IFR INDIA CAPITAL MARKETS BRIEFING

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RUPEE BONDS
BOOKRUNNERS: 1/1/2013 TO 25/7/2013

	Managing bank or group	No. of issues	Total Rs(m)	Share (%)
1	Axis Bank	107	259,565.8	16.9
2	Trust Group	119	144,290.1	9.4
3	Yes Bank	53	135,457.1	8.8
4	ICICI Bank	64	111,394.9	7.3
5	HSBC Holdings	31	83,726.6	5.5
	Total	**364**	**1,533,943.5**	

Source: Thomson Reuters (SDC code: AS23)

INDIA SYNDICATED LOANS
BOOKRUNNERS: 1/1/2013 TO 25/7/2013

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	State Bank of India	31	16,293.0	74.9
2	ICICI Bank	4	1,206.7	5.6
3	Axis Bank	9	849.0	3.9
4	Yes Bank	10	642.5	3.0
5	IDBI Bank	4	536.1	2.5
	Total	**73**	**21,759.8**	

Source: Thomson Reuters (SDC code: S10e)

INDIA EQUITY AND EQUITY-RELATED
BOOKRUNNERS: 1/1/2013 TO 25/7/2013

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	Citigroup	10	1,045.4	13.7
2	Kotak Mahindra Bank	11	698.8	9.1
3	Goldman Sachs	3	679.8	8.9
4	Morgan Stanley	5	661.8	8.6
5	State Bank of India	12	606.5	7.9
	Total	**107**	**7,660.3**	

Source: Thomson Reuters (SDC code: C1l)

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Measures to stem a slump in the rupee are adding to the pressure on India's top listed companies at a time when their balance sheets are already the weakest in five years.

India's central bank has been draining liquidity to support the currency after the rupee touched Rs60.9 to the dollar on July 8, sending benchmark yields soaring. The 10-year rupee benchmark hit a 14-month high of 8.42% last Wednesday, up 95bp since July 15, and remained elevated at 8.15% today.

That spike in yields has coincided with warnings that many companies are running unsustainable debt levels.

"Stress on Indian companies has increased over the last few years as in many cases the companies borrowed money but could not generate sufficient cashflows to service such debt," said Gautam Saha, a partner at lawfirm AZB & Partners.

In a special report on the balance sheet strength of the Bombay Stock Exchange's top 500 listed companies, India Ratings & Research, the local arm of international rating agency Fitch, said the ability of these companies to generate cash and service debt was at its weakest since 2008.

The report said balance sheet debt of these companies had risen by around 192% since fiscal 2008 while interest expenses had increased by 226%.

One analyst told IFR he expected as many as 40 listed companies to be forced to restructure their liabilities in the next 24 months.

Crisil, the Indian rating agency part-owned by Standard & Poor's, added its own warning on Thursday, saying the 11,500 companies it rates have Rs1.1trn (US$18bn) of debt maturing before the end of 2014. Cash accruals will be sufficient to cover only two-thirds of that total, the agency said, suggesting companies would need to raise around US$6bn of new debt.

"Corporates will find it challenging to refinance the remaining one third, given the tight systematic liquidity," Crisil said. The companies that Crisil rates may not necessarily be the same as the BSE 500.

To read the full story in this week's IFR, see: Higher rates weigh on India's weak balance sheets

Bonds

The RESERVE BANK OF INDIA said on Monday it did not accept any bid at the Rs10bn (US$168.35m) auction of 1.44% 2023 inflation-linked government bonds.

The central bank said there was no devolvement of the inflation-linked bonds on primary dealers. India's 10-year benchmark bond yield fell 2bp to 8.12% after the auction results.

The Indian government is considering all options, including a sovereign bond sale and selling debt to non-resident Indians to attract dollar inflows, Finance Minister P. Chidambaram said on Monday.

"All options are on the table," he said, while answering a question on a sovereign bond sale.

Loans

LANCO INFRATECH has started a process to restructure debts totalling Rs75bn (US$1.3bn) after economic weakness impacted on the performance of some of its businesses such as power and engineering and construction.

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If the corporate debt restructuring process is approved by its lenders, Lanco would be the second debt-laden company to go for a major loan restructuring within nine months, after lenders to wind turbine maker Suzlon Energy agreed to restructure about Rs110bn of its debt in November.

Lanco, which produces power, builds roads and constructs residential and commercial buildings, has asked banks to restructure the debt, a company statement said on Saturday.

The company, which acquired Australia's Griffin Coal Mining for about US$760m in 2011, said the debt restructuring would involve Lanco Infratech as a standalone unit and would not impact on any of its units including the Australian business.

