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COMPARATIVE YIELD ANALYSIS OF EQUITY VERSUS GDR

By

N.ANITHA

Reg No: 0820400001

Of

DEPARTMENT OF MANAGEMENT STUDIES

KCT BUSINESS SCHOOL

Kumaraguru College of Technology

Coimbatore.

A PROJECT REPORT

Submitted to the

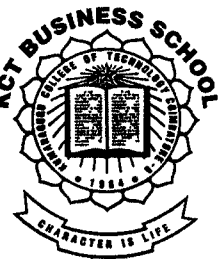
DEPARTMENT OF MANAGEMENT STUDIES

In partial fulfilment of the requirements

for the award of the degree of

MASTER OF BUSINESS ADMINISTRATION

JUNE – 2010



KCT BUSINESS SCHOOL
DEPARTMENT OF MANAGEMENT STUDIES
KUMARAGURU COLLEGE OF TECHNOLOGY
COIMBATORE.

BONAFIDE CERTIFICATE

Certified that this project entitled “**COMPARATIVE YIELD ANALYSIS OF EQUITY VERSUS GDR**” is the bonafide work of **Ms.N.ANITHA (Reg No: 0820400001)**, who carried out this research under my supervision. Certified further, that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

R.

prof. K. AYYASAMY

PROJECT GUIDE

Dr. S. V. DEVANATHAN

DIRECTOR

Evaluated and Viva-Voce held on.....*14.06.10*.....



53/1, 5th cross, 6th block koramangala, Bangalore-560095,

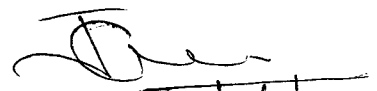
DATE: 11/06/2010

TO WHOMSOEVER IT MAY CONCERN

This is to certify that Ms .N. ANITHA (0820400001) a student of KCT Business School, (a Group of Kumaraguru College of Technology, Coimbatore) has undergone three months project and training from 10th March, 2010 to 10th June, 2010. During her project work she exhibited high level of discipline and was sincere at her work.

We wish her success for her future.

Mananger


11/06/10
HRD department

Declaration

DECLARATION

I, hereby declare that this project report entitled as “**COMPARATIVE YIELD ANALYSIS OF EQUITY VERSUS GDR**” has undertaken for academic purpose submitted to Anna University in partial fulfilment of requirement for the award of the degree of Master of Business Administration. The Project report is the record of the original work done by me under the guidance of **Prof.K.Ayyasamy** during the academic year 2010.

I, also declare hereby, that the information given in this report is correct to the best of my knowledge and belief.

Place: COIMBATORE

Date: 14.06.10


(N.ANITHA)

Acknowledgement

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Introduction

CHAPTER 1

1. INTRODUCTION

1.1 BACKGROUND OF THE STUDY

a. DEFINITION

Global Depository Receipt (GDR) - certificate issued by an international bank, which can be subject of worldwide circulation on capital markets. GDR's are emitted by banks, which purchase shares of foreign companies and deposit it on the accounts. Global Depository Receipt facilitates trade of shares, especially those from emerging markets. Prices of GDR's are often close to values of related shares

b. TYPES OF DEPOSITORY RECEIPTS

When the depository bank is in the USA, the instruments are known as American Depository Receipts (ADR).

European banks issue European depository receipts, and other banks issue global depository receipts (GDR).

c. BASICS OF ADR/GDR MARKET

- Negotiable instrument that represent ownership in non-us companies.
- US investors can invest in non us entity without concern for complex and expensive cross border transactions.
- ADRs are quoted and traded in us \$. dividends are also paid in us \$. ADRs do carry foreign currency risk.

ADRs and GDRs are an excellent means of investment for NRIs and foreign nationals wanting to invest in India. By buying these, they can invest directly in Indian companies without going through the hassle of understanding the rules and working of the Indian financial market – since ADRs and GDRs are traded like any other stock, NRIs and foreigners can buy these using their regular equity trading accounts

PROCESS- Issue of shares by Indian companies under ADR / GDR

The company deposits a large number of its shares with a bank located in the country where it wants to list indirectly. The bank issues receipts against these shares, each receipt having a fixed number of shares as an underlying (Usually 2 or 4).

These receipts are then sold to the people of this foreign country (and anyone who is allowed to buy shares in that country). These receipts are listed on the stock exchanges. They behave exactly like regular stocks – their prices fluctuate depending on their demand and supply, and depending on the fundamentals of the underlying company.

These receipts, which are traded like ordinary stocks, are called Depository Receipts. Each receipt amounts to a claim on the predefined number of shares of that company. The issuing bank acts as a depository for these shares – that is, it stores the shares on behalf of the receipt holders.

The Indian company issuing ADRs / GDRs has to furnish to the Reserve Bank, full details of such issue, within 30 days from the date of closing of the issue.

1.2 REVIEW OF LITERATURE

¹This study provides evidence that the initial three year holding period returns of NASDAQ-listed ADRs are mostly affected by stock market timing and the change in value of the U.S. prime interest rate, according to regression results. Stock market timing effects occur when the ADR portfolio excess returns differ as the U.S. stock market index value expands and corrects. Because NASDAQ-listed ADRs perform better, on average, during a U.S. bear market, true international diversification benefits are provided to U.S. investors who include ADRs in their portfolios. Changing prime interest rates in the U.S. also cause small firm ADR portfolios to perform better relative to the NASDAQ.

The three-year excess holding period return characteristics of NASDAQ-listed ADRs, relative to the NASDAQ index, also provide interesting information for investors. Those ADRs trading through the U.S. bull market underperformed those trading through the bear market by nearly 69%, on average. Developed market ADRs had roughly the same return as the NASDAQ index while emerging market ADRs underperformed the index, on average, by over 16%. Finally, European ADRs outperformed the NASDAQ index by nearly 10% while those firms headquartered in Asia Pacific and other regions underperformed the index by 24% and 33%, respectively.

All in all, the results of this study provide new evidence and understanding of how the performance of small firm ADRs has added diversification benefits to domestic stock portfolios. However, these results are not exhaustive, as the study clearly shows a market timing effect exists and the sample period is finite. The main weakness of this study is the lack of explanatory variables for the developed and European samples of small firm ADR performance relative to the NASDAQ index. Perhaps these equities are so similar to U.S. equities that traditional variables normally deemed to affect performance do not.

²This study concludes that simultaneous Equity Offering in Indian & International Markets is for both investors and company. Issuer Company

¹ MARK SCHUB, NASDAQ-Listed American Depository Receipts:What Determines Long-Term Performance?,2007, Volume 5,P 98-104

² CFO WORLD. Discussion Material on resource Mobilization from International Equity

- ✓ Access to both markets at same time
- ✓ Enlarged investor base
- ✓ Enhanced stability, liquidity and improved valuation Investors
- ✓ Larger market size and liquidity
- ✓ Increase the transparency of financial & operational information reported What limits us today – Key Factors
- ✓ Uniform prospectus disclosure requirements
- ✓ Settlement time for listing and trading the securities in the two markets to be uniform
- ✓ Price range to be provided instead of the floor price
- ✓ Flow back of shares to be permitted from the domestic to the global offering
- ✓ Greenshoe option for underwriters to be allowed in the offerings

³This study investigates the short-term and long-term performance of NYSE-listed American depository receipts (ADRs) from the telecom industry. Early performance results suggest the entire sample of 63 ADRs underperforms the S&P500 on the first day of trading but outperforms the market in the first month. In the long run, seasoned equity offerings (SEOs) outperform the S&P500 index by nearly 32 per cent by the end of the third year of trading, whereas initial public offerings (IPOs) underperform by nearly 9 per cent in the long run. Finally, these telecom ADR holding period returns are affected by the date of issue, the region of issue, the type of issue and the return of the market index as determined by regression results.

³Adapted from: "Market effects of international listings: the case of the New York Stock Exchange,"

⁴This study presents a link between the growing literature emphasizing the importance of macro institutions and the vast microstructure literature on the determinants of trading costs. Prior studies on the determinants of trading costs have focused either on firm-level characteristics or on stock market structure. We contribute to this literature by documenting that macro institutions also significantly affect the cost of liquidity in equity markets. Specifically, after controlling for firm-level determinants of liquidity, we find that trading costs are lower for stocks from countries with better ratings for judicial efficiency, accounting standards, and political stability. Consistent with the law and finance literature, we find that the trading costs are significantly higher for stocks from French civil law countries than from common law countries. We thus present a newbenchmark model for trading cost analysis in the international context.

⁵Duration is an important and well-established risk characteristic for fixed income securities. We use recent developments in financial statement analysis research to construct a measure of duration for equity securities. We find that the standard empirical predictions and results for fixed income securities extend to equity securities. We show that stock price volatility and stock beta are both positively correlated with equity duration. Moreover, estimates of common shocks to expected equity returns extracted using our measure of equity duration capture a strong common factor in stock returns. Additional analysis shows that the book-to-market ratio provides a crude measure of equity duration and that our more refined measure of equity duration subsumes the Fama and French (1993) book-to-market factor in stock returns. Our research shows how structured financial statement analysis can be used to construct superior measures of equity security risk.

⁴ Venkat R. Eleswarapu, Kumar Venkataraman, The Impact of Legal and Political Institutions on Equity Trading Costs: A Cross-Country Analysis

⁶The article identifies the key variables which affects the initial three-year holding period returns of foreign equities traded as American Depository Receipts on the New York Stock Exchange by utilizing cross-sectional regression analysis. It suggests that U.S. market index movements and foreign exchange rates are the main determinants of the initial three-year holding period returns for 285 American Depository Receipts listed from January 1990 through December 2002. It showed that U.S. interest rate movements and type of American Depository Receipts issue provide little explanatory power for American Depository Receipts returns overall.

⁶Schaub, Mark McManis, Bruce L, DETERMINANTS OF THE LONG TERM EXCESS PERFORMANCE OF AMERICAN

1.3 OBJECTIVES

PRIMARY OBJECTIVE

- ✓ Comparing the profits of equity versus GDR for select companies

SECONDARY OBJECTIVES

- ✓ To study the influence of dollar price on equity share price
- ✓ To analyze the Influence of company results on yield.

1.4 STATEMENT OF THE PROBLEM

Nowadays people are highly interested in investing in share market and the technology has also given them all facilities to invest in the markets all over the world. This study is comparing the profits from GDR (global depository receipts) and equity share and also to analyse the influence of equity over GDR.

