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Annual Review

**GDRs/ADRs MOBILISATION FALLS BY 42 PER CENT;
MAY TAKE OFF IN 2002**

An amount of Rs. 2284 crore was mobilised by Indian corporates in the overseas equity market through GDRs/ ADRs in the recently-concluded year 2001 according to Prithvi Haldea of PRIME, the country's premier database on the Primary Capital Market. The 4 corporates who helped raise this money in 2001 were HDFC Bank (Rs. 814 crore), Satyam Computer Services (761), Dr Reddy's Laboratories (619) and Pentamedia Graphics (90).

Courtesy the dismal global scenario, the mobilisation of Rs 2284 crore marked a decline of 42 per cent compared to 2000 which had seen nine companies raise Rs. 3946 crore. These nine were ICICI Bank (763), Satyam Infoway (655), Wipro (607), Silverline Technologies (483), SSI (437), Aptech (337), Tata Tea (328), Rediff.com (284) and Usha Beltron (52).

In 1999, according to PRIME, 5 companies had made GDR/ADR issues aggregating Rs. 3778 crore, these being Infosys ICICI, Satyam Infoway, GAIL and Videsh Sanchar Nigam. **The peak raising was in 1994 at Rs.9478 crore by 40 companies.**

A major reason for the massive downward trend in 2001, according to Mr. Haldea is clearly the outcome of the crash at NASDAQ in April, 2000 which increasingly made raising of capital difficult. Slowdown in the U.S. economy and then the 9/11 event made things only worse.

It may be recalled that the success of Infosys which had listed at NASDAQ in March 1999, coupled with continued buoyancy at that stock exchange, had opened the floodgates. Over 100 companies had geared up in early 2000 to meet NASDAQ's listing requirements. The crash however, led to shelving of issue plans. As an example, Zee Telefilms which in early 2000 had announced its plan of the biggest-ever Indian overseas IPO of US\$ 1.5 billion, has still not been able to tap the market despite scaling down its issue size successively.

With the domestic primary market remaining in a state of turmoil in 2001 attention seems to be focussing back on the overseas capital markets. According to Mr. Haldea, overseas capital raising in 2002 is expected to far exceed the 2001 level. Of the 40 companies that had, in the past one year, announced plans to raise resources through an overseas listing, **at least 20 are actively pursuing their plans.** As per PRIME Database, these include Apollo Hospitals, Aurobindo Pharma, Ballarpur Industries, Birla-Tata-AT&T, BPL Communications, BSES, HCL Technologies, HDFC, Indian Hotels, L&T Information Technology, Maars Software International, Mascon Global, NALCO, Orient Information Technology, Shantha Biotech, Sterling Infotech, Sterlite Optical Technologies and Zee Telefilms. It is also reported that the software giant TCS and the telecom giant Bharti Tele-Ventures are also actively examining an overseas offering.

Of the above, Sterling Infotech, Zee Telefilms, HCL Technologies and BPL Communications already hold Government approval.

The preferred route this time, however, appears to be NYSE and LSE and not the NASDAQ which has witnessed extremely turbulent times. **Significantly, Infosys still remains the only Indian IT company listed at NASDAQ which also has a domestic listing.** The other NASDAQ-listed Indian companies are Rediff.com and Satyam Infoway, both of whom are still not listed in India. According to Mr. Haldea, competition to NASDAQ is on the increase with both NYSE and London Stock Exchange making aggressive efforts to woo Indian corporates. During 2001, no company went for listing at the NASDAQ: while 1 opted for listing at Luxembourg (Pentamedia), 3 went to the NYSE.