

## Overseas listing, issues to be easier

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**New Delhi, Feb 27** It could soon be a lot easier for Indian companies to list on overseas exchanges. In a move that would mark further liberalisation of the foreign investment regime, the government is planning to allow companies unlisted in India to list on overseas stock exchanges.

Under existing rules, a company needs to be listed on a domestic exchange before being allowed to list overseas. The proposal would be a major boon for Indian companies as they would be in a position to tap overseas markets before having to divest stakes on domestic exchanges. However, sources said the government is likely to stipulate that these companies would have to list on domestic exchanges within a stipulated time frame.

In addition, as a part of its plans to free up the flow of foreign equity into the domestic market, the government is likely to allow global depository receipts (GDRs) and American Depository Receipts (ADRs) through the automatic route. This would mean that such issues could be floated without the government's prior permission. Companies would simply have to inform RBI once the issue is concluded.

Up until now, only sponsored ADRs/GDRs were allowed through the automatic route, on the condition that RBI is informed once the proceeds of the issue were ploughed back into the company. The relaxation means that companies would not need FIPB approval for ADRs/ GDRs. Instead, they could go ahead with such offers after informing RBI about their respective proposals.

"Most of the routes to tap overseas investors have been freed up. In addition, in most sectors, investing in domestic companies is through the automatic route, too. The government wants to open up the domestic market further to overseas investors," said a senior government official.

According sources, the relaxations are to be brought about soon after the presentation of Budget 2008-09. In 2005, the government had restricted fresh issues under the ADR/GDR route to only domestically listed companies. Unlisted companies were barred. The government feels that existing rules relating to depository receipts are cumbersome. The finance ministry also set up a committee in June 2007 to review ADR/GDR norms.