

# Dollar Bonds a Hit, Cos Suit Up for an Encore on Debt St

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**Mumbai:** Inclusion of Indian sovereign bonds in a global index has also stoked demand for dollar-denominated debt of local conglomerates such as Vedanta and the Piramals, with the unexpected, outsized reduction in US policy rates last month accelerating the hunt by bulge-bracket funds for high-yield, emerging-market bonds.

Vedanta Resources (VRL) is considering tapping its recently issued dollar bond of \$900 million to raise another \$400 million to \$500 million, sources say. Piramal Finance last week raised an additional \$150 million from its \$300-million bond. Muthoot Finance also tapped into its earlier \$650-million bond, although that issuance predated the start to the US rate easing cycle. "Global investors across asset classes are increasingly interested in Indian credit with the inclusion of Indian Government Bonds (IGBs) in global indices," said Deepak Sood, Partner and Head Fixed Income, Alpha

Alternatives. "We are seeing heightened interest not only in Indian sovereign debt but also in corporate credit—both in USD and local currency. Strong macros, lower leverage, and corporate resilience are driving fund managers to increase their exposure to Indian assets."

In the high-yield corporate debt segment, the London-based VRL, a holding unit of the metals and energy company, is looking to raise funds soon, said a bond investor. "VRL is looking to tap into the bond raised last month, which, if it decides to raise, will be priced tightly at around 10.25%," a bond investor said.

A Vedanta spokesperson declined to comment.

Last month, VRL raised a \$900 million five-year bond through a subsidiary at 10.875%. It had received good response by global investors drawing up to \$1.45 billion in orderbook which saw an oversubscription of 1.6 times. Also, last week Biocon Biologics priced its inaugural USD Bond for \$800 million with 5-year tenure at coupon of 6.67%, which is India's largest high-yield USD debut

bond in the last ten years and first by any biopharmaceutical company in Asia Pacific.

## NARROWING SPREADS

The US Federal Reserve lowered interest rates by 50 basis points in September in the first easing in four years. With limited supply of high-yielding paper, spreads have since compressed significantly, a sign of the increasing demand for Indian debt.

The retreat in corporate yields dovetails into the broader pricing of sovereign debt.

## HFCs Seek Wider Ambit of Guarantee Cover Scheme



Housing finance companies proposed a revamp of the Credit Risk Guarantee Fund

Trust for Low Income Housing and increase guarantee cover for home loans up to ₹25 lakh, reports **Saoni Shukla**.