

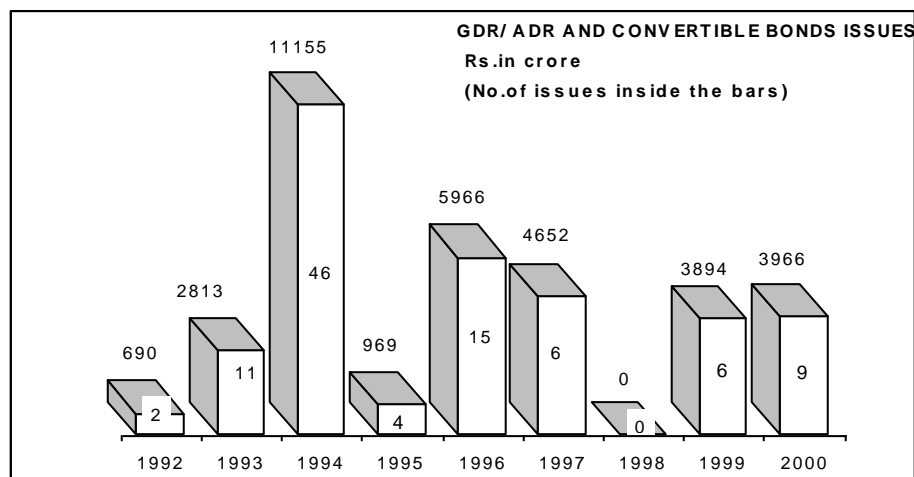
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INDIAN CORPORATES RAISE RS.3966 CRORE THROUGH GDR/ ADR IN 2000

The calendar 2000, which at its start had promised to be a bonanza year for Indian corporates raising capital through the GDR/ ADR route, has not quite lived up to the expectations according to Mr.Prithvi Haldea of PRIME, India's premier data base on the primary capital market. **Courtesy the crash at NASDAQ in April as a result of serious concerns about valuations of the I.T. sector, the year is ending with a mobilisation of only Rs.3,966 crore against the year-beginning estimate of Rs.15,000 crore.**

According to PRIME, the first overseas equity issue was made in 1992 and the peak in equity raising (including convertible bonds) was witnessed in calendar 1994 which had a mobilisation of Rs.11,155 crore through 46 companies. The next year had witnessed a major fall as the capital market in India went into the throes of a crisis. There was a revival in 1996 (Rs.5,966 crore) and 1997 (Rs.4,652 crore) but the market collapsed yet again in 1998 with zero offerings.

Substantially courtesy the TMT sector, supported by a buoyant NASDAQ, the market witnessed a revival in 1999 which had 6 companies raising a total of Rs.3,894 crore. The year 2000 has recorded a marginal improvement of 2 per cent over 1999 at Rs.3,966 crore.



According to PRIME, the overseas raising of Rs.3,966 crore is still quite significant compared to Rs.3,055 crore raised through public equity issues in the domestic market in 2000.

Of the 9 overseas issues in the year 2000, as many as 6 were from the I.T.sector, responsible for 71 per cent of the year's total mobilisation as per PRIME study. These included Satyam Infoway (Rs.655 crore), Wipro (626), Silverline (483), SSI (437), Aptech (337) and Rediff (284). The balance amount was mobilised by ICICI Bank (763), Tata Tea (327) and Usha Beltron (52).

Interestingly, of the 9 offerings, 5 went to the U.S. market (2 at NASDAQ and 3 at NYSE) while the balance preferred European listings. Significantly, 2 of these companies (Satyam Infoway and Rediff) are not even listed at the Indian bourses.

According to Mr. Haldea, as far as the future outlook is concerned, there are already at least 86 companies who have publicly announced their intentions of raising money overseas. In the last 3 months alone, plans have been announced by Bharati Enterprises (US\$200 million), Dr. Reddy's Laboratories (200), HCL Technologies (500), HDFC Bank, IDBI (200), I-flex (200), Indian Hotels (500), Intech (80), Learning Universe, Mascon Global (25), Paisapower, Planetasia (35), Polaris (150), Satyam Computers (310), Soffia Software (50), Sterlite Optical Technologies (200), TCS, UTV, Ways India (20) and Zenith Infotech (100),

In addition, there are several companies, according to PRIME, which had announced their plans earlier in the year but there has since been no significant development. These include Apollo Health (US\$300 million), Aztec, BPL Cellular (200), BPL Communications (200), Datanet, Indiainfoline (125), Jindal Vijayanagar (125), Mastek, Moser Baer, Morepen (200), Mphasis (100), Orient Information (100), Pentamedia Graphics (200), Ramco, Rolta (150), Saregama (70), Shanta Biotech (100) and Trigyn (50),

There are also some other earlier announced issues, as per PRIME study, which remain in hibernation, awaiting better times. These include Zee Telefilms which had announced the largest-ever offering of US\$1.5 billion. Other companies in this category include Nicholas Piramal (100), MTNL (100), Indiainfocom (150), IOC (250), Container Corporation (200) and Essar Oil (150).

Significantly, among the above lists, HCL Technologies, Satyam Computers, BPL Communications, Pentamedia Graphics, BPL Cellular, Zee Telefilms, Indiainfoline, Nicholas Piramal and Indiainfocom have even obtained Government approval for the floats.

The scenario for 2001, according to Mr. Haldea, will be dependent significantly on the state of the secondary market not only in India but also overseas. The issue of valuations will also witness revisiting. Moreover, with SEBI relaxing the rule on minimum offering, some of these companies now be tempted to use the domestic route.