows by RBI. The amount mobilised in 2020 was an increase of 10 per cent over the Rs. 7.10 lakh crore mobilised in 2019, despite 2020 being the pandemic year.

As per primedatabase.com the highest mobilisation in the year was made by the All-India Financial Institutions/ Banks category at Rs. 3,47,120 crore. This was in comparison to Rs. 3,37,468 crore in 2019, representing an increase of 3 per cent.

According to Haldea, an increase in mobilisation was also witnessed by private sector (excluding banks/FIs), up by 18 per cent to Rs. 2,94,171 crore compared to Rs. 2,49,335 crore in 2019. Amount mobilised by Public Sector Undertakings (PSUs) also increased by 13 per cent to Rs. 1,33,793 crore compared to Rs. 1,18,336 crore in 2019.

Government organisations and government financial institutions, put together, mobilised 53 per cent of the total amount, lower than the 58 per cent in 2019. As per primedatabase.com, among government organisations, All-India Financial Institutions/Banks led with a 67 per cent share followed by a 32 per cent share by PSUs. The overall break-up by issuer-type was as follows:

Full year mobilisations through Debt Private Placements	
Year	Amount (Rs.crore)
2001	50,019
2002	50,792
2003	39,942
2004	52,345
2005	74,597
2006	98,014
2007	1,05,782
2008	1,61,824
2009	1,71,041
2010	2,28,772
2011	2,25,940
2012	3,31,291
2013	2,97,446
2014	3,86,316
2015	5,16,526
2016	6,25,104
2017	7,02,365
2018	5,68,903
2019	7,09,979
2020	7,77,473

Source: primedatabase.com

Issuer Type	No. of Issuers	Amount (Rs.crore)	%
Government			
All-India Financial Institutions & Banks/Subsidiaries	24	2,78,924	36
State Financial Institutions	2	2,040	0
Public Sector Undertakings	21	1,33,793	17
State Level Undertakings	2	350	0
Sub-Total	49	4,15,107	53
Private Sector			
All-India Financial Institutions & Banks/Subsidiaries	8	68,196	9
Private Sector - NBFCs / Financial Services	260	1,57,162	20
Private Sector - Manufacturing / Services	320	1,37,009	18
Sub-Total	588	3,62,366	47
Total	637	7,77,473	100

Source: primedatabase.com

The highest mobilisation through debt private placements during the year was by **HDFC (Rs. 57,813 crore) followed by REC (Rs.53,946 crore), NHA I (Rs.53,463 crore), PFC (Rs.50,966 crore) and NABARD (Rs.50,734 crore).**

Maximum amount of monies was raised in the **above 10 year maturity bucket (Rs. 2.86 lakh crore or 37 per cent of the total amount)** followed by 3-5 years bucket (Rs. 2.41 lakh crore or 31 per cent of the total amount).

43 per cent of the total amount (Rs. 3.33 lakh crore) was in below 7 per cent coupon range and 36 per cent of the total amount (Rs. 2.76 lakh crore) was in the 7-8 per cent coupon range. This was in contrast to 2019, wherein just 6 per cent of the issue amount was in below 7 per cent coupon range, 26 per cent of the issue amount was in 7-8 per cent coupon range while a huge 41 per cent was in the 8-9 per cent coupon range.

Issues of as much as Rs. 5.90 lakh crore or 78 per cent of the overall amount were AAA rated.

According to Haldea, on an industry-wise basis, the Banking/Financial Services sector continued to dominate the market, collectively raising Rs.4,96,771 crore or 64 per cent of the total amount. Roads & Highways sector ranked second with a 7 per cent share (Rs. 58,052 crore).

Outlook for 2021

According to Haldea, 2021 may see a dip in issuance on account of easing of some of the liquidity measures and higher funding costs.

Public Bonds: Public bonds market saw a near 58 per cent decrease with 21 issues raising Rs. 7,878 crore^{####} in comparison to 35 issues raising Rs. 18,637 crore last year. The largest issue was from Tata Capital Housing Finance and Muthoot Finance raising Rs. 2,000 crore each.

Overseas Bonds: In addition, Indian companies also raised Rs. 3.25 lakh crores through overseas borrowing (including ECBs^{##}), down 32 percent from Rs. 4.78 lakh crores in 2019.

Mobilization amount of some unlisted issues are not available.

ECB data updated till November 2020

Edelweiss Financial Services, Kosamattam Finance and Muthoot Fincorp Debt Public Issues base issue amount considered