

10th November, 2003

Rs.22577 CRORE RAISED THRU DEBT PRIVATE PLACEMENTS IN 1ST HALF : PRIME

The first half of the current fiscal witnessed a mobilisation through debt (bonds) on private placement basis of **Rs.22577 crore, mobilised by 99 institutions and corporates**. This has been reported by Mr.Prithvi Haldea of **PRIME** which operates the country's premier and only database on debt private placements. Only such deals which have a tenor and put/call option of more than 1 year are reflected in this database.

On a period-on-period basis, the April-September half's raising of Rs.22577 crore, according to PRIME, meant a decline of 14 per cent over Rs.26309 crore mobilised in the corresponding period of the previous year. It may be mentioned that full 2001-02 and 2002-03 had witnessed mobilisation of Rs.45427 crore and Rs.48424 crore respectively.

The new SEBI Guidelines issued in September on corporate bonds had an immediate impact on resource raising, as per PRIME. From figures of Rs.5944 crore in June, Rs.4362 crore in July and Rs.5531 crore in August, the mobilisation declined to only Rs.2923 crore in September, most of which was also prior to the immense of the guidelines. The fall in subsequent months is feared to be even greater.

According to PRIME, compared to the same period in the previous year, the present half witnessed a huge 67 per cent increase in mobilisation by the all-India financial institutions/ banks, up from Rs.6829 crore to Rs.11389 crore. Leading the pack of mobilisers in this category was IDBI (Rs.2127 crore), followed by NABARD (1575), HUDCO (1371) and IRFC (1330).

A decline in mobilisation came in all other sectors as per PRIME Database. State level undertakings recorded a 29 per cent fall to Rs.1369 crore compared to Rs.1936 crore in the corresponding period of the previous year. Most of the funds raised by SLUs continued to be for the infrastructure sector, mainly power, roads and water resources. The leader in this category was TNEB (Rs.614 crore) followed by Cauvery Neeravari (250), Rajasthan Rajya Vidyut Prasaran (120) and KHJNL (110).

A decline was also recorded, according to PRIME, in the mobilisation by the private sector. The attractive interest rates in the ECB market was the major reason for this fall. The share of this sector at Rs.3973 crore was 29 per cent lower compared to Rs.5611 crore in the same period in the previous year. Significantly, most of the private sector debt was of AAA category and was raised for retirement of either old expensive debt or for acquisitions. Leading the mobilisers in this sector was BSES (Rs.375 crore), followed by Associates India (325), Citicorp Finance (300) and Sterlite Opportunities (250).

The biggest decline, as per PRIME, came in the raisings by PSUs at 68 percent. While the previous year's corresponding period had seen a mobilisation of Rs.10420 crore, only Rs.3295 crore was raised in the current period. Major mobilisers were Power Grid (Rs.699 crore), Nuclear Power (689) and NTPC (600).

Government organisations and financial institutions, put together, increased their domination, mobilising a high 82 per cent of the total amount, up from 79 per cent in the previous year and 68 per cent in 2001-02. Among government organisations, all-India financial institutions/ banks led with a 50 per cent share, followed by a 15 per cent share by PSUs, an 11 per cent share by state financial institutions and a 6 per cent share by SLUs.

Issuer Type	No.of Issuers	Amount (Rs.crore)	%
All-India Fin.Inst.& Banks	25	11389	50
State Fin.Inst.	6	2551	11
Public Sector Undertakings	10	3295	15
State Level Undertakings	10	1369	6
Private Sector	48	3973	18
	99	22577	100

The highest mobilisation through debt private placements during the period was by IDBI (Rs.2127 crore), followed by NABARD (1575), HUDCO (1371), IRFC (1330), APPFC (1136), PGCI (699) and NPCI (689).

On an industry-wise basis, the Financial Services sector continued to dominate the market, collectively raising Rs.16339 crore or 73 per cent of the total amount. Power ranked second with a 14 per cent share (Rs.3192 crore), followed by Transportation (570).

According to PRIME, in addition to the above one-year tenor mobilisation of Rs. 22577 crore, a significant additional amount of Rs.5375 crore was raised through 236 deals of less than 1 year tenor debentures by 48 issuers. Moreover, an amount of Rs. 4157 crore in 44 deals was raised through pass-through certificates (securitised paper).