

India's Infosys set to launch ADRs.By **Chaitanya Kalbag**

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English

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NEW DELHI, Dec 3 (Reuters) - Software firm Infosys Technologies Ltd is poised to become the first Indian firm to raise new capital through American Depositary Receipts (ADRs), chairman and managing director N.R. Narayana Murthy said on Wednesday.

The blue-chip Infosys announced on Tuesday that it plans to issue ADRs worth up to \$75 million.

"We are not certain exactly when we will issue the ADRs," Murthy told Reuters in a telephone interview from his company's headquarters in the southern city of Bangalore.

"The reason why we've said we'll do it during calendar 1998 is because there are so many uncertainties. As far as Infosys is concerned, it is fully prepared.

"But I have no way of knowing how much time the government of India will take...Given the fact that there is some political uncertainty, I'm not sure about the deadline, but our hope is that it should happen in the first quarter (of 1998)."

Murthy said Infosys's ADRs would be the first level-three issue by an Indian firm.

A level-one ADR trades over-the-counter and raises the profile of the underlying shares, but does not raise any capital for the issuer. A level-two ADR is listed on a U.S. exchange, and a level-three ADR raises new capital.

"Level-three is the same as a U.S. company. We will be treated exactly like a U.S. company," Murthy said, noting that Infosys already followed U.S. corporate accounting principles.

India's BPL Cellular Holdings Ltd completed a \$100 million ADR issue last May, but Murthy noted it was a level-one ADR that was a private placement.

An Infosys board meeting on Tuesday also decided to create an employee stock option plan (ESOP) pool of up to \$50 million in additional ADRs.

"We're also looking at getting permission for (another) \$50 million worth of ADRs for acquiring a software business in the U.S.," Murthy said.

Infosys, which was set up by Murthy and six other software professionals in 1981, is a favourite with investors and foreign institutional investors (FIIs) regularly hit a ceiling of 30 percent in the company's stock imposed by India's central bank.

For the year to March 31, 1997 Infosys declared net profit of 369.8 million rupees (\$9.42 million), up from 210.1 million a year earlier. It also declared a one-for-one bonus share issue.

Murthy said a decision on which U.S. exchange to list Infosys stocks on would depend on when government permission came in.

"The primary motivation for listing on a U.S. stock exchange is not to raise money," he said.

"It is to create better brand equity for Infosys, a better level of comfort with our customers; and to create an employee stock option plan whereby we can attract the best and the brightest in the U.S. and in Europe."

Murthy said the size of the initial ADR issue could be less than \$75 million.

"We have all along said 'up to \$75 million' because right now because of the (rupee's) devaluation we may reduce that. It could be \$50 million," he said. The rupee has declined about nine percent against the U.S. dollar since mid-August.



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Reuters News
English
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NEW DELHI, Nov 29 (Reuters) - India woke up on Saturday to a home-grown government and a political crisis that was deepened after Prime Minister Indira Kumar Gujral's resignation.

News stories were critical about what by all accounts and on banner headlines was "Experiment Coalition: Abort, India here to stay".



But it was certain to bring widespread relief because what had to happen has finally happened," said an editorial.

At an opposition group, the Hindu nationalist Bharatiya Janata Party (BJP) met its allies to gauge if it was ready to make a claim to form a new administration. But it quickly made clear it was not in a hurry.

"We should await the president's call rather than take any decision now," BJP president Lal Krishna Advani told reporters.

Two weeks of parliament ended late on Friday when Gujral told President K. R. Narayanan: "Assigned high priority to the national interest I have come to the conclusion that I should submit my resignation to you."

The Congress party, which withdrew its pivotal support for Gujral's United Front coalition because it had failed to elect one of its 15 members, was quick to tell Narayanan: "We are sure, given a chance, we would be able to prove our majority" in parliament. But the odds were stacked against that happening.

Neither Congress, with 139 deputies, nor the BJP, with 154, can win a vote of confidence without support from other groups in the 545-seat Lok Sabha, or lower house of parliament.

Advani said President Narayanan would meet all political parties before deciding what to do next. Under India's constitution Narayanan can either invite the BJP or Congress to prove a majority in parliament, or call fresh elections.

Experts say India can ill afford a second national poll in 18 months, but some experts believe the present hung parliament cannot produce any stable government.

"Whether the 34-state puts sectional interests like caste, community and region above nation, a fractured verdict is inevitable," The Pioneer wrote. "And if the verdict is as fractured as it was in 1996, India is hopelessly debilitated."

Early the pulled out of its alliance with the United Front over the Orissa minister Karabesan (KRC), which rules the southern state of Tamil Nadu, and has been named in a preliminary report on former premier Rajiv Gandhi's 1991 assassination.

The ministry accused KRC of "being a supporter" for Sri Lanka's Tamil Tiger guerrillas, who are blamed by Indian authorities for the assassination.

Analysts said Congress was clearly trying to "cash in" on the emotional aspect of the Gandhi assassination to try to return to power after it suffered a humiliating defeat in 1996 elections.

"A party that has crumbled just last year now wants to regain power through sheer blackmail," wrote Indian Express editor Shekhar Gupta.

But Gandhi's widow, who is wooed by Congress's leaders, has given no indication she will join her husband's made-a-fresh-elections are called, but her every move is being closely watched.

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