

23% fall in debt private placements in Q1

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MUMBAI: The first quarter of the current fiscal (2008-09) witnessed a mobilisation of Rs. 19,235 crore through debt (bonds) on private placement basis among 40 institutions and corporates, says a report by PRIME, which operates on debt private placements.

On a quarter-on-quarter basis, the raising of Rs.19,235 crore meant a decrease of 23 per cent over Rs. 24,964 crore mobilised in the corresponding period of the previous fiscal. Earlier fiscals recorded mobilisations as follows: 2001-02 = Rs.45,427 crore, 2002-03 = Rs.48,424 crore, 2003-04 = Rs.48,428 crore, 2004-05 = Rs.55,409 crore, 2005-06 = Rs.81,846 crore, 2006-07 = Rs.93,855 crore, and 2007-08 = Rs. 1,15,206 crore.

Explaining the reasons behind a fall, Sunil Shirole, managing director and chief executive officer, YEN Management Consultants, said, "the mood in the market during April-July period was dampened on the back of increasing Indian inflation, rising crude oil and slowdown in global economy. Corporates were wary of pursuing expansion projects."

According to Shirole, Q2 position in debt private placements will too be subdued but Q3 will show improvement.

Added Prithvi Haldea, CMD, PRIME DATABASE, "a fall in mobilisation also came from state financial institutions, down to nil compared to Rs.12 crore in the corresponding period of the previous year. Public sector undertakings mobilisation remained nil as compared to the corresponding period of the previous year."

On the other hand, private sector witnessed significant growth. Its mobilisation went up by 81 per cent from Rs.4,833 crore to Rs.8,791 crore.

All India financial institutions/banks recorded a 51 per cent decrease to Rs. 9,944 crore compared to Rs. 20,119 crore in the corresponding period of the previous year.

The highest mobilisation through debt private placements during the period was made by Power Finance Corporation (2,202 crore), followed by Tata Steel (2,000 crore), IDFC (1,670 crore), NABARD (1,319 crore), Tata Power (1,000 crore), and Tata Sons (1,000 crore).

Industry-wise, the financial services sector continued to dominate the market, collectively raising Rs. 13,172 crore or 68 per cent of the total amount. Steel tubes/pipes/wires ranked second with 10 per cent share.

Only such deals, which have a tenure and put call option of more than 1 year are reflected in this database.

Revealed Prithvi Haldea, chairman and managing director, PRIME DATABASE, "In addition to the above one-year tenure mobilisation of Rs. 19,235 crore, a significant amount of Rs. 22,372 crore was raised through 299 deals of less than 1 year tenure debentures by 48 issuers."

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