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## India Inc in record overseas fund-raising drive

Likely to raise over \$12 bn in the next three months mainly for refinancing old loans and expansion

BS Reporter | Mumbai  
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Indian companies have hired banks to raise close to \$12.33 billion in the next three months mainly to refinance their [old loans](#) and fund expansion. [India Inc](#) had raised \$10.9 billion in the first quarter of 2010, which was the record high in [fund-raising](#) till now.

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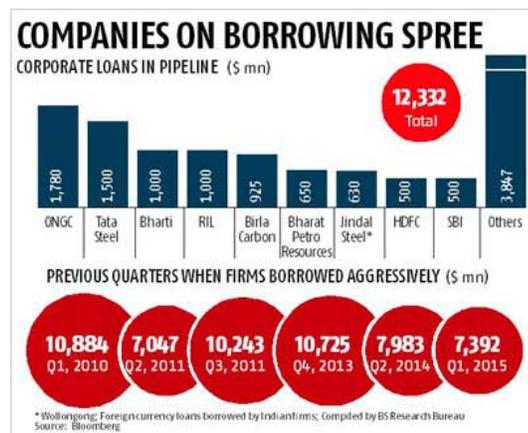
Among the 26 companies that are raising funds the biggest loan is by ONGC, which has mandated Bank of Tokyo Mitsubishi, Citi Bank, Mizuho and Sumitomo Mitsui to raise \$1.78 billion. **ONGC** is planning to expand the capacity of its MRPL refinery apart from investing in new oil and gas blocks in India and abroad.

**ONGC** is followed by Tata Steel, which is raising \$1.5 billion to refinance **old loans** taken to acquire Corus in 2007. Reliance Industries with a \$1 billion **fund-raising** plan and Birla Carbon are also tapping the market this quarter.

The **fund-raising** by Indian companies in the March quarter is also the highest in the Asian region.

"The volatility in China and the dollar movement will play an important role in how these loans are finally priced," said a banker. Bharti Airtel was also in the market to raise \$1 billion, bankers said.

The raising of funds is happening at a time when very few companies are planning large capacity expansion. This is due to stalled infrastructure projects and low capacity utilisation. Bankers said they were not expecting the private sector to start investing in new projects till the middle of 2016 and the current scramble was to meet deadlines for earlier loans.



Bankers said the private sector was instead shelving projects due to unfavourable market conditions. According to a Deutsche Bank analysis, India's private sector capital expenditure is likely to contract from Rs 6,20,000 crore during 2013-15 to Rs 180,000 crore over the next three years.

Though the government has stepped up public spending, private investment was essential to a robust investment recovery,

analysts said.

The union budget in February and the goods and services tax being cleared by Parliament could stimulate private investment. Investors are also waiting for an announcement by the government on the repeal of retrospective taxation, which could offset weak domestic private investment because multinationals are expected to restart investing.

A survey conducted by this newspaper in December revealed Indian companies were likely to restart investments in 2016 and were expecting corporate earnings to improve in the New Year.

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