1.5 SCOPE OF STUDY

ADRs and GDRs are an excellent means of investment for NRIs and foreign nationals wanting to invest in India. By buying these, they can invest directly in Indian companies without going through the hassle of understanding the rules and working of the Indian financial market – since ADRs and GDRs are traded like any other stock, NRIs and foreigners can buy these using their regular equity trading accounts

1.6 RESEARCH METHODOLOGY

a. TYPE OF STUDY:

The type of study chosen is analytical study, since the secondary data was collected and analysed for the study

b. SOURCE OF DATA COLLECTION:

Secondary data was collected for the study

c. PERIOD OF STUDY

January 2008 to October 2008, this is the period when the BSE index has historically highest index and October month had the lowest index of the same year

d. POPULATION

76 Indian companies which issued GDR.

e. SAMPLE

Top 13 companies which had issued high volume of shares.

f. TOOLS USED

The data collected were analysed using the following tools namely

- Correlation
- Regression analysis

1.7 LIMITATIONS OF THE STUDY

1. Due to limited time factor, an in-depth study could not be made.
2. This study has been conducted within a stipulated period.



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*Organization
Profile*

CHAPTER 2

2.COMPANY PROFILE

ORGANIZATION PROFILE

Details	Geojit BNP Paribas Financial Services Ltd.
Type	Public
Industry	Finance
Founded	1987
Headquarters	Kochi, Kerala, India
Products	Equities, Derivatives, Currency Futures, Internet Trading, Portfolio Management Services, Custody Accounts, Mutual Funds, IPOs, Life Insurance, Margin Funding , Loans against shares,Loans against commodity receipts
Revenue	Rs.237.75 crores
Net income	Rs.38.70 crores
Employees	over 3000
Website	www.geojitbnpparibas.com

ABOUT GEOJIT BNP PARIBAS

1. 22 years of history in Indian Capital Market Geojit BNP Paribas has 22 years of in-depth broking experience in the Indian Capital Market. More than 495,000 clients and over Rs 9,900 crores (as of 30th Sep.'09) in Assets Under Management reflect the trust reposed in our expertise.

2. Pioneer in Online Trading in Feb. 2000 In the year 2000, Geojit BNP Paribas pioneered the simple concept of providing individuals with the facility to trade online. This revolution has given the company the first mover advantage in online trading. As a creative innovator, Geojit BNP Paribas uses advanced technology in online trading to meet client requirements such as customized online trading platforms and many other services.

3. Strong Shareholders Geojit BNP Paribas is backed by strong shareholders In 2007, global banking major BNP Paribas joined the company's other major shareholders - Mr. C.J.George, KSIDC (Kerala State Industrial Development Corporation) and Mr.Rakesh Jhunjunwala – when it took a stake to become the single largest shareholder.

4. Wide range of products Geojit BNP Paribas offers a wide range of trading and investment products and solutions. Certified financial advisors help clients to arrive at the right financial solution to meet their individual needs. The wide range on offer includes - Equities | Derivatives | Currency Futures | Custody Accounts | Mutual Funds | Life Insurance & General Insurance | IPOs | Portfolio Management Services | Property Services | Margin Funding | Loans against Shares

5. Attractive brokerage slabs We provide value for money! To start with, we offer low online brokerage charges which further decrease automatically, as and when, your volumes increase. 0.03 to 0.01 for intra-day trades

0.30 to 0.10 for delivery trades

Rs 75 to Rs 30 for F&O

6. Learn the craft you too can develop your trading skills by availing of the effective guidance by our research department. We offer-
 - Daily mails delivered to our client's mailbox on market conditions and recommendation
 - Technical analysis of BSE 200 Index scrip's
 - Free monthly investment magazine
 - Services of professionally qualified executives at 500 offices across India.
 - Our strong research ideas have been instrumental in converting our clients into successful traders .
7. Multichannel service-Internet, Phone,Branch trading Trade the way that you want to by selecting from multiple channel options- Internet, Phone or Branch.
8. First mover advantage Geojit BNP Paribas through its first mover advantage in different areas has been the first to serve investors with its innovative offerings.
 - 1st to launch internet trading in the year 2000.
 - 1st to launch integrated internet trading system for cash and derivative segments in the year 2002.
 - 1st Indian stock broking company to commence domestic retail broking operations in any foreign country.
 - 1st in the industry to have a global player offering its name thereby creating Geojit BNP Paribas.
 - 1st to launch exclusive branches for women in 2005.
9. Our deep reach We have a pan-India network of over 500 offices with industry certified executives and a dedicated Call Centre to provide you quality services.
10. Wide range of fund options Geojit BNP Paribas gives you the option to choose from the 700 plus Mutual Fund schemes offered by over 35 Asset Management companies such as SBI Mutual Fund, Reliance Mutual Fund, Franklin Templeton India Mutual Fund, Tata Mutual Fund, Sundaram BNP Paribas Mutual Fund, Fidelity Mutual Fund, and HDFC Mutual Fund.

A leading retail financial services player

Geojit BNP Paribas today is a leading retail financial services company in India with a growing presence in the Middle East. The company rides on its rich experience in the capital market to offer its clients a wide portfolio of savings and investment solutions. The gamut of value-added products and services offered ranges from equities and derivatives to Mutual Funds, Life & General Insurance and third party Fixed Deposits. The needs of over 495,000 clients are met via multichannel services - a countrywide network of over 500 offices, phone service, dedicated Customer Care centre and the Internet.

Geojit BNP Paribas has membership in, and is listed on, the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). In 2007, global banking major BNP Paribas joined the company's other major shareholders - Mr. C.J.George, KSIDC (Kerala State Industrial Development Corporation) and Mr.Rakesh Jhunjhunwala – when it took a stake to become the single largest shareholder.

Strategic joint ventures and business partnerships in the Middle East has provided the company access to the large Non-Resident Indian(NRI) population in the region. Now, as a part of the BNP Paribas global network, Geojit BNP Paribas is well positioned to further expand its reach to NRIs in 85 countries. Barjeel Geojit Securities is the jointventure with the Al Saud group in the United Arab Emirates that is headquartered in Dubai with branches in Abu Dhabi, Ras Al Khaimah, Sharjah and Muscat. Aloula Geojit Brokerage Company headquartered in Riyadh is the other joint venture with the Al Johar group in Saudi Arabia. The company also has a business partnership with the Bank of Bahrain and Kuwait, one of the largest retail banks in Bahrain and Kuwait.

At the forefront of the many fruitful associations between Geojit BNP Paribas and BNP Paribas is their joint venture, namely, BNP Paribas Securities India Private Limited. This JV was created exclusively for domestic and foreign institutional clients. An industry first was achieved when Geojit BNP Paribas became the first broker in India to offer full Direct Market Access(DMA) on NSE to the JV's institutional clients.

A strong brand identity and extensive industry knowledge coupled with BNP

Expanding range of online products and services

Geojit BNP Paribas has proven expertise in providing online services. In the year 2000, the company was the first stock broker in the country to offer Internet Trading. This was followed by integrating the first Bank Payment Gateway in the country for Internet Trading, and many other industry firsts. Riding on this experience, and harnessing BNP Paribas Personal Investors' expertise as the leading online broker in Europe, is helping the company to rapidly expand its business in this segment. Presently, clients can trade online in equities, derivatives, currency futures, mutual funds and IPOs, and select from multiple bank payment gateways for online transfer of funds. Strategic B2B agreements with Axis Bank and Federal Bank enables the respective bank's clients to open integrated 3-in-1 accounts to seamlessly trade via a sophisticated Online Trading platform.

Further, deployment of BNP Paribas' state-of-the-art globally accepted systems and processes is already scaling up the sales of Mutual Funds and Insurance. Wide range of products and services Certified financial advisors help clients to arrive at the right financial solution to meet their individual needs. The wide range of products and services on offer includes -
Equities | Derivatives | Currency Futures | Custody Accounts | Mutual Funds | Life Insurance & General Insurance | IPOs | Portfolio Management Services | Property Services | Margin Funding | Loans against Shares

A growing footprint

With a presence in almost all the major states of India, the network of over 500 offices across 300 cities and towns presently covers Andhra Pradesh, Bihar, Chattisgarh, Goa, Gujarat, Haryana, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, New Delhi, Orissa, Punjab, Rajasthan, Tamil Nadu & Pondicherry, Uttar Pradesh, Uttaranchal and West Bengal.

Evolution of the company

It all started in the year 1987 when Mr. C.J. George and Mr. Ranajit Kanjilal founded Geojit as a partnership firm. In 1993, Mr. Ranajit Kanjilal retired from the firm and Geojit became the proprietary concern of Mr. C .J. George. In 1994, it became a Public Limited Company named Geojit Securities Ltd. The Kerala State Industrial Development Corporation Ltd. (KSIDC), in 1995, became a co-promoter of Geojit by acquiring a 24 percent stake in the company, the only instance in India of a government entity participating in the equity of a stock broking company. The year 1995 also saw Geojit being listed on the leading regional stock exchanges. Geojit listed at The Stock Exchange, Mumbai (BSE) in the year 2000. Company's wholly owned subsidiary, Geojit Commodities Limited, launched Online Futures Trading in agri-commodities, precious metals and energy futures on multiple commodity exchanges in 2003. This was also the year when the company was renamed as Geojit Financial Services Ltd. (GFSL). The Board consists of professional directors; including a Kerala Government nominee. With effect from July 2005, the company is also listed at The National Stock Exchange (NSE). Company is a charter member of the Financial Planning Standards Board of India and is one of the largest Depository Participant(DP) brokers in the country.

On 31st December 2007, the company closed its commodities business and surrendered its membership in the various commodity exchanges held by Geojit Commodities Ltd. Global banking major BNP Paribas took a stake in the year 2007 to become the single largest shareholder. Consequently, Geojit Financial Services Limited has been renamed as Geojit BNP Paribas Financial Services Ltd.

MILESTONES OF THE COMPANY

Product innovation backed by a high level of domain specific knowledge and state-of-the-art technology has helped Geojit BNP Paribas set many milestones including numerous industry firsts.

1986

- Membership in Cochin Stock Exchange (CSE).

1994

- Becomes a Public Limited Company named Geojit Securities Ltd.

1995

- Kerala State Industrial Development Corporation Ltd.(KSIDC) acquires 24 percent equity stake.
- Membership in National Stock Exchange (NSE).
- Public Issue

1996

- Launch of Portfolio Management Services with SEBI registration.

1997

- Depository Participant (DP) under National Securities Depository Limited.

1999

- Membership in Bombay Stock Exchange (BSE).

2000

- BSE Listing.
- 1st broking firm in India to offer online trading facility.
- Commences Derivative Trading with NSE.
- Integrates the 1st Bank Payment Gateway in the country for Internet Trading.

2001

- Becomes India's first DP to launch depository transactions through Internet.
- Establishes Joint Venture in the UAE to serve NRI customers.

2002

- 1st in India to launch an integrated internet trading system for Cash & Derivatives segments.

2003

- Geojit Commodities Limited, wholly owned subsidiary, launched Online Futures Trading in agri-commodities, precious metals and in energy futures on multiple commodity exchanges.
- National launch of online futures trading in Rubber, Pepper, Gold, Wheat and Rice.
- Company renamed as Geojit Financial Services Ltd.

