

13th July, 2009

RECORD Rs. 174327 CRORE RAISED THRU CORPORATE BONDS PRIVATE PLACEMENTS IN FISCAL 2008-09 : PRIME

The recently-concluded fiscal 2008-09 witnessed a mobilisation through corporate bonds on private placement basis of Rs.174327 crore, representing a huge increase of 51 per cent over Rs.115423 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 significant growth in the raising by the private sector, whose mobilisation went up by 152 per cent from Rs.21691 crore to Rs.54634 crore.

The other sector which continued to witness large mobilisation was all-India financial institutions and banks, the mobilization going up by 18 per cent from Rs.87542 crore to Rs.102886 crore.

The mobilization by state level undertakings too grew by 251 per cent to Rs.4738 crore from Rs.1348 crore in the previous year and by PSUs by 234 per cent to Rs.11814 crore from Rs. 3533 crore in the previous year.

On the other hand, a major fall in mobilisation came from state financial institutions, down by 81 per cent to only Rs.254 crore compared to Rs.1309 crore in the previous year.

Government organisations and financial institutions, put together, witnessed a decline, mobilising 69 per cent of the total amount in the year, down from 81 per cent in the previous year. Among government organisations, all-India financial institutions/ banks led with a 59 per cent share, followed by a 7 per cent share by PSUs, a 3 per cent share by SLUs, and a 0 per cent share by SFCs.

Issuer Type	No.of Issuers	Amount (Rs.crore)	%
All-India Fin.Inst.& Banks	42	102886	59
State Financial Institutions	3	254	0
Public Sector Undertakings	10	11814	7
State Level Undertakings	10	4738	3
Private Sector	102	54634	31
	167	174327	100

According to Mr.Haldea, on an industry-wise basis, the Financial Services sector continued to dominate the market, raising Rs.123251 crore or 71 per cent of the total amount. Power ranked second with a 7 per cent share (Rs.12671 crore), followed by Diversified (11100).

According to PRIME, in addition to the above one-year tenor mobilisation of Rs. 174327 crore, a significant additional amount of Rs.188100 crore was raised through 2833 deals of less than 1 year tenor bonds by 83 issuers (previous year Rs.62387 crore). Moreover, an amount of Rs. 15466 crore (previous year Rs.33128 crore) in 91 deals was raised through pass-through certificates (securitised paper).