IFR INDIA CAPITAL MARKETS BRIEFING

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RUPEE BONDS
BOOKRUNNERS: 1/1/2013 TO 10/10/2013

	Managing bank or group	No. of issues	Total Rs(m)	Share (%)
1	Axis Bank	134	320,272.7	17.6
2	Trust Group	143	165,684.2	9.1
3	Yes Bank	63	145,329.9	8.0
4	ICICI Bank	86	138,511.8	7.6
5	HSBC Holdings	38	89,943.0	4.9
	Total	**426**	**1,821,164.9**	

Source: Thomson Reuters (SDC code: AS23)

INDIA SYNDICATED LOANS
BOOKRUNNERS: 1/1/2013 TO 10/10/2013

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	State Bank of India	46	19,986.0	66.6
2	Axis Bank	24	3,538.1	11.8
3	ICICI Bank	8	1,352.1	4.5
4	IDBI Bank	8	1,212.4	4.0
5	Yes Bank	12	734.2	2.4
	Total	**113**	**30,033.1**	

Source: Thomson Reuters (SDC code: S10e)

INDIA EQUITY AND EQUITY-RELATED
BOOKRUNNERS: 1/1/2013 TO 10/10/2013

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	Citigroup	9	1,020.4	12.6
2	Kotak Mahindra Bank	14	833.3	10.3
3	Goldman Sachs	3	679.8	8.4
4	Morgan Stanley	6	669.0	8.3
5	State Bank of India	15	645.3	8.0
	Total	**128**	**8,074.7**	

Source: Thomson Reuters (SDC code:C1l)

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The US$1.75bn multi-currency loan for RELIANCE INDUSTRIES has received eight more commitments in general syndication. This brings the number of banks joining to nine, including *KfW* which committed €40m (US$54m) as mandated lead arranger immediately after the launch into general syndication. A few more banks are processing approvals on the deal, sources said.

The transaction is mandated to 19 banks, of which 14 are active bookrunners. The 14 are *ANZ, Bank of America Merrill Lynch, Barclays, BNP Paribas, Citigroup, Credit Agricole, DBS Bank, DnB Bank, HSBC, RBS, Standard Chartered, State Bank of India, Sumitomo Mitsui Banking Corp* and *Westpac Banking Corp.* The other five MLABs are *Bank of Tokyo-Mitsubishi UFJ, Commonwealth Bank of Australia, Mizuho Bank, Scotiabank* and *UOB*.

The deal is split into a US$1.2bn five-year bullet piece (tranche A) and a US$550m six-year amortising tranche (tranche B). Tranche A is denominated in US dollars, Singapore dollars, euros and yen.

The five-year piece offers a margin of 145bp over Libor for US dollars, 125bp over Euribor or the Singapore dollar swap offer rate for euros and Singapore dollars, and 95bp over yen Libor for yen. Tranche B offers a margin of 163bp over Libor.

Tranche B has an availability period of 12 months and an average life of 6.3 years.

Tranche A offers top-level fees of 125bp for all-ins of 170bp (US dollars), 150bp (euro and Singapore dollars) or 120bp (yen) to lead arrangers committing US$30m–$49m-equivalent. Tranche B offers top-level fees of 145bp for an all-in of 186bp to lead arrangers joining with US$30m–$49m. The five-year tranche A will refinance two loans signed in August 2008, while tranche B will be for new money purposes.

Sole bookrunner *Deutsche Bank* has launched a Rs5bn (US$81.1m) five-year loan for KESORAM INDUSTRIES in general syndication.

Proceeds of the new loan facilities will be used for refinancing existing debt. The cement and tyre company, part of the BK Birla group, has around Rs15bn of debt due in the next few months, sources said.

The deal comes shortly after Kesoram wrapped up a similar-tenor Rs3bn secured facility, again through Deutsche as sole bookrunner. That loan was placed entirely with a single bank and pays interest at 12.50%, sources said.

Kesoram has been busy in the financing markets in recent months as it looks to replace existing short-term loans. It raised around Rs4bn from a rights issue, while another Rs1.5bn came rose from an eight-year loan that pays an interest rate of 12.55%, including a spread of 2.8% over the State Bank of India's base rate.