2004

- National launch of online futures trading in Cardamom.

2005

- NSE Listing.
- Geojit Credits, a subsidiary, registers with RBI as a Non-Banking Financial Company (NBFC).
- National launch of online futures trading in Coffee.

2006

- Charter member of the Financial Planning Standards Board of India.

2007

- BNP Paribas takes a stake in the company's equity, making it the single largest shareholder.
- Establishes Joint Venture in Saudi Arabia to serve the Saudi national and the NRI.

2008

- BNP Paribas Securities India (P) Ltd. – a Joint Venture with BNP Paribas S.A. for Institutional Brokerage.
- 1st brokerage to offer full Direct Market Access execution in India for institutional clients.

2009

- Launch of Property Services division.
- Launch of online trading in Currency Derivatives.
- Consequent to BNP Paribas becoming the largest stakeholder in Geojit Financial Services, company is renamed as Geojit BNP Paribas Financial

Geojit Financial Services was founded as a partnership firm by C J George and Ranajit Kanjilal in 1987. Later in 1993 Ranajit Kanjilal retired from the firm. In 1995 Kerala State Industrial Development Corporation acquired 24% stake in the company, becoming the only instance in India of a government entity participating in the equity of a stock broking company.

Geojit is a charter member of the Financial Planning Standards Board of India and is one of the largest DP brokers in the country.

It has entered into a joint venture to form Barjeel Geojit Securities LLC, Dubai in order to cater financial services in gulf countries.

Geojit provides quality services in equity trading through its network of over 450 branches in India, Muscat, Dubai, Sharjah, Kuwait, Bahrain, Abu Dhabi and Ras Al Khaimah.

It has various subsidiary namely Geojit Commodities engaged in commodity trading, Geojit Credits is a Non Banking Financial Company, Geojit Technologies is into software development and services and Geojit Financial Distribution is engaged in insurance referrals and Geojit Financial Management.

Products and services

The company offers wide range of investments options in equity, futures and options, IPOs and mutual funds. The company offers clients daily SMS alerts, market pointers, periodical research reports, stock recommendations and customer meets organized frequently.

It also has online services named Classroom for new investors providing basic information about all investment avenues.

*Analysis and
Interpretations*

CHAPTER 3

3. DATA ANALYSIS AND INTERPRETATION

3.1 AXIS BANK LTD

TABLE 3.1.1

Correlation between equity and GDR in terms of in Indian rupees

MONTH	CORRELATION
January	0.86
February	0.68
march	0.89
April	0.95
may	0.82
June	0.84
July	0.81
August	0.46
September	0.13
October	0.35

INTERPRETATION:

From the above table the researcher found that the equity share in the Indian market versus the GDR in the world market for Axis bank ltd. is maximum at 0.95 for the month of April '08 and for the same share the price is minimum at 0.13 in the month of September '08 and for the other months the correlation coefficient varies between 0.38-0.88

Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.95

Table 3.1.2

Regression equation for equity and GDR in terms of Indian rupee

The regression line: $GDR\ price = 10.82 + 0.65 \text{ Indian equity price}$

MONTH	CONSTANT	COEFFICIENT
January	-51.70	0.71
February	163.32	0.52
march	-219.04	0.91
April	22.99	0.59
may	93.61	0.54
June	78.49	0.53
July	32.97	0.57
August	221.72	0.34
September	410.55	0.10
October	351.62	0.17

INTERPRETATION:

The Indian price has got a moderate effect on the prices of GDR because the beta value of the above equation is 0.6 for the period from January '08 to October'08.

Table 3.1.3

Monthly returns for equity in terms of rupee and GDR in terms of dollar

MONTH	EQUITY (Rs)	GDR (\$)
January	13.35	9.59
February	-11.81	-11.93
march	-21.89	-23.78
April	20.95	23.29
may	-16.31	-17.70
June	-23.94	-25.87
July	9.89	20.31
August	10.60	8.28
September	0.069	-9.73
October	-27.01	-12.21

INTERPRETATION:

From the above table the researcher found the monthly returns for both equity shares in terms of Indian rupee and GDR in terms of dollar is high in the month of January, April, July, and august for the period January-October '08.

Average returns for 8 months of equity shares in rupees is-4.61

Average returns for 8 months of GDR in dollars is-3.97

INFERENCE:

From the equation, $GDR\ price = 10.82 + 0.65 \text{ Indian equity price}$ it can be inferred that the equity price in India has a moderate influence (because regression coefficient is 0.65). Even though the share had a negative return in price due to global recession, the loss in GDR is less when compared to the loss in Indian rupee. Further the US dollar has appreciated during the 8 months by 18%, so, overall loss will be much less when compared to the Indian market.

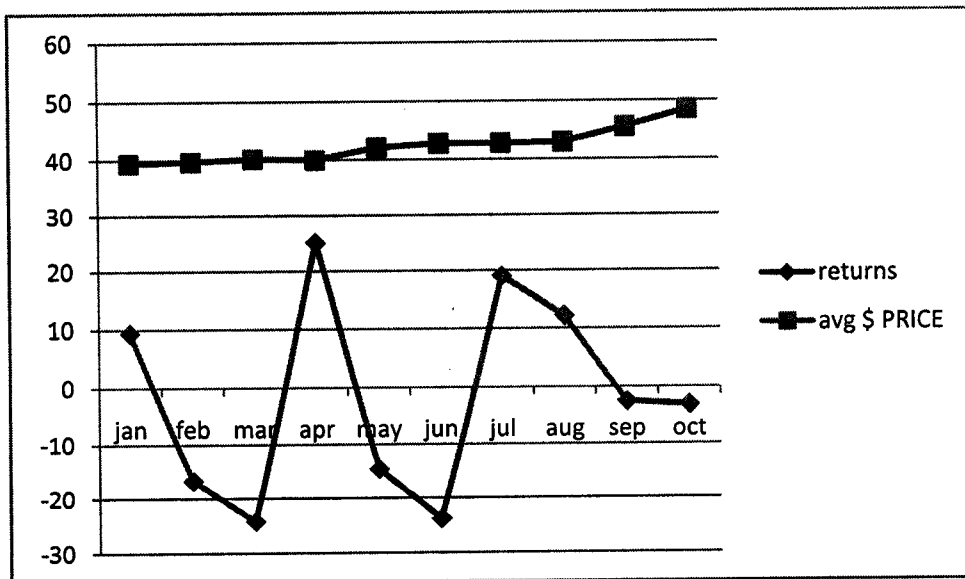
Table 3.1.4

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate

MONTH	GDR RETURNS	AVERAGE \$ PRICE
January	9.32	39.41
February	-16.67	39.67
march	-24.28	40.18
April	25.09	39.96
may	-14.59	42.10
June	-23.83	42.76
July	19.04	42.78
August	12.11	42.93
September	-2.60	45.54
October	-3.18	48.45

Chart 3.1.1

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate



INTERPRETATION:

From the above graph the researcher found that, the investors who invested in GDR in the month of January, April and July received better returns during January to October '08. The

3.2 GAIL INDIA LTD

Table 3.2.1

Correlation between equity and GDR in terms of Indian rupee

MONTH	CORRELETION
January	0.52
February	0.43
march	0.12
April	0.6
may	0.86
June	0.78
July	0.62
August	0.48
September	0.22
October	0.82

INTERPRETATION:

From the above table the researcher found that the equity share in the Indian market versus the GDR in the world market for Gail India ltd is maximum at 0.86 for the month of may'08 and for the same share price is minimum at 0.12 in the month of march '08 and for the other months the correlation coefficient varies between 0.78-0.22

Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.89

Table 3.2.2

Regression equation for equity and GDR in terms of Indian rupee

The regression line: $GDR\ price = 29.25 + 3.8 \text{ Indian equity price}$

MONTH	CONSTANT	COEFFICIENT
January	1103.72	1.95
February	801.30	2.03
march	1372.62	0.39
April	157.63	3.29
may	-105.80	4.09
June	345.97	2.86
July	362.60	2.58
August	332.30	3.09
September	1112.10	1.38
October	370.59	2.72

INTERPRETATION:

The Indian price has got a high effect on the prices of GDR because the beta value of the above equation is 3.8 for the period from January '08 to October'08.

Table 3.2.3

**Monthly returns for equity in terms of rupee
And GDR in terms of dollar**

MONTH	EQUITY (RS)	GDR (\$)
January	-24.05	-20.4
February	0.14	-7.54
march	3.06	0.15
April	2.58	9.46
may	-10.66	-17.91
June	-16.74	-13.18
July	12.68	11.94
August	6.67	6.17
September	3.56	2.04
October	-47.84	-47.23

INTERPRETATION:

From the above table the researcher found the monthly returns for both equity shares in terms of Indian rupee and GDR in terms of dollar is high in the month of April, July, and August for the period January-October '08.

Average returns for 8 months of equity shares in rupees is -7.06

Average returns for 8 months of GDR in dollars is -7.65

INFERENCE:

From the equation, $GDR\ price = 29.25 + 3.8 \text{ Indian equity price}$ it can be inferred that the equity price in India has a high influence (because regression coefficient is 3.8). The share had a negative return in price due to global recession. US dollar has appreciated during the 8 months by 18%.

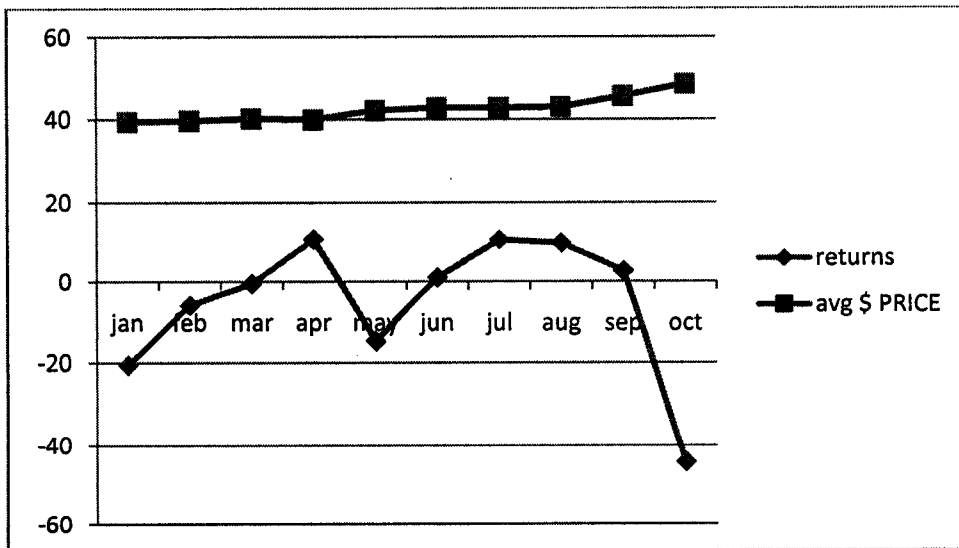
Table 3.2.4

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate

MONTH	GDR RETURNS	AVERAGE \$ PRICE
January	-20.60	39.41
February	-6.00	39.67
march	-0.50	40.18
April	10.83	39.96
may	-14.82	42.10
June	1.075	42.76
July	10.75	42.78
August	9.92	42.93
September	2.73	45.54
October	-44.12	48.45

Chart 3.2.1

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate



INTERPRETATION:

From the above graph the researcher found that, the investors who invested in GDR in the month of April, August and July received better returns during January to October '08. The returns high in the month of April due to the release of quarterly results.

