

24th June, 2008

RECORD Rs. 115266 CRORE RAISED THRU CORPORATE BONDS PRIVATE PLACEMENTS IN FISCAL 2007-08 : PRIME

The recently-concluded fiscal 2007-08 witnessed a mobilisation through corporate bonds on private placement basis of Rs.115266 crore, representing a huge increase of 23 per cent over Rs.93855 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, 2004-05, 2005-06 and 2006-07 had witnessed mobilisations of Rs.45427 crore, Rs.48424 crore, Rs.48428 crore, Rs.55409 crore, Rs.81847 crore and Rs. Rs. 93855 crore respectively. This has been reported by **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.

According to PRIME, the major reason for this substantial increase was due to the continuing large mobilisation by all-India financial institutions & banks. Their raising went up by 27 per cent from Rs.71193 crore to Rs.90164 crore.

The other sector which witnessed a significant growth was the private sector, whose mobilisation went up by 49 per cent from Rs.14540 crore to Rs.21689 crore.

The mobilization by state level undertakings too grew by 79 per cent to Rs.1348 crore from Rs.752 crore in the previous year and state financial institutions by 10 per cent to Rs.1309 crore from Rs.1192 crore in the previous year.

On the other hand, a major fall in mobilisation came from PSUs, down by 88 per cent to only Rs.756 crore compared to Rs.6178 crore in the previous year.

Government organisations and financial institutions, put together, witnessed a decline, mobilising 81 per cent of the total amount, down from 85 per cent in the previous year. Among government organisations, all-India financial institutions/ banks led with a 78 per cent share, followed by a 1 per cent share by SFCs, a 1 per cent share by PSUs, and a 1 per cent share by SLUs.

Issuer Type	No.of Issuers	Amount (Rs.crore)	%
All-India Fin.Inst.& Banks	46	90164	78
State Financial Institutions	5	1309	1
Public Sector Undertakings	4	756	1
State Level Undertakings	4	1348	1
Private Sector	45	21689	19
	104	115266	100

According to Mr.Haldea, on an industry-wise basis, the Financial Services sector continued to dominate the market, raising Rs.104473 crore or 90 per cent of the total amount. Power ranked second with a 3 per cent share (Rs.3468 crore), followed by Diversified (2250).

According to PRIME, in addition to the above one-year tenor mobilisation of Rs. 115266 crore, a significant additional amount of Rs.62337 crore was raised through 820 deals of less than 1 year tenor bonds by 53 issuers (previous year Rs.34435 crore). Moreover, an amount of Rs. 33128 crore (previous year Rs.6670 crore) in 67 deals was raised through pass-through certificates (securitised paper).