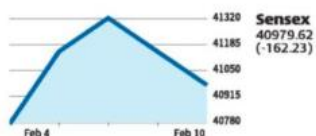


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	LATEST	CHANGE
Nifty 50	12031.50	-66.85
P/E Ratio (Sensex)	24.79	+0.30
US Dollar (in ₹)	71.30	0.10
Gold Std 10 gm (in ₹)	40575.00	+72
Silver 1 kg (in ₹)	46225.00	-5

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## INDIA FILE

Arrests over tax offences have increasingly become the norm, raising questions of official overreach **p2**

## SEEKING SOPS

HCL Tech asks Centre to consider health insurance as authorised services eligible for SEZ benefits **p4**

## PULSES BOOST

India is on track to becoming self-sufficient in the production of pulses, says Agriculture Minister Narendra Tomar **p13**

Ahmedabad Bengaluru Chennai Coimbatore Hubballi Hyderabad Kochi Kolkata Madurai Malappuram Mangaluru Mumbai Noida Thiruvananthapuram Tiruchirappalli Tirupati Vijayawada Visakhapatnam

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## QUICKLY

### EXTERNAL BOND ISSUE

#### IRFC to raise another \$500 million

New Delhi, February 10

Having successfully borrowed \$1 billion from the external market, the Indian Railway Finance Corporation (IRFC) is likely to soon go back there again for another \$500 million. "The \$1 billion bond issue was raised at a competitive cost and can set the benchmark rate for the government if it were to go for sovereign bonds," IRFC Managing Director Amitabh Banerjee told *BusinessLine*. On IRFC's IPO, Banerjee confirmed that "We are set to be listed on March 15." **p4**

### BUOYANT TREND

#### Mutual funds inflows up 5%

Mumbai, February 10

## India Inc's retail debt-raise dips in April-Dec...

Impact of IL&FS, DHFL credit crisis, say analysts; private placements up

K RAM KUMAR

Mumbai, February 10

The amount of debt raised by India Inc via public issuances saw a sharp 59 per cent decline in the first nine months of the current financial year to ₹11,746 crore against ₹28,565 crore in the year-ago period.

This comes in the backdrop of credit events relating to IL&FS, Dewan Housing Finance Corpora-

tion Ltd and Reliance Home Finance Ltd spooking retail investors.

"In recent quarters, we saw the book size of majority of NBFCs stagnate (if not fall). Thus, NBFCs have restricted their public issuances to a large extent. Additionally, the appetite for NBFC papers has been low on account of recent credit events," said Marzban Irani, CIO (Fixed Income), LIC Mutual Fund.

### In sync with repo rate fall

Irani observed that interest rates (on corporate debt) came down in the first nine months of FY2020 in line with the fall in the policy repo rate, especially for non-NBFC is-



GETTY IMAGES/ISTOCK

suers. However, during the same period, NBFCs failed to see similar fall in rates due to multiple credit events.

However, corporate debt raised via private placement increased by 20.5 per cent to ₹4,49,940 crore against ₹3,73,375 crore in the year

the corresponding period last year.

The credit rating agency said majority of the corporate bond issuances was mopped up by the financial sector (70 per cent), followed by the infrastructure sector (22 per cent).

The proportion of public issuance in total corporate bond issuances declined to 2.54 per cent in first nine months of FY20 against 7.10 per cent in the year ago period.

"Public issuance has always been driven by non-banking finance companies (NBFCs) to fund their growth prospects. Over the last few quarters, majority of the NBFCs have shifted their focus

from growth to balance-sheet reconstruction," said Irani.

RK Gurumurthy, Senior Vice-President and Head - Treasury, Lakshmi Vilas Bank, explained that private placement of corporate debt is generally higher when policy rates are seen heading lower.

"Due to the IL&FS debacle, public issuances have dried up. The interest rates have generally trended down for well rated bonds.

"However, with risk aversion dominating investment sentiment, spreads have been all over the place and weak rated companies have paid higher coupons for the same period," he said.