3.3 GRASIM INDUSTRIES LTD

Table 3.3.1

Correlation between equity and GDR in terms of Indian rupee

MONTH	CORRELATION
January	0.88
February	0.56
march	0.79
April	-0.35
may	0.75
June	0.87
July	0.43
August	0.28
September	0.56

INTERPRETATION:

From the above table the researcher found that the equity share in the Indian market versus the GDR in the world market for Grasim industries ltd is maximum at 0.88 for the month of January '08 and for the same share the price is minimum at 0.28 in the month of August '08 and for the other months the correlation coefficient varies between 0.43-0.87

Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.97

Table 3.3.2

Regression equation for equity and GDR in terms of Indian rupee

The regression line: $GDR\ price = -68.16 + 0.69 \text{ Indian equity price}$

MONTH	CONSTANT	COEFFICIENT
January	156.67	0.64
February	938.37	0.35
march	-713.18	0.91
April	1917.18	-0.11
may	-64.49	0.68
June	626.60	0.36
July	97.40	0.58
August	588.13	0.37
September	609.09	0.38

INTERPRETATION:

The Indian price has got a moderate effect on the prices of GDR because the beta value of the above equation is 0.69 for the period from January '08 to October'08.

Table 3.3.3

Monthly returns for equity in terms of rupee and GDR in terms of dollar

month	EQUITY(Rs)	GDR(\$)
January	-18.66	-21.16
February	-2.42	-6.35
march	-10.20	-10.30
April	-7.56	0.39
may	-8.97	-13.15
June	-17.01	-14.67
July	-1.19	-2.61
August	8.85	12.79
September	-11.74	-16.71

INTERPRETATION:

From the above table the researcher found the monthly returns for both equity shares in terms of Indian rupee and GDR in terms of dollar is high only in the month of august for the period January-October '08.

Average returns for 8 months of equity shares in rupees is-7.65

Average returns for 8 months of GDR in dollars is-7.97

INFERENCE:

From the equation, $GDR\ price = -68.15 + 0.69 \text{ Indian equity price}$ it can be inferred that the equity price in India has a moderate influence (because regression coefficient is 0.69). The share had a negative return in price due to global recession. US dollar has appreciated during the 8 months by 18%.

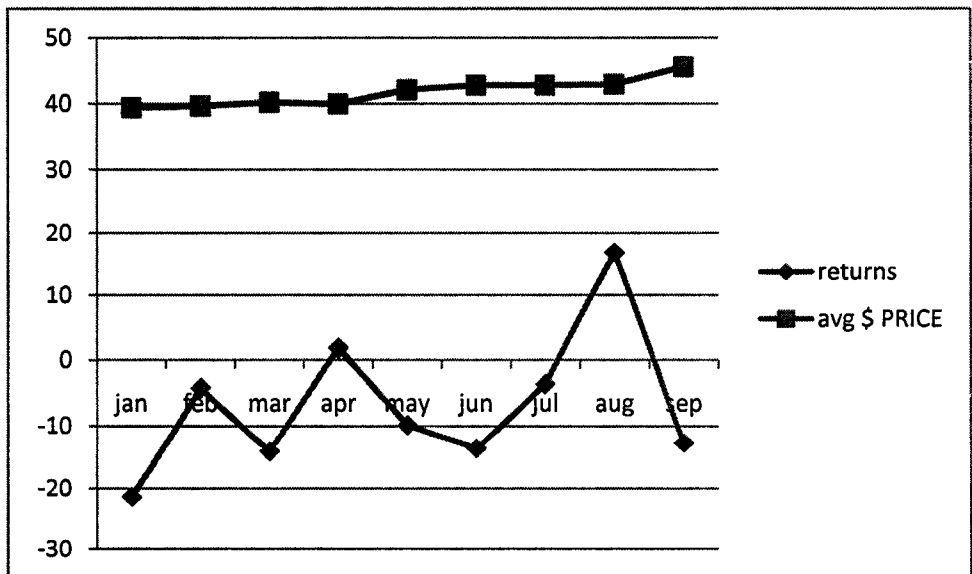
Table 3.3.4

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate

MONTH	GDR RETURNS	AVERAGE \$ PRICE
January	-21.36	39.41
February	-4.27	39.66
march	-14.05	40.18
April	1.86	39.96
may	-9.87	42.10
June	-13.60	42.76
July	-3.64	42.78
August	16.78	42.93
September	-12.73	45.54

Chart 3.3.1

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate



INTERPRETATION:

From the above graph the researcher found that, the investors who invested in GDR in the month of August received better returns during January to October '08

3.4 INFOSYS TECHNOLOGIES LTD

Table 3.4.1

Correlation between equity and GDR in terms of Indian rupee

MONTH	CORRELATION
January	0.89
February	0.55
march	0.72
April	0.96
may	0.84
June	0.87
July	0.92
August	0.68
September	0.87
January	0.68

INTERPRETATION:

From the above table the researcher found that the equity share in the Indian market versus the GDR in the world market for Infosys technologies ltd is maximum at 0.96 for the month of April '08 and for the same share the price is minimum at 0.55 in the month of February '08 and for the other months the correlation coefficient varies between 0.68-.92

Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.96

Table 3.4.2

Regression equation for equity and GDR in terms of Indian rupee

The regression line: $GDR\ price = -49.73 + 1.06 \text{ Indian equity price}$

MONTH	CONSTANT	COEFFICIENT
January	589.98	0.65
February	796.36	0.54
march	527.05	0.64
April	-109.49	1.08
may	-121.22	1.08
June	380.94	0.85
July	139.25	0.96
August	284.62	0.87
September	454.16	0.75
October	-164.78	0.96

INTERPRETATION:

The Indian price has got a high effect on the prices of GDR because the beta value of the above equation is 1.06 for the period from January '08 to October'08.

Table 3.4.3

Monthly returns for equity in terms of rupee and GDR in terms of dollar

MONTH	EQUITY(Rs)	GDR(\$)
January	-14.45	-8.73
February	2.102	-2.29
march	-6.53	-7.21
April	20.945	16.12
may	9.12	12.77
June	-11.31	-8.75
July	-9.00	-7.82
August	12.73	3.20
September	-20.59	-21.05
October	-3.042	-12.17

INTERPRETATION:

From the above table the researcher found the monthly returns for both equity shares in terms of Indian rupee and GDR in terms of dollar is high in the month of April, May, and August for the period January-October '08.

Average returns for 8 months of equity shares in rupees is -2.00

Average returns for 8 months of GDR in dollars is -3.59

INFERENCE:

From the equation, $GDR\ price = -49.73 + 1.06 \text{ Indian equity price}$ it can be inferred that the equity price in India has a high influence (because regression coefficient is 1.06). even though the share had a negative return in price due to global recession, the loss in GDR is less when compared to the loss in Indian rupee. Further the US dollar has appreciated during the 8 months by 18%, so, overall loss will be much less when compared to the Indian market.

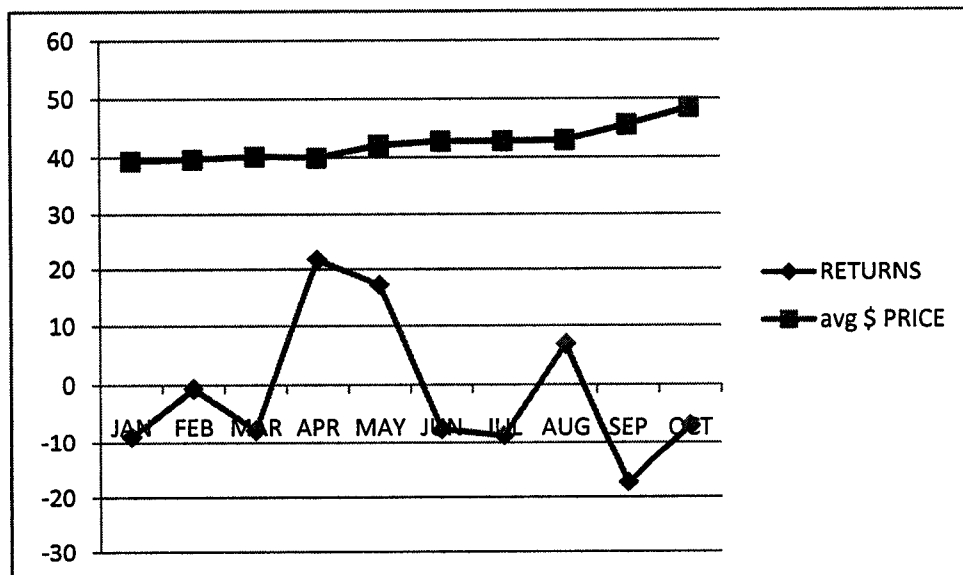
Table 3.4.4

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate

MONTH	GDR RETURNS	AVERAGE \$ PRICE
January	-8.96	39.41
February	-0.66	39.67
march	-7.81	40.19
April	21.71	39.96
may	17.13	42.10
June	-7.61	42.76
July	-8.7932	42.78
August	6.85	42.93
September	-17.28	45.54
October	-6.99	48.45

Chart 3.4.1

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate



INTERPRETATION:

From the above graph the researcher found that, the investors who invested in GDR in the month of April, August and May received better returns during January to October '08. The returns high in the month of April due to the release of quarterly results.

3.5. LARSEN AND TOUBRO LTD

Table 3.5.1

Correlation between equity and GDR in terms of Indian rupee

MONTH	CORRELATION
January	0.71
February	0.31
march	0.67
April	0.66
may	-0.45
June	0.71
July	-0.38
August	-0.75
September	-0.78
October	0.98

INTERPRETATION:

From the above table the researcher found that the equity share in the Indian market versus the GDR in the world market for Larsen & Toubro ltd is maximum at 0.98 for the month of April '08 and for the same share the price is minimum at -0.38 in the month of February '08 and for the other months the correlation coefficient varies between -0.45-0.71

Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.90

Table 3.5.2

Regression equation for equity and GDR in terms of Indian rupee

The regression line: $GDR\ price = -74.24 + 0.67 \text{ Indian equity price}$

MONTH	CONSTANT	COEFFICIENT
January	833.43	0.45
February	1650.71	0.23
march	-842.12	0.91
April	1186.95	0.19
may	3344.61	-0.47
June	-491.47	0.88
July	1827.71	-0.15
August	1890.23	-0.18
September	6143.76	-1.69
October	-238.77	0.97

INTERPRETATION:

The Indian price has got a moderate effect on the prices of GDR because the beta value of the above equation is 0.67 for the period from January '08 to October'08.

