

Indian Rupee Bonds on London Stock Exchange

Our Masala Bond Offering

Masala bonds are bonds issued outside of India but denominated in Indian Rupees. London Stock Exchange is now the largest Masala bond centre globally and ever since the first Masala bond listing in London in 2007, we have been firmly committed to developing long-term strategic partnerships with issuers to ensure the success of this financing stream and help Masala bonds evolve from a specialist to mainstream asset class.

There are currently 26 Masala bonds listed on London Stock Exchange's markets with a combined outstanding value of over ₹330 billion (\$5.1 billion eq.).

Following the Reserve Bank of India's revisions to the External Commercial Borrowing framework in April 2015 and the recent stipulation of an increased uniform all-in-cost ceiling of 450 basis points over the 6 month USD LIBOR benchmark there is an increasingly wider range of entities looking at London to issue Indian rupee denominated debt securities, and a steadily growing pool of international capital ready to invest in bond issuances.

Key milestones:

- **Apr. 2018:** Dewan Housing Finance Corporation (DHFL) lists Rs 1,000 crore on London Stock Exchange's new International Securities Market (ISM)
- **Oct. 2017:** Indian Renewable Energy Development Agency (IREDA) issues first Green Masala bond by a Financial Indian institution.
- **May 2017:** National Thermal Power Corporation (NTPC) lists its second INR denominated bond on the ISM.
- **Sept. 2016:** Province of British Columbia Canada lists world's first Masala bond by a foreign government entity.
- **Aug. 2016:** NTPC lists world's first Indian green Masala bond and first masala bond by a quasi-sovereign issuer.
- **Jul. 2016:** Housing Development Finance Corporation (HDFC) lists world's first offshore Masala bond by an Indian corporate on London Stock Exchange.
- **Aug. 2015:** International Finance Corporation (IFC) issues in London the first INR Green Bond globally. The Rs 3,150 crore proceeds were invested in Yes Bank's onshore green bond.
- **Apr. 2015:** Reserve Bank of India (RBI) revises the External Commercial Borrowing framework.

Governmental institutions and government officials in both London and India see the benefits of offshore rupee bond issuance and a strengthened role of London as a premier hub globally for any financial activity¹. Developing an important funding avenue through Masala bond issuance is a declared objective of RBI and both sides recently welcomed the

prominent role played by the City of London in developing the Masala bond market².

Benefits of listing Debt in London

- Admission to London Stock Exchange's debt markets allows Indian Public Sectors Undertakings (PSUs) and corporates to access a deep pool of liquidity and diversify their investor base.
- The ISM is best in class for Masala bonds and gives issuers all the benefits of London's extensive experience as a global financial centre, with an efficient admission process and innovative Rulebook.
- Unlike the Main Market issuers seeking admission to the ISM only need to liaise with London Stock Exchange.
- The ISM is customer-centric, flexible and predictable in turnaround timings with the majority of bonds listed within 2 business days.
- Pricing supplements issued under a programme facility established on ISM need to be submitted only one business day prior admission to trading.
- Debt listings in London are supported by a range of London Stock Exchange marketing and PR initiatives, tailored to suit the needs of issuers.

Selected Indian Rupee Bonds on London Stock Exchange

Issuer	Issue Date	Amount (INR bn)	Coupon (%)	Tenor (years)	Market
Dewan Housing Finance Corporation	19-Apr-2018	10	8.5	5	ISM
European Bank for Reconstruction and Development (EBRD)	07-Feb-2018	4	6	5	MM
Housing Development Finance Corporation (HDFC)	17-Nov-2017	13	6.73	5	MM
International Finance Corporation (IFC)	17-Nov-2017	20.5	5.85	5	MM
Indian Renewable Energy Development Agency (IREDA)	11-Oct-2017	19.5	7.125	5	ISM
National Highways Authority of India (NHAI)	19-May-2017	30	7.3	5	MM
National Thermal Power Corporation (NTPC)	08-May-2017	20	7.25	5	ISM
Housing Development Finance Corporation (HDFC)	30-Mar-2017	33	6.875	3	MM
Housing Development Finance Corporation (HDFC)	12-Sep-2016	20	7	3.5	MM
Province of British Columbia Canada	09-Sep-2016	5	6.6	3.5	MM
National Thermal Power Corporation (NTPC)	10-Aug-2016	20	7.375	5	PSM
Housing Development Finance Corporation (HDFC)	21-July-2016	30	7.875	3	MM

Contact us

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¹ Source: Honourable Minister of Finance Jaitley, 13 March 2015 London Stock Exchange

² Source: Policy Paper, UK-India joint statement: shared values, global capability, 18 April 2018