

# THE ECONOMIC TIMES

Copyright ©- 2022 Bennett, Coleman & Co. Ltd. All rights reserved

Fri, 20 May-22; Economic Times - Mumbai; Size : 175 sq.cm.;  
Circulation:220500; Page : 1

## **IIFL Finance Plans to Buy Back Overseas Bonds for \$400 million**

IIFL Finance, the non-banking arm of the IIFL group, plans to buy back overseas bonds it sold more than two years ago for \$400 million. The company is in talks to raise a short-term off-shore loan from at least two banks, including Standard Chartered and HSBC, said people familiar with the matter. The move will likely save up to 2 percentage points in borrowing costs, adjusted for currency hedges. ►► 12

.....

# **TO SAVE** up to 200 bps in borrowing costs; in talks with banks for an offshore term loan

## IIFL Fin Plans to Buy Back Overseas Bonds

Saikat.Das1@timesgroup.com

**Mumbai:** IIFL Finance, the non-banking arm of the IIFL Group, plans to buy back overseas bonds it sold more than two years ago for \$400 million.

The company is in talks to raise a short-term offshore loan from at least two banks, including Standard Chartered and HSBC, said people familiar with the matter.

The move will likely save the company up to 2 percentage points in borrowing costs, adjusted for currency hedges.

"The issuer has reached out to foreign banks and other stakeholders as it is aiming to extinguish the offshore bond liability citing improvement in credit quality," one of the persons quoted above told ET.

IIFL Finance did not comment on the matter. Standard Chartered and HSBC declined to comment.

The current outstanding of those bonds is at \$325 million. They offered a coupon of 5.87%. Adding the cost of currency cover, the borrower's expenses totalled about 11%.

Those bonds are maturing in April 2023.

If the company takes a foreign currency loan to prepay the bond obligation now, the exchange rate adjusted cost would be around 8.50-9%.

The loan could either be through a bilateral deal or in a syndication form.

Although the company has enough rupee liquidity, the central bank regulation does not permit a non-banking finance company to buy back offshore bonds using Indian rupees.

The buyback plan is expected to be offered by July or August. Final terms are still under discussion.

Rating company ICRA revised the company's outlook to 'stable' in October last year from 'negative' in 2019. Crisil also revised the outlook to 'stable' in March 2021.

"Going forward, ICRA expects the Group's profitability to be supported by the normalisation in credit costs," ICRA said

in a note. "The revision in the outlook also factors in the improvement in the company's funding profile."

During FY22, IIFL Finance's net profit rose 56% to ₹1,188 crore from ₹760 crore a year earlier. Its finance cost, however, expanded 4% to ₹1,616 crore with overall interest rates rising.



**The bonds were sold two years ago for \$400 m at a coupon of 5.87%. The current outstanding is \$325 m**