Table 3.5.3

Monthly returns for equity in terms of rupee and GDR in terms of dollar

MONTH	EQUITY(Rs)	GDR(\$)
January	-12.18	-14.83
February	-4.78	6.74
march	-13.58	-32.54
April	-1.53	1.18
may	-1.64	13.37
June	-13.45	-30.28
July	0.77	-2.85
August	0.39	0
September	-5.31	26.95
October	-35.46	-68.14

INTERPRETATION:

From the above table the researcher found the monthly returns equity shares in terms of Indian rupee is gains positive returns in the month of July and august where as GDR in terms of dollar is high in the month of February, September , and May for the period January-October '08.

Average returns for 8 months of equity shares in rupees is -8.68

Average returns for 8 months of GDR in dollars is-10.04

INFERENCE:

From the equation, $GDR\ price = -74.24 + 0.67 \text{ Indian equity price}$ it can be inferred that the equity price in India has a moderate influence (because regression coefficient is 0.67).The share had a negative return in price due to global recession. The US dollar has appreciated during the 8 months by 18%.

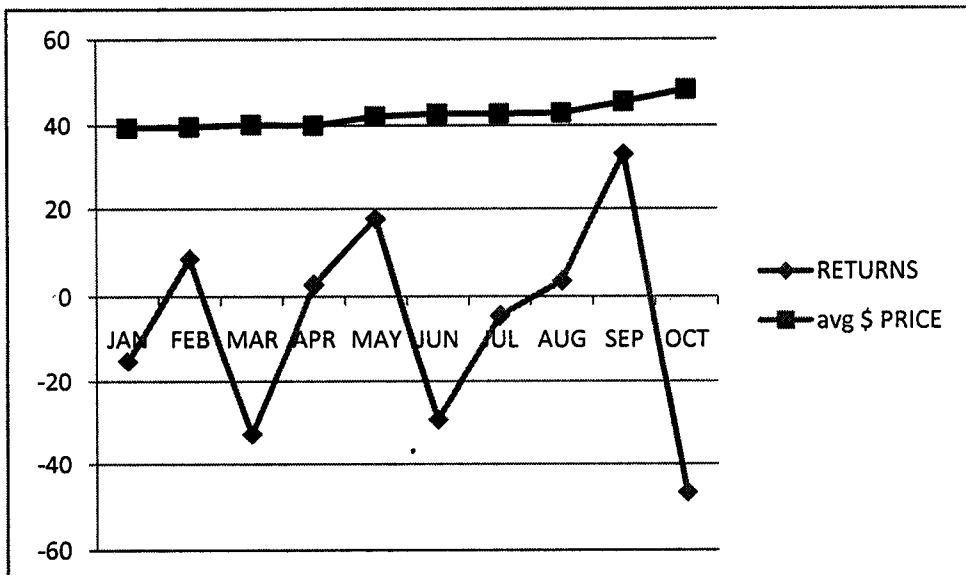
Table 3.5.4

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate

MONTHS	GDR RETURNS	AVERAGE \$ PRICE
January	-15.05	39.41
February	8.53	39.67
march	-32.98	40.19
April	2.65	39.96
may	17.65	42.10
June	-29.407	42.76
July	-4.36	42.78
August	3.54	42.93
September	33.02	45.54
October	-46.69	48.45

Chart 3.5.1

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate



INTERPRETATION:

From the above graph the researcher found that, the investors who invested in GDR in the month of September and May received better returns during January to October '08.

3.6. MAHINDRA AND MAHINDRA LTD

Table 3.6.1

Correlation between equity and GDR in terms of Indian rupee

MONTH	CORRELATION
January	0.52
February	0.04
march	-0.38
April	0.45
may	0.69
June	0.77
July	0.59
August	0.36
September	-0.22
October	0.95

INTERPRETATION:

From the above table the researcher found that the equity share in the Indian market versus the GDR in the world market for Mahindra and Mahindra ltd is maximum at 0.95 for the month of October '08 and for the same share the price is minimum at -0.22 in the month of September '08 and for the other months the correlation coefficient varies between -0.38-0.77

Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.78

Table 3.6.2

Regression equation for equity and GDR in terms of Indian rupee

The regression line: $GDR\ price = 153.78 + 1.80 \text{ Indian equity price}$

MONTHS	CONSTANT	COEFFICIENT
January	24133.72	3.20
February	36376.97	3.76
march	102408.3	-64.67
April	22740.29	41.58
may	20408.88	40.15
June	-7939.05	85.28
July	-6439.23	86.08
August	20596.56	25.47
September	31714.23	-13.68
October	13524.64	36.86

INTERPRETATION:

The Indian price has got a high effect on the prices of GDR because the beta value of the above equation is 1.80 for the period from January '08 to October'08.

Table 3.6.3

Monthly returns for equity in terms of rupee and GDR in terms of dollar

MONTHS	EQUITY(Rs)	GDR(\$)
January	-22.34	-27.68
February	1.80	25.67
march	2.29	-11.40
April	-3.95	-11.48
may	-11.96	-8.620
June	-17.78	-25.11
July	6.25	6.25
August	12.24	-8.62
September	-11.43	-5.96
October	-27.69	-29.65

INTERPRETATION:

From the above table the researcher found the monthly returns for both equity shares in terms of Indian rupee is gains high returns in the month of July and august where as GDR in terms of dollar is high in the month of February, and July for the period January-October '08.

Average returns for 8 months of equity shares in rupees is -7.26

Average returns for 8 months of GDR in dollars is-9.66

INFERENCE:

From the equation, $GDR\ price = 153.78 + 1.80 \text{ Indian equity price}$ it can be inferred that the equity price in India has a high influence (because regression coefficient is 70.80).The share had a negative return in price due to global recession. The US dollar has appreciated during the 8 months by 18%.

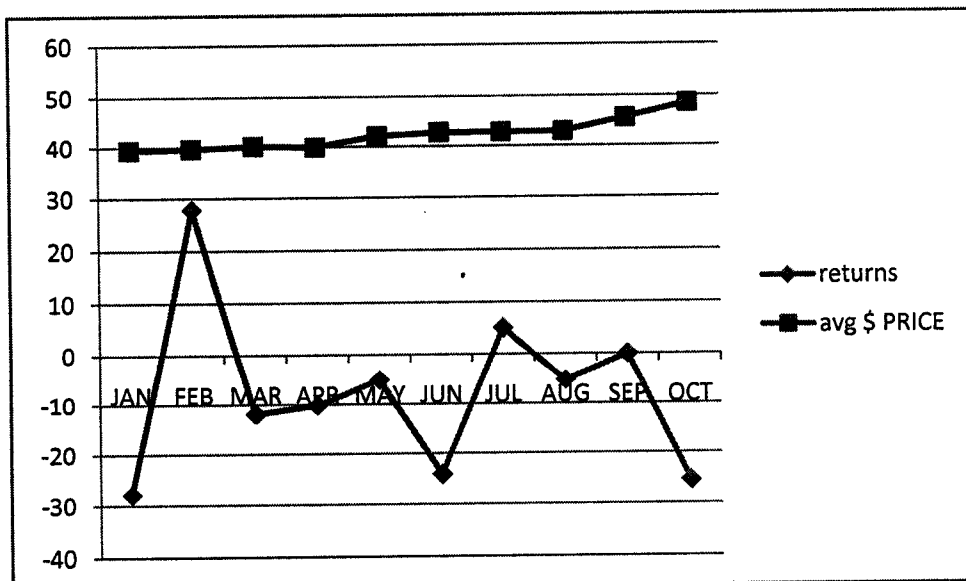
Table 3.6.4

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate

MONTHS	GDR RETURNS	AVERAGE \$ PRICE
January	-27.86	39.41
February	27.77	39.66
march	-11.98	40.18
April	-10.19	39.96
may	-5.17	42.10
June	-24.17	42.74
July	5.12	42.77
August	-5.38	42.92
September	0.019	45.53
October	-25.51	48.45

Chart 3.6.1

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate



INTERPRETATION:

From the above graph the researcher found that, the investors who invested in GDR in the month of February received high returns during January to October '08.

3.7 MAHANAGAR TELEPHONE NIGAM LTD

Table 3.7.1

Correlation between equity and GDR in terms of Indian rupee

MONTHS	CORRELATION
January	0.99
February	0.62
march	0.94
April	0.94
may	0.94
June	0.60
July	0.91
August	0.81
September	0.35
October	0.80

INTERPRETATION:

From the above table the researcher found that the equity share in the Indian market versus the GDR in the world market for Mahanagar Telephone Nigam Ltd is maximum at 0.99 for the month of January'08 and for the same share the price is minimum at 0.35 in the month of September '08 and for the other months the correlation coefficient varies between 0.60-0.94

Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.99

Table 3.7.2

Regression equation for equity and GDR in terms of Indian rupee

The regression line: $GDR\ price = 19.06 + 1.88 \text{ Indian equity price}$

MONTHS	CONSTANT	CORRELATION
January	54.50	1.70
February	115.52	1.10
march	18.34	1.85
April	38.52	1.65
may	-57.40	2.59
June	13.01	1.91
July	15.52	1.92
August	50.67	1.55
September	148.43	0.50
October	38.24	1.67

INTERPRETATION:

The Indian price has got a high effect on the prices of GDR because the beta value of the above equation is 1.88 for the period from January '08 to October'08.

Table 3.7.3

Monthly returns for equity in terms of rupee and GDR in terms of dollar

MONTHS	EQUITY(Rs)	GDR(\$)
January	-38.1531	-36.6472
February	-2.14876	-7.29483
march	-17.6546	-19.4127
April	13.86598	10.29703
may	-15.9009	-25.6881
June	-4.04255	0.235294
July	15.33333	17.38095
August	-2.94118	-8.62745
September	-13.0928	-9.01288
October	-22.7059	-28.3981

INTERPRETATION:

From the above table the researcher found the monthly returns for both equity shares in terms of Indian rupee and GDR in terms of dollar is high in the month of April, and July for the period January-October '08.

Average returns for 8 months of equity shares in rupees is -8.74

Average returns for 8 months of GDR in dollars is -10.72

INFERENCE:

From the equation, $GDR\ price = 19.06 + 1.88 \text{ Indian equity price}$ it can be inferred that the equity price in India has a high influence (because regression coefficient is 1.88). The share had a negative return in price due to global recession. The US dollar has appreciated during the 8 months by 18%.

