

**HD** Adani armto raise\$1.5 bn in overseas debt

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Mumbai, May 16 -- Adani Enterprises Ltd, the port and power generation subsidiary of the \$8 **billion** (around '48,000 crore) Adani Group, has started meeting investors to raise \$1.5 **billion** in overseas debt this year, three people familiar with the plan said. Adani Enterprises is trying to take advantage of global investor appetite for Indian debt, which is reining in the cost of raising funds overseas.

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The first tranche under the fund raising plan would be raised this month via a Singapore \$200 **million** (around '960 crore) five-year bond issue, the people said. The **bonds** will be sold by the **company's** subsidiary Adani Abbot Point Terminal Pty Ltd, and could be a precursor to a larger issue later this year, the people said on condition of anonymity because the information is not public yet. Standard Chartered Plc. and Singapore's DBS Bank Ltd are the bankers to the Singapore dollar **sale**, which will open later this month in Australia, where Adani Abbot is based. "Right now bankers are only gauging the investor mood through a roadshow that started earlier today. It may take a while before the issue really opens," said one of the persons quoted above. "They are planning a large issue and this could be just a small one to check investor appetite. Once they see investor demand it is possible that they will open and close the issue in a hurry, but it has not come to that stage as yet," said the second person. The proceeds of the issue will likely be used for the **company's** power projects in India and **coal** projects in Australia. Adani Enterprises, the holding **company** of Adani Abbot Point, declined to comment for this story. Last October, Adani Abbot raised Australian \$500 **million** (around '2,850 crore) by selling five-year **bonds** which were priced 225 basis points above the five-year local swap rate, which was then at 3.78%. Deutsche Bank AG and Australia-based Westpac Banking Corp. and Commonwealth Bank of Australia were the bankers to that issue. The **company** is also in the market to raise money in Swiss francs.

Roadshows for the **sale** were held in March, said one of the persons quoted above. If successful, Adani will become the 14th entity from India to raise funds via foreign currency **bonds** this year. So far in 2014, 13 entities including banks have raised a total \$7.38 **billion** through the issue of overseas **bonds** in different currencies. In 2013, Indian corporations raised more than \$14 **billion** from overseas bond markets. Debt sold by Indian firms has become attractive for investors given an improvement in some economic indicators like the current account deficit and fiscal deficit that have both narrowed and recent stability in the local currency, said N.S. Venkatesh, head of treasury at IDBI Bank Ltd. Expectations that a stable government will emerge from the ongoing general elections and will unlock stalled investments in the economy is also adding to the positive investor sentiment, he said. "This coupled with the fact that **China** has slowed, Europe is still not out of the woods and mutual funds, institutional investors and pension funds in the US are flush with cash looking for alternative investment opportunities have supported demand for Indian paper," Venkatesh said.

IDBI Bank raised \$300 **million** by selling **bonds** maturing in 5.5 years through its Dubai branch in March priced at 5.06%. It had received bids totalling \$2.2 **billion** from overseas investors. Besides, IDBI, **Oil** India Ltd, Indian Railway Finance Corp. Ltd, ICICI Bank Ltd, Bharat Petroleum Corp. Ltd, State Bank of India, Sterling Biotech Ltd, Export-Import Bank of India and Union Bank of India are among entities that have raised money from overseas debt offerings recently.

Investor optimism around India has also been reflected in the local currency and **equity** market which have both gained since the start of the calendar year. The rupee, which touched an all-time low of 68.85 per dollar on 28 August 2013, has gained 3% this year, making it one of the top three performing currencies in Asia. The 30-share benchmark Sensex of BSE has gained 5.54% since January as foreign investors bought a net \$5.4 **billion** of local shares.

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