BANK OF INDIA (BoI) may reopen the market for Indian banks after the Lunar New Year’s break. 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.
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 Manipal 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 – 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 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. BNP Paribas, Citigroup, HSBC, JP Morgan, StanChart
2013 – India Infrastructure Finance Co
2013 – Jindal Steel and Power
2013 – ONGC US$1bn

EQUITY

2013 – Aegis US 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 Rs1.1bn 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. Antoine, Edelweiss, HSBC, IDBI Cap, JPM, 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 – Consm Info (BharatMatrimony.com) US$100m–$125m IPO. Deutsche, Citi, Kotak
2013 – Vishwaraj Sugar Rs3.74bn IPO