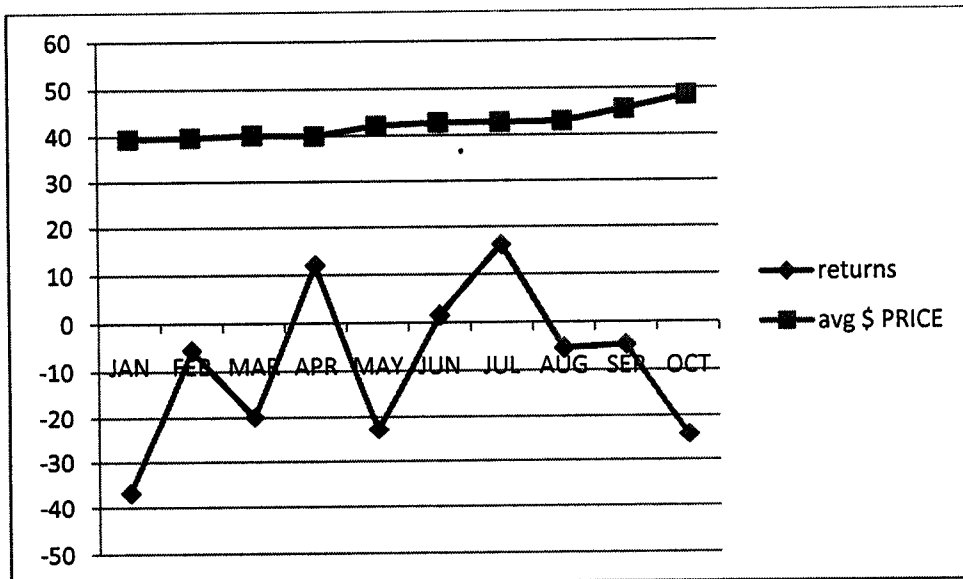
Table 3.7.4

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate

MONTH	GDR RETURNS	AVERAGE \$ PRICE
January	-36.8054	39.41018
February	-5.59222	39.66615
march	-19.9372	40.18574
April	11.90009	39.96038
may	-22.815	42.10336
June	1.493562	42.75977
July	16.1373	42.7793
August	-5.39599	42.92734
September	-4.66514	45.53816
October	-24.1804	48.45146

Chart 3.7.1

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate



INTERPRETATION:

From the above graph the researcher found that, the investors who invested in GDR in the month of April and July received high returns during January to October '08

3.8 RANBAXY LABORATORIES LTD

Table 3.8.1

Correlation between equity and GDR in terms of Indian rupee

MONTH	CORRELATION
January	0.85
February	0.85
march	0.15
April	0.51
may	0.53
June	0.71
July	0.82
August	-0.22
September	0.94
October	0.62

INTERPRETATION:

From the above table the researcher found that the equity share in the Indian market versus the GDR in the world market for Ranbaxy Laboratories ltd is maximum ltd at 0.94 for the month of September'08 and for the same share the price is minimum at -0.22 in the month of August'08 and for the other months the correlation coefficient varies between 0.60-0.94

Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.96

Table 3.8.2

Regression equation for equity and GDR in terms of Indian rupee

The regression line: $GDR\ price = 67.90 + 0.49 \text{ Indian equity price}$

MONTH	CONSTANT	COFFICIENT
January	17.29	0.62
February	62.89	0.46
march	238.01	0.10
April	135.22	0.34
may	147.50	0.33
June	42.49	0.55
July	40.66	0.54
August	401.59	-0.15
September	56.54	0.55
October	96.24	0.39

INTERPRETATION:

The Indian price has got a high effect on the prices of GDR because the beta value of the above equation is 0.49 for the period from January '08 to October'08

Table 3.8.3

Monthly returns for equity in terms of rupee and GDR in terms of dollar

MONTH	EQUITY	GDR
January	-18.33	-15.89
February	21.13	16.92
march	-0.74	-3.49
April	8.36	11.85
may	9.66	0.26
June	-1.87	-3.15
July	-4.93	-2.50
August	6.97	-4.07
September	-51.23	-48.7
October	-32.22	-31.45

INTERPRETATION:

From the above table the researcher found the monthly returns for both equity shares in terms of Indian rupee and GDR in terms of dollar is high in the month of February, April and may for the period January-October '08.

Average returns for 8 months of equity shares in rupees is -6.32

Average returns for 8 months of GDR in dollars is-8.03

INFERENCE:

From the equation, $GDR\ price = 67.90 + 0.49 \text{ Indian equity price}$ it can be inferred that the equity price in India has a moderate influence (because regression coefficient is 0.49). The share had a negative return in price due to global recession. The US dollar has appreciated during the 8 months by 18%.

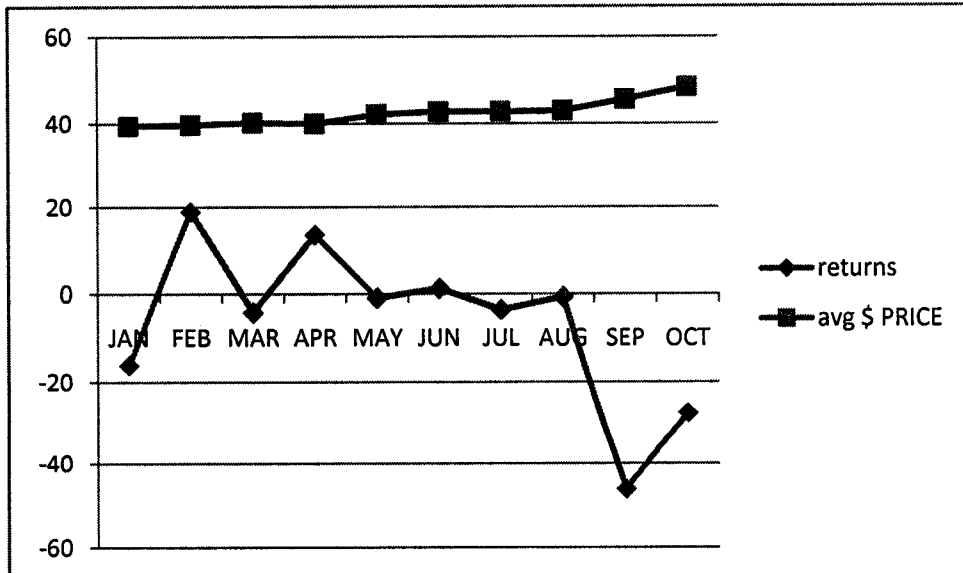
Table 3.8.4

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate

MONTHS	GDR RETURNS	AVERAGE \$ PRICE
January	-16.10	39.41
February	18.87	39.67
March	-4.12	40.18
April	13.48	39.96
May	-0.89	42.10
June	1.25	42.76
July	-3.54	42.78
August	-0.68	42.93
September	-46.28	45.54
October	-27.41	48.45

Chart 3.8.1

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate



INTERPRETATION:

From the above graph the researcher found that, the investors who invested in GDR in the month of February and April received high returns during January to October '08.

3.9 STATE BANK OF INDIA

Table 3.9.1

Correlation between equity and GDR in terms of Indian rupee

MONTH	CORRELATION
January	0.92
February	0.77
march	0.51
April	0.32
may	0.36
June	0.40
July	0.51
August	0.56
September	0.35
October	0.49

INTERPRETATION:

From the above table the researcher found that the equity share in the Indian market versus the GDR in the world market for State Bank of India is maximum ltd at 0.92 for the month of January'08 and for the same share the price is minimum at 0.32 in the month of August'08 and for the other months the correlation coefficient varies between 0.35-0.77

Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.99

Table 3.9.2

Regression equation for equity and GDR in terms of Indian rupee

The regression line is $GDR\ price = -150.28 + 2.14 \text{ Indian equity price}$

MONTH	CONSTANT	COEFFICIENT
January	-1000.34	2.474
February	2067.99	1.13
march	742.80	1.68
April	164.41	2.04
may	-933.86	2.73
June	-377.22	2.38
July	111.081	1.92
August	665.98	1.54
September	-33.02	1.98
October	-41.87	1.96

INTERPRETATION:

The Indian price has got a high effect on the prices of GDR because the beta value of the above equation is 2.14 for the period from January '08 to October'08

Table 3.9.3

Monthly returns for equity in terms of rupee and GDR in terms of dollar

MONTH	EQUITY	GDR
January	-9.19	-10.89
February	-3.49	-2.46
march	-23.46	-12.59
April	10.21	4.97
may	-19.64	-25.13
June	-23.35	-24.23
July	26.32	28.01
August	0.54	-5.223
September	6.51	-3.97
October	-25.03	-20.79

INTERPRETATION:

From the above table the researcher found the monthly returns for both equity shares in terms of Indian rupee and GDR in terms of dollar is high in the month of April, and July for the period January-October '08.

Average returns for 8 months of equity shares in rupees is -6.05

Average returns for 8 months of GDR in dollars is -7.23

INFERENCE:

From the equation, $GDR\ price = -150.28 + 2.14 \text{ Indian equity price}$ it can be inferred that the equity price in India has a high influence (because regression coefficient is 2.14). The share had a negative return in price due to global recession. The US dollar has appreciated during the 8 months by 18%.

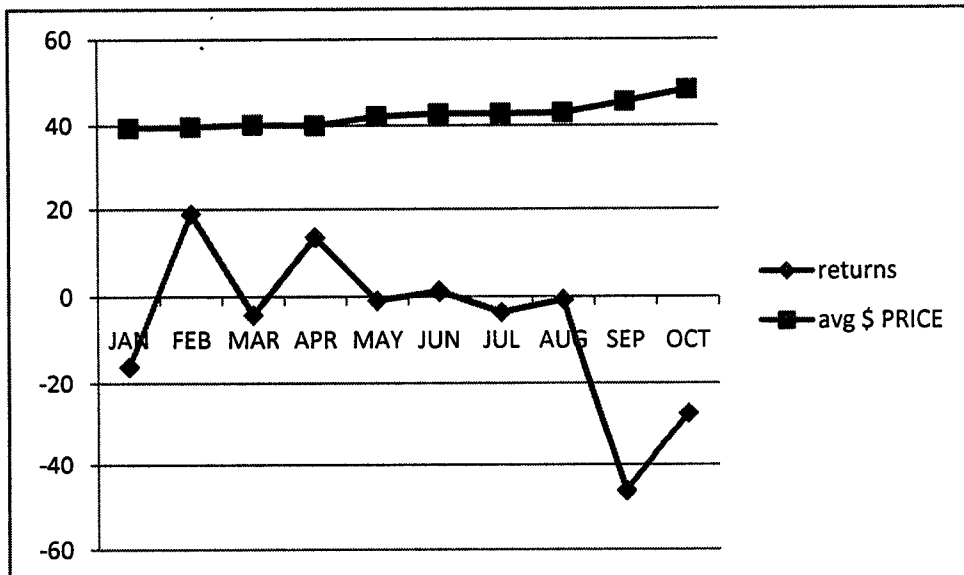
Table 3.9.4

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate

MONTH	GDR RETURNS	AVGERAGE \$ PRICE
January	-16.10	39.41
February	18.87	39.67
March	-4.12	40.19
April	13.48	39.96
May	-0.89	42.10
June	1.26	42.76
July	-3.54	42.78
August	-0.68	42.94
September	-46.28	45.59
October	-27.41	48.45

