

IFR INDIA CAPITAL MARKETS BRIEFING

FEBRUARY 18 2013

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RUPEE BONDS

BOOKRUNNERS: 1/1/2013 TO 6/2/2013

Managing bank or group	No. of issues	Total Rs(m)	Share (%)
1 Axis Bank	5	43,055.6	29.0
2 SPA Capital Advisors	5	18,816.7	12.7
3 Yes Bank	3	12,000.0	8.1
4 ICICI Bank	2	11,000.0	7.4
5 Standard Chartered	7	9,734.2	6.6
Total	48	148,359.4	

Source: Thomson Reuters (SDC code: AS23)

INDIA SYNDICATED LOANS

BOOKRUNNERS: 1/1/2013 TO 6/2/2013

Managing bank or group	No. of issues	Total US\$(m)	Share (%)
1 State Bank of India	4	4,274.0	93.8
2 Deutsche Bank	2	175.0	3.8
3 Taiwan Cooperative Bank	1	22.0	0.5
=3 Taishin International Bank	1	22.0	0.5
=3 Bank of Taiwan	1	22.0	0.5
=3 Mega Finl Holding Co	1	22.0	0.5
=3 Chinatrust Finl Holding	1	22.0	0.5
Total	7	4,559.0	

Source: Thomson Reuters (SDC code: S10e)

INDIA EQUITY AND EQUITY-RELATED

BOOKRUNNERS: 1/1/2013 TO 6/2/2013

Managing bank or group	No. of issues	Total US\$(m)	Share (%)
1 Citigroup	2	485.1	29.5
2 JP Morgan	2	326.9	19.9
=3 Kotak Mahindra Bank	1	192.1	11.7
=3 HSBC Holdings	1	192.1	11.7
5 Morgan Stanley	1	114.8	7.0
Total	11	1,647.3	

Source: Thomson Reuters (SDC code: C11)

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There will be no IFR India Capital Markets Briefing on February 19 2013 due to a local holiday. The briefing will resume on February 20

BANK OF INDIA (BoI) may reopen the market for Indian banks after the Lunar New Year's break which almost shut the markets for two weeks. The bank will meet investors in Asia and Europe on February 21–22. BoI has already completed the US leg of investor meetings in early February.

A US\$500m deal is likely to follow. If the deal materialises, BoI will be the second deal from an Indian bank this calendar year and the first deal after Reliance Industries' perpetual bond sale earlier this month. So far this year, six Indian issuers have already printed deals in offshore bond markets.

State-owned **EXPORT-IMPORT BANK OF INDIA** was the first Indian bank to print a US dollar deal this year with its popular 10-year bond that repriced its own curve in the first week of January.

The US\$750m 4% bond priced at 99.033 to yield 4.119% or 220bp over US Treasuries – 40bp inside initial guidance and well inside Exim India's outstanding bonds. Its 2017 bonds rallied from 230bp over Treasuries to 215bp on the day the 10-year deal was announced.

The market is quite receptive to Indian names and hence bankers expect a good response to the upcoming Indian deals. In the secondary market, good third-quarter earnings are already providing a fillip to the Indian corporate sector. For instance, **INDIAN OIL CORP**'s 5.625% 2021s were today 5bp tighter at 205/195bp, **POWER GRID CORP OF INDIA** 3.875% 2023s were at 210/200bp and **BHARAT PETROLEUM** 4.625% 2022s were at 230/220bp.

Even the perpetual bonds of Reliance have rallied. Bids for the Reliance perps remained healthy at 98.125–98.875, compared with 98.5 last Thursday. As against Reliance, the perps of other Asian issuers such as Cheung Kong stayed under water at 93.000–93.625, although they were slightly improved from 92 last Thursday.

Barclays Capital, Citigroup, HSBC, Deutsche Bank, JP Morgan and Bank of America-Merrill Lynch are mandated for the BoI deal.

Equities

UNION BANK and **DHANALAKSHMI BANK** are both moving towards selling shares to institutions, with the former planning to seek shareholder approval on March 16 for a QIP placement totalling Rs13.86bn (US\$256m).

The pricing details will be disclosed later, although some cues may be provided by Union Bank's plans to sell 46.2m shares at Rs240.89 each, totalling Rs11.13bn, to the government of India on a preferential basis. The shares closed on Friday at Rs231.55.

Meanwhile, Dhanalakshmi Bank shareholders have approved a proposed QIP of Rs2bn.

Details on the timing and bookrunners on both issues have not yet been decided.