SBI Capital Markets arranged the Rs1.5bn loan, which was placed with state-owned IFCL.

GAIL (INDIA) has raised HK$492m (US$63.5m) from the sale of its stake in CHINA GAS. The sale of 60m shares was priced at the bottom of the indicative price range of HK$8.20–$8.30, or a discount of 3.5% to the pre-deal spot. The deal was covered multiple times with a good mix of hedge funds and long-only investors. About 50% of the book was covered by anchor investors. There is a 45-day lock-up period on the vendor.

Nomura was the sole bookrunner.

Samosa bonds: India's Dim Sum

If India is serious about liberalising its currency, an offshore bond market needs to come without the country's usual red tape, says IFR columnist Jonathan Rogers.

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So there was quite a bit of fuss last week when the IFC said it would be issuing up to US$1bn of offshore rupee bonds. A lot of the fuss centred on coming up with the appropriate name for such paper, which would be the first major offshore issue in the beleaguered currency.

Peacock and Tiger were mooted: perhaps not uniquely Indian enough. Ganga was up for grabs but might have had less than salubrious connotations. Samosa and Tandoori are favoured by many, but the final say will go to the Indian officials and IFC executives when the first deal is launched.

The question is not about finding the appropriate name so much as wondering how frequently it will come to be used. I recall the fuss about the so-called Panda bond market (maybe an easier item to name), or issuance from foreign entities onshore in China, when it was opened in 2005 by the IFC and the Asian Development Bank, which each issued on the same day.

Despite the initial fanfare and the thought that it would become a choice arena for offshore issuers, that market has never really taken off, and issuance has been sporadic, with the last print coming in 2012 from Japan's Mizuho Bank.

Alright, the plan with IFC's bond is to open up what it hopes will become a rich offshore funding source for Indian issuers and, although IFC is also looking to issue in the domestic rupee market, the main aim seems to be to help with the push to liberalise and internationalise the rupee. The hope must surely be that despite the best intentions, bureaucracy doesn't get in the way.

China's Panda bond market, however, is still a relevant lesson. There, issuance has been hampered by a cumbersome approvals process and has been long since overtaken by the offshore renminbi – or Dim Sum – market, where it's easier for issuers to get approval and a hungry, global buyer base means implied funding costs are lower. An Indian answer to Dim Sum – Samosa bonds being the obvious name – promises much, but the Indian financial authorities are well known for binding such promising ventures in yards of red tape, and you'd have to wonder whether a Samosa market – or whatever name is eventually settled on – will ever prove to be a hassle-free venue.

Although the IFC has announced its intention to issue bonds, it seems the Indian financial authorities have not yet granted approval for any deal to go ahead. Whenever it does come, the hope is that any issuance will not simply end up as some illiquid vestige of good intentions that sits on the periphery of the main action.

The real vote of confidence will come when India comes to the market

That would probably be a fair description of the issuance produced in global peso format by the Republic of the Philippines, which, despite being settled via Euroclear and in theory standing alongside issuance in offshore dollar format, is far more illiquid than issuance from the sovereign in dollars or in onshore pesos. The deals remind you somewhat of lost orphans that were once announced with great fanfare as the princelings who would institute a new order.

Perhaps the one difference in India's case is the presence of its hard-driving central bank governor Raghuram Rajan, who was installed in the post just over a month ago and made his intentions clear of internationalising the rupee in his inaugural speech. That might have not come as too much of a surprise given the unit's precipitous fall in the months before his inauguration, when the country's officials were scrambling around to come up with short-term fixes to stem the bleeding.

But having seen the damage which speculators had inflicted on the rupee you would have to wonder how investors will view the IFC's proposed offering, which will be settled in US dollars but pay coupons and redeem subject to the dollar/rupee exchange rate.

Compare that proposition to investing in Dim Sum bonds, where the exposure is to a low-volatility renminbi, a unit that has been steadily appreciating against the dollar. There was no near-25% depreciation to countenance, something which potential offshore rupee investors will have to input into their risk assessment when looking at putting money into the proposed paper. It makes you think that investors would probably favour Samosa bonds more if the country were to restrict the currency more rather than open it up.

This column first appeared on www.ifrasia.com on October 13.