Chart 3.9.1

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate



INTERPRETATION:

From the above graph the researcher found that, the investors who invested in GDR in the month of February and April received high returns during January to October '08

3.10. DR.REDDY LABORATORIES LTD

Table 3.10.1

Correlation between equity and GDR in terms of Indian rupee

MONTH	CORRELATION
January	0.97
February	0.25
March	0.62
April	0.74
May	0.71
June	0.78
July	0.95
August	0.14
September	0.88
October	0.65

INTERPRETATION:

From the above table the researcher found that the equity share in the Indian market versus the GDR in the world market for Dr.Reddy laboratories ltd is maximum ltd at 0.97 for the month of January'08 and for the same share the price is minimum at 0.14 in the month of August'08 and for the other months the correlation coefficient varies between 0.25-0.88

Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.89

Table 3.10.2

Regression equation for equity and GDR in terms of Indian rupee

The regression line is $GDR\ price = 116.57 + 0.46 \text{ Indian equity price}$

MONTH	CONSTANT	COEFFICIENT
January	82.33	0.56
February	293.51	0.14
march	122.65	0.42
April	-30.92	0.68
may	196.37	0.33
June	124.08	0.45
July	57.99	0.54
August	280.71	0.19
September	64.30	0.58
October	131.94	0.44

INTERPRETATION:

The Indian price has got a moderate effect on the prices of GDR because the beta value of the above equation is 0.46 for the period from January '08 to October'08

Table 3.10.3

Monthly returns for equity in terms of rupee and GDR in terms of dollar

RETURNS	EQUITY	GDR
JAN	-28.17	-22.37
FEB	6.91	1.089
MAR	2.95	3.152
APR	4.62	11.28
MAY	13.43	5.952
JUN	-6.217	-7.69
JUL	-15.74	-10.16
AUG	4.99	5.26
SEP	-11.94	-20.59
OCT	-15.70	-20.39

INTERPRETATION:

From the above table the researcher found the monthly returns for both equity shares in terms of Indian rupee and GDR in terms of dollar is high in the month of April, August, and March for the period January-October '08.

Average returns for 8 months of equity shares in rupees is -4.49

Average returns for 8 months of GDR in dollars is -5.45

INFERENCE:

From the equation, $GDR\ price = 116.57 + 0.46 \text{ Indian equity price}$ it can be inferred that the equity price in India has a moderate influence (because regression coefficient is 0.46). The share had a negative return in price due to global recession. The US dollar has appreciated during the 8 months by 18%.

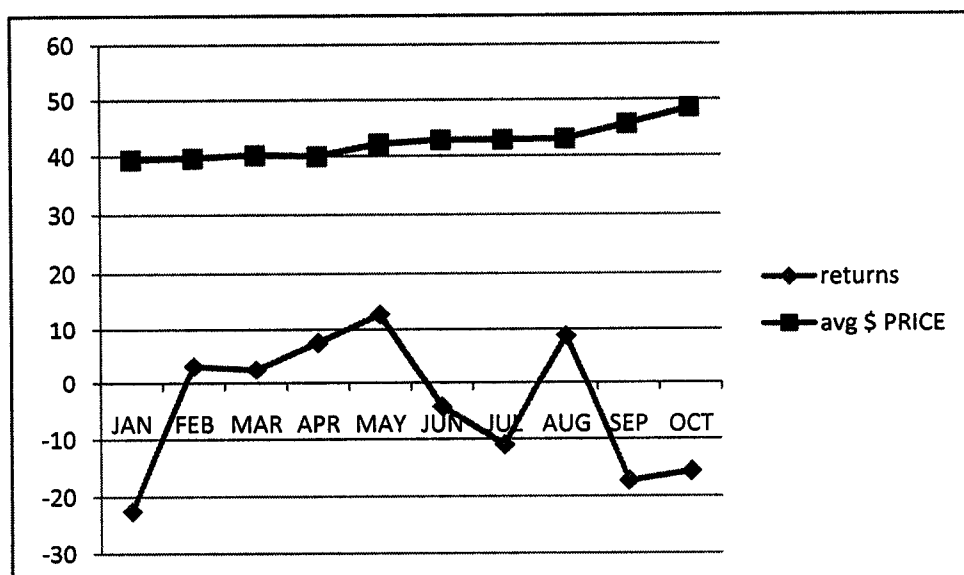
Table 3.10.4

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate

MONTHS	GDR RETURNS	AVERAGE \$ PRICE
January	-22.56	39.41
February	3.22	39.67
March	2.56	40.19
April	7.60	39.96
May	12.74	42.10
June	-4.31	42.76
July	-11.05	42.78
August	8.78	42.93
September	-17.34	45.54
October	-15.70	48.45

Chart 3.10.1

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate



INTERPRETATION:

From the above graph the researcher found that, the investors who invested in GDR in the month of May and August received high returns during January to October '08.

3.11 ICICI BANK LTD

Table 3.11.1

Correlation between equity and GDR in terms of Indian rupee

MONTH	CORRELATION
January	0.90
February	0.77
March	0.95
April	0.91
May	0.94
June	0.97
July	0.95
August	0.81
September	0.95
October	0.92

INTERPRETATION:

From the above table the researcher found that the equity share in the Indian market versus the GDR in the world market for ICICI Bank ltd is maximum ltd at 0.97 for the month of June'08 and for the same share the price is minimum at 0.77 in the month of February'08 and for the other months the correlation coefficient varies between 0.81-0.95

Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.99

Table 3.11.2

Regression equation for equity and GDR in terms of Indian rupee

The regression line is $GDR\ price = 17.43 + 1.30 \text{ Indian equity price}$

MONTH	CONSTANT	COEFFICIENT
January	418.89	0.10
February	433.71	0.97
March	-198.86	1.49
April	30.64	1.24
May	-85.20	1.38
June	-38.64	1.32
July	-1.94	1.27
August	132.28	1.13
September	14.65	1.38
October	80.53	1.27

INTERPRETATION:

The Indian price has got a high effect on the prices of GDR because the beta value of the above equation is 1.30 for the period from January '08 to October'08

Table 3.11.3

Monthly returns for equity in terms of rupee and GDR in terms of dollar

MONTH	EQUITY	GDR
January	-7.23	-6.91
February	-6.76	-12.28
March	-27.42	-26.75
April	16.30	20.59
May	-12.31	-17.41
June	-19.6	-24.97
July	0.77	7.68
August	10.08	9.87
September	-18.81	-21.08
October	-26.06	-28.91

INTERPRETATION:

From the above table the researcher found the monthly returns for both equity shares in terms of Indian rupee and GDR in terms of dollar is high in the month of April, and August, for the period January-October '08.

Average returns for 8 months of equity shares in rupees is -9.11

Average returns for 8 months of GDR in dollars is -10.02

INFERENCE:

From the equation, $GDR\ price = 17.43 + 1.30 \text{ Indian equity price}$ it can be inferred that the equity price in India has a high influence (because regression coefficient is 1.30). The share had a negative return in price due to global recession. The US dollar has appreciated during the 8 months by 18%.

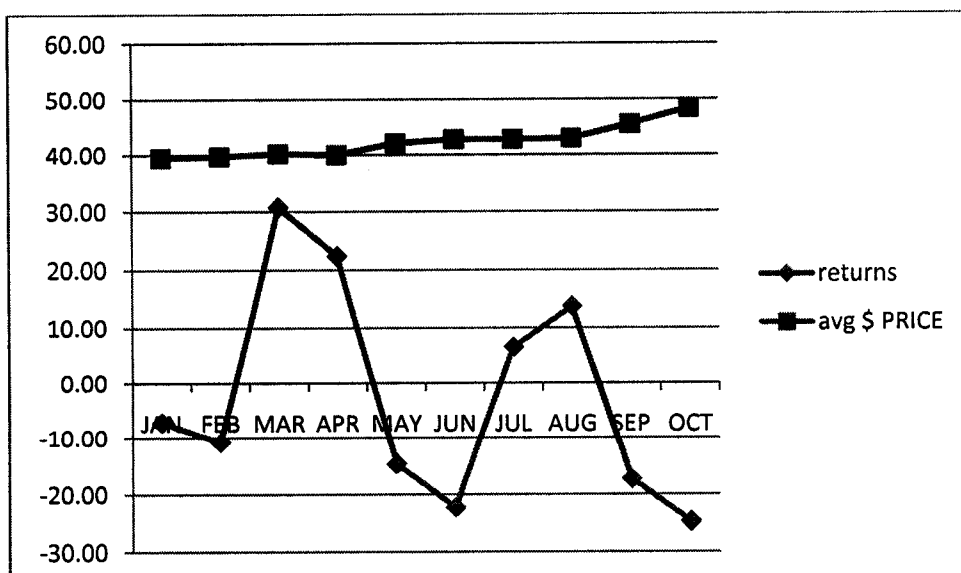
Table 3.11.4

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate

MONTH	GDR RETURNS	AVERAGE \$ PRICE
January	-7.14	39.41
February	-10.82	39.67
March	30.70	40.19
April	22.34	39.96
May	-14.65	42.10
June	-22.29	42.76
July	6.53	42.78
August	13.76	42.93
September	-17.31	45.54
October	-24.72	48.45

Chart 3.11.1

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate



INTERPRETATION:

From the above graph the researcher found that, the investors who invested in GDR in the month of March, April and August received high returns during January to October '08.

3.12 RELIANCE INDUSTRIES LTD (IPCL)

Table 3.12.1

Correlation between equity and GDR in terms of Indian rupee

MONTH	CORRELATION
January	0.99
February	0.83
March	0.82
April	0.90
May	0.86
June	0.90
July	0.84
August	0.41
September	0.91
October	0.90

INTERPRETATION:

From the above table the researcher found that the equity share in the Indian market versus the GDR in the world market for Reliance Industries Ltd (IPCL) is maximum ltd at 0.99 for the month of January'08 and for the same share the price is minimum at 0.41 in the month of August'08 and for the other months the correlation coefficient varies between 0.82-0.91

Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.95

Table 3.12.2

Regression equation for equity and GDR in terms of Indian rupee

The regression line is $GDR\ price = 260.67 + 1.21 \text{ Indian equity price}$

MONTH	CONSTANT	COEFFICIENT
January	132.66	1.02
February	1275.20	1.33
March	-758.20	1.61
April	179.31	1.20
May	246.07	1.20
June	-126.04	1.33
July	500.97	1.02
August	1707.12	0.58
September	-45.89	1.41
October	377.88	1.24

INTERPRETATION:

The Indian price has got a high effect on the prices of GDR because the beta value of the above equation is 1.21 for the period from January '08 to October'08

Table 3.12.3

Monthly returns for equity in terms of rupee and GDR in terms of dollar

MONTH	EQUITY	GDR
January	-18.98	-14.16
February	-0.84	1.31
March	-3.82	-4.25
April	12.65	15.72
May	-8.84	-8.91
June	-14.70	-15.27
July	5.27	8.75
August	-1.79	0.14
September	-8.32	-16.82
October	-44.92	-34.24

INTERPRETATION:

From the above table the researcher found the monthly returns for both equity shares in terms of Indian rupee and GDR in terms of dollar is high in the month of April, and July for the period January-October '08.

