

4th March, 2010

Rs. 1,18,947 CRORE RAISED THRU DEBT PRIVATE PLACEMENTS IN NINE-MONTHS PERIOD OF CURRENT FISCAL : PRIME

The first nine-months of the current fiscal witnessed a mobilisation through bonds on private placement basis of Rs. 1,18,947 crore, mobilised by only a handful of 143 institutions and corporates. 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.

On a period-on-period basis, the April-December period's raising of Rs. 1,18,947 crore meant a decrease of 6 per cent over Rs. 1,27,285 crore mobilised in the corresponding period of 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, 2006-07, 2007-08 and 2008-09 had witnessed mobilisation of Rs.45,427 crore, Rs.48,424 crore, Rs.48,428 crore, Rs.55,409 crore, Rs.81,846 crore, Rs.93,855 crore and 1,15,423 crore and Rs.1,74,327 crore respectively.

According to PRIME, all-India financial institutions/banks recorded a 4 per cent decrease to Rs. 68,501 crore compared to Rs. 71,479 crore in the corresponding period of the previous year.

Public sector undertakings, according to Mr.Haldea, also recorded an increase of 56 per cent to Rs.13,700 crore compared to to to Rs. 8,802 crore in the corresponding period of the previous year. Growth was also witnessed by the state financial institutions whose mobilization went up by 105 per cent to Rs.267 crore compared to to Rs.130 crore in the corresponding period of the previous year.

A fall in mobilisation came from private sector, down by 22 per cent to Rs.35,588 crore compared to Rs.45,336 crore in the corresponding period of the previous year. State level undertaking were down by 42 per cent to Rs.890 crore compared to Rs.1,538 crore in the corresponding period of the previous year.

Government organisations and financial institutions, put together, witnessed a increase in their domination, mobilising 70 per cent of the total amount, up from 64 per cent in the previous year's corresponding period, as per PRIME. Among government organisations, all-India financial institutions/ banks led with a 57 per cent share, followed by a 12 per cent share by PSUs, a 1 per cent share by SLUs and a 0 per cent share by SFCs.

The highest mobilisation through debt private placements during the period was by REC (Rs. 11,043 crore), followed by PFC (8,233), IDFC (5,952), Tata Motors(4,200), ICICI Bank (3,820), HDFC (3,800), LIC Housing (3,630), SAIL (3,153) and IIFCI (3,000).

On an industry-wise basis, the Financial Services sector, according to PRIME, continued to dominate the market, collectively raising Rs. 82.550 crore or 69 per cent of the total amount. Power ranked second with an 6 per cent share (Rs. 7,674 crore).

As per PRIME, in addition to the above one-year tenor mobilisation of Rs. 1,18,947 crore, a significant additional amount of Rs. 96,569 crore was raised through 1536 deals of 1 year and below tenor debentures by 75 issuers.

Moreover, during the this period, an amount of Rs. 727 crore in 3 deals was raised through pass-through certificates (securitised paper).