Bonds

It looks likely that the primary corporate (rupee) bond market will only jump back into life with the Union Budget announcement on February 28. The market expects the government to cut expenditure in order to contain fiscal deficit targets which may see bond yields drop. With expectations of a 30bp–60bp drop in yields running strong over a couple of weeks, issuers not in dire need of funds prefer not to pull the trigger on their bond sales until yields bottom out.

However, a few of frequent issuers will still be around but are expected to ask for a tighter pricing.

POWER GRID CORP OF INDIA, which closed its issue last Friday was expecting a tighter pricing but eventually ended up scrapping its up to Rs20bn bond sale. Most bids came around the 8.85% area, whereas the company wanted to price the bonds 5bp lower from this level.

The largest insurer, LIC of India and EPFO were among top bidders and these two investors might strike a bilateral deal at the price asked by the company.

PGCIL opened its sale on February 14 for two days. Power Grid is offering 15-year paper in the STRPP format with staggered maturities starting from the fourth year until 15th.

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Loans

Nomura has joined the US\$270m seven-year loan for **MANIPAL EDUCATION** as an equal-status arranger, according to sources.

The senior secured deal, originally mandated to *Deutsche Bank* and *ICICI Bank*, offers a margin of 600bp over Libor. It has an average life of 4.8 years.

Launched to general syndication last Friday, the deal invites banks on three levels. Banks joining with tickets of US\$35m or above are offered top-level fees of 250bp and the MLA title for an all-in of 652.08bp, while those committing US\$20m-\$34m get 225bp and the lead arranger title for an all-in of 646.87bp. Banks joining with US\$10m-\$19m receive 200bp in fees for the arranger title and an all-in of 641.67bp.

The deadline for responses is the end of March.

As reported earlier, the borrower is Manipl Academic Services International Mauritius (MASIM), holding company for the group's education business.

Proceeds will partially go towards buying out private equity investors in one of MASIM's key operating subsidiaries. Indian business tycoon Azim Premji, IDFC Private Equity and Capital International are among the private equity investors being bought out.

Proceeds from the loan will refinance compulsory convertible debentures issued by MEMG International Mauritius, the group holding company.

Some assets of the group and shares of some key subsidiaries act as security for the loan.

Including this latest borrowing, the group's debt-to-Ebitda on a consolidated basis amounts to around 3.8 times. The loan will be serviced by revenues generated through overseas branches in Dubai, Malaysia and Antigua, as well as student exchange programmes.

PIPELINE

DEBT

- 2013 – Bank of India US\$500m roadshows on Feb 21-22: Barclays, Citigroup, HSBC, Deutsche Bank, JP Morgan, BofA Merrill
- 2013 – ONGC Videsh US\$900m
- 2013 – PFC US\$500m-\$750m Reg S, RBS, BofA Merrill
- 2013 – Tata Motors US\$500m
- 2013 – Aegis US dollars Reg S/144a. Deutsche Bank, StanChart, UBS
- 2013 – Indian Bank US\$300m-\$500m. Citigroup, HSBC, RBS, StanChart
- 2013 – Bharti Airtel US\$1bn 10yr Reg S/144a. Barclays, BNP Paribas, Credit Agricole, Deutsche, HSBC, StanChart, UBS
- 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 dollar
- 2013 – Union Bank of India US\$500m Reg S. BofA Merrill, Barclays, Citigroup, Deutsche Bank, HSBC and StanChart
- 2013 – UCO Bank US dollars Reg S. BNPP, Citigroup, HSBC, JP Morgan, StanChart
- 2013 – India Infrastructure Finance Co
- 2013 – Jindal Steel and Power
- 2013 – ONGC US\$1bn

EQUITY

- 2013 – Aegis US IPO listing
- 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 – Indian Bank Up to Rs15bn FPO
- 2013 – Reid & Taylor Up to US\$250m IPO. Antique, Edelweiss, HSBC, IDBI Cap, JM, JPM, Religare, UBS
- 2013 – Indian Overseas Bank Up to Rs12bn QIP, FPO
- 2013 – State Bank of India Up to Rs200bn rights issue
- 2013 – Soma Infrastructure Up to US\$300m-equivalent
- 2013 – Hindustan Aeronautics US\$600m IPO, Barclays, GS, Enam, SBI Caps
- 2013 – Catholic Syrian Bank IPO
- 2013 – Intas Pharmaceuticals Rs8bn IPO
- 2013 – HDFC Life IPO
- 2013 – Just Dial IPO US\$150m
- 2013 – Consim Info (BharatMatrimony.com) US\$100m-\$125m IPO. Deutsche, Citi, Kotak
- 2013 – Vishwaraj Sugar Rs3.74bn IPO

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