"The current adverse macroeconomic situation that has been prevailing in India since the last 12 months has affected the performance of LITL's EPC business as well as the subsidiary business," the company said referring to the engineering, procurement and construction business.

"We expect this situation to remain for another 18 to 24 months," it said, adding the restructuring process will help Lanco to complete its ongoing projects on time.

Lanco, which had total debt of Rs336bn as of the end of March, posted losses in the last two financial years, as the weak Indian economy, growing at its slowest in a decade, hit infrastructure investment.

The US$1.2bn five-year term loan for VEDANTA RESOURCES has received commitments from two banks in senior syndication as it prepares for general syndication this week.

Bank of China and *First Gulf Bank* have joined for US$250m combined, while three to four more lenders are still processing. Senior syndication, which was launched in early June, remains open. Responses were originally due on July 5.

In senior syndication, banks are offered a top-level all-in of 303.57bp. The facility has an average life of 3.5 years and pays a margin of 275bp over Libor.

Bank of America Merrill Lynch, *Barclays*, *Citigroup*, *JP Morgan*, *RBS* and *Standard Chartered* are leading the loan. Proceeds are for refinancing the US$2.97bn Cairn India acquisition financing.

PIPELINE

DEBT

- 2013 – **ICICI Bank** ¥50bn Pro-Bond Barclays , Mizuho
- 2013 – **Canara Bank** US$ BofA Merrill, Barclays, BNP Paribas, Citigroup, Credit Agricole, HSBC, JP Morgan
- 2013 – **Shree Renuka Sugars** US$250m–$300m Credit Suisse
- 2013 – **Syndicate Bank** Citi, Deutsche Bank, HSBC, JP Morgan, StanChart
- 2013 – **Ruchi Soya** Roadshows ANZ
- 2013 – **PFC** US$500m–$750m Reg S, RBS, BofA Merrill
- 2013 – **Aegis** US dollars 144A/Reg S. Deutsche Bank, StanChart, UBS
- 2013 – **Indian Bank** US$300m–$500m. Citigroup, HSBC, RBS, StanChart
- 2013 – **Allahabad Bank** US$500m. HSBC, JP Morgan, RBS, StanChart
- 2013 – **Rural Electrification Corp** Samurai. Barclays, Deutsche Bank, Mitsubishi UFJ Morgan Stanley, Nomura
- 2013 – **Rural Electrification Corp** US$750m
- 2013 – **Tata Motors** US dollar hybrid. Credit Suisse, StanChart
- 2013 – **Infrastructure Development Finance Co** US$
- 2013 – **UCO Bank** US$ Reg S. BNPP, Citigroup, HSBC, JP Morgan, StanChart
- 2013 – **India Infrastructure Finance Co**
- 2013 – **Jindal Steel and Power**
- 2013 – **Bhushan Steel** US$

EQUITY

- 2013 – **Emcure Pharma** Rs6bn IPO IDFC Capital, DSP Merrill Lynch, Morgan Stanley
- 2013 – **Inox Wind** Rs9bn IPO Axis Capital, BoFAML, Edelweiss
- 2013 – **Indian Oil Corp** Rs57bn FPO
- 2013 – **NHPC**- Rs27bn (US$493m) OFS
- 2013 – **Reliance Infrastructure** CB US$100m
- 2013 – **ING Vysya** Rs20bn QIP Axis, Credit Suisse, JM Financial
- 2013 – **Advanced Enzyme Technologies** IPO Rs3bn–Rs3.5bn ICICI Securities, SBI Caps
- 2013 – **Shriram City Union Finance** Rs10bn BofA Merrill, JM Financial, Kotak Mahindra Capital
- 2013 – **Aegis** US IPO
- 2013 – **Engineers India** Rs6.07bn OFS ICICI Securities, IDFC, Kotak
- 2013 – **ILFS (India)** US$400m SGX business trust IPO. DB, JPM, Nomura
- 2013 – **Rashtriya Ispat Nigam (India)** Around US$450m IPO. Deutsche, UBS
- 2013 – **BHEL** Up to US$1.5bn FPO. BofA Merrill, I-Sec, Kotak, Morgan Stanley
- 2013 – **Bajaj Finance** Up to Rs3.6bn QIP. JM Financial, IIFL Capital
- 2013 – **Tata Autocomp** Up to Rs11bn IPO. JM Financial, Tata Capital, JPM
- 2013 – **Steel Authority of India** Up to Rs70bn FPO. DB, Enam, HSBC, JPM, Kotak, SBI Cap
- 2013 – **Tata Autocomp (India)** Up to US$200m IPO. JM Financial, Tata Capital, JPM
- 2013 – **Abhijeet Power (India)** Up to US$332m IPO. Axis, BofA Merrill, Enam, IDFC, SBI Cap, UBS