Average returns for 8 months of equity shares in rupees is -8.43

Average returns for 8 months of GDR in dollars is -6.77

INFERENCE:

From the equation, $GDR\ price = 260.67 + 1.21 \text{ Indian equity price}$ it can be inferred that the equity price in India has a high influence (because regression coefficient is 1.21). The share had a negative return in price due to global recession. The US dollar has appreciated during the 8 months by 18%.

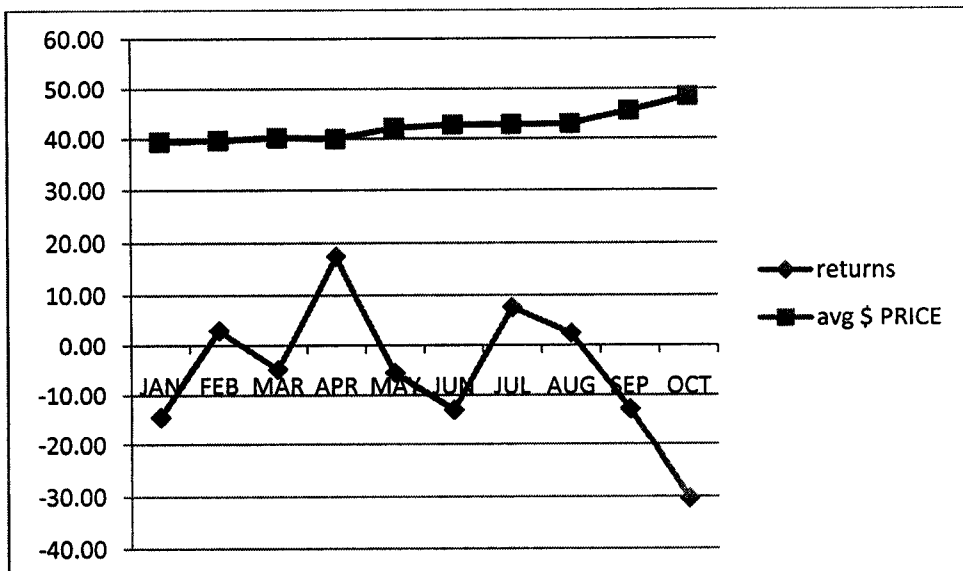
Table 3.12.4

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate

MONTH	GDR RETURNS	AVERAGE \$ PRICE
January	-14.37	39.41
February	3.00	39.67
March	-4.87	40.19
April	17.40	39.96
May	-5.59	42.10
June	-12.96	42.76
July	7.60	42.78
August	2.46	42.93
September	-12.84	45.54
October	-30.36	48.45

Chart 3.12.1

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate



INTERPRETATION:

From the above graph the researcher found that, the investors who invested in GDR in the month of April and July received high returns during January to October '08

3.13 TATA MOTORS

Table 3.13.1

Correlation between equity and GDR in terms of Indian rupee

MONTH	CORRELATION
January	0.78
February	0.78
March	0.82
April	0.76
May	0.95
June	0.94
July	0.61
August	0.74
September	0.82
October	0.97

INTERPRETATION:

From the above table the researcher found that the equity share in the Indian market versus the GDR in the world market for Tata motors is maximum ltd at 0.97 for the month of October'08 and for the same share the price is minimum at 0.61 in the month of July'08 and for the other months the correlation coefficient varies between 0.74-0.95

Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.99

Table 3.13.2

Regression equation for equity and GDR in terms of Indian rupee

The regression line is $GDR\ price = 15.68 + 0.98 \text{ Indian equity price}$

MONTH	CONSTANT	COEFFICIENT
January	330.96	0.55
February	263.94	0.64
March	99.21	0.84
April	-28.64	1.05
May	57.07	0.92
June	-53.02	1.11
July	86.01	0.80
August	138.43	0.66
September	56.34	0.87
October	85.41	0.72

INTERPRETATION:

The Indian price has got a high effect on the prices of GDR because the beta value of the above equation is 0.98 for the period from January '08 to October'08

Table 3.13.3

Monthly returns for equity in terms of rupee and GDR in terms of dollar

MONTH	EQUITY	GDR
January	-4.90	-5.76
February	-1.72	-7.84
March	-10.42	-10.74
April	5.78	4.55
May	-13.90	-16.51
June	-26.72	-25.56
July	-3.99	-3.91
August	11.48	4.45
September	-23.51	-23.71
October	-50.91	-44.44

INTERPRETATION:

From the above table the researcher found the monthly returns for both equity shares in terms of Indian rupee and GDR in terms of dollar is high in the month of April, and August for the period January-October '08.

Average returns for 8 months of equity shares in rupees is -11.88

Average returns for 8 months of GDR in dollars is -12.95

INFERENCE:

From the equation, $GDR\ price = 15.68 + 0.98 \text{ Indian equity price}$ it can be inferred that the equity price in India has a high influence (because regression coefficient is 0.98). The share had a negative return in price due to global recession. The US dollar has appreciated during the 8 months by 18%.

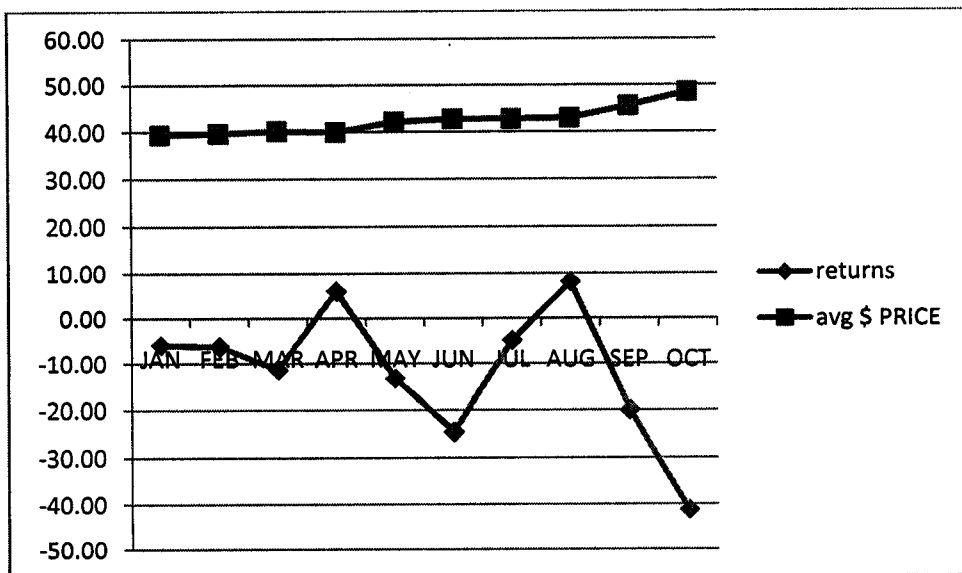
Table 3.13.4

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate

MONTH	GDR RETURNS	AVERAGE \$ PRICE
January	-5.99	39.41
February	-6.30	39.67
March	-11.32	40.19
April	6.07	39.96
May	-13.28	42.10
June	-24.62	42.76
July	-4.92	42.78
August	8.14	42.93
September	-20.06	45.54
October	-41.17	48.45

Chart 3.13.1

Relationship between GDR returns in terms of Indian rupee and monthly average dollar rate



INTERPRETATION:

- From the above graph the researcher found that, The Indian price has got a moderate effect on the prices of GDR because the beta value of the above equation is 0.6 for the

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4. FINDINGS

AXIS BANK LTD

- ✓ Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.95
- ✓ The Indian price has got a moderate effect on the prices of GDR because the beta value of the above equation is 0.6 for the period from January '08 to October'08.
- ✓ The monthly returns for both equity shares in terms of Indian rupee and GDR in terms of dollar is high in the month of January, April, July, and august for the period January-October '08.
- ✓ The investors who invested in GDR in the month of January, April and July received better returns during January to October '08. The returns high in the month of April due to the release of quarterly results

GAIL INDIA LTD

- ✓ Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.89
- ✓ The Indian price has got a high effect on the prices of GDR because the beta value of the above equation is 3.8 for the period from January '08 to October'08
- ✓ The monthly returns for both equity shares in terms of Indian rupee and GDR in terms of dollar is high in the month of April, July, and august for the period January-October '08.
- ✓ The investors who invested in GDR in the month of April, August and July received better returns during January to October '08. The returns high in the month of April due to the release of quarterly results.

GRASIM INDUSTRIES LTD

- ✓ Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.97
- ✓ The Indian price has got a moderate effect on the prices of GDR because the beta value of the above equation is 0.69 for the period from January '08 to October'08.
- ✓ The monthly returns for both equity shares in terms of Indian rupee and GDR in terms of dollar is high only in the month of august for the period January-October '08.
- ✓ The investors who invested in GDR in the month of August received better returns during January to October '08.

INFOSYS TECHNOLOGIES LTD

- ✓ Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.96
- ✓ The Indian price has got a high effect on the prices of GDR because the beta value of the above equation is 1.06 for the period from January '08 to October'08.
- ✓ The monthly returns for both equity shares in terms of Indian rupee and GDR in terms of dollar are high in the month of April, May, and August for the period January-October '08.
- ✓ The investors who invested in GDR in the month of April, August and May received better returns during January to October '08. The returns high in the month of April due to the release of quarterly results

LARSEN & TOUBRO LTD

- ✓ Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.90
- ✓ The Indian price has got a moderate effect on the prices of GDR because the beta value of the above equation is 0.67 for the period from January '08 to October'08.

- ✓ The monthly returns equity shares in terms of Indian rupee is gains positive returns in the month of July and august where as GDR in terms of dollar is high in the month of February, September , and May for the period January-October '08.
- ✓ The investors who invested in GDR in the month of September and May received better returns during January to October '08.

MAHINDRA AND MAHINDRA LTD

- ✓ Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.78
- ✓ The Indian price has got a high effect on the prices of GDR because the beta value of the above equation is 1.08 for the period from January '08 to October'08.
- ✓ The monthly returns for both equity shares in terms of Indian rupee and GDR in terms of dollar are high in the month of February, and July for the period January-October '08.
- ✓ The investors who invested in GDR in the month of February and July received high returns during January to October '08

MAHANAGAR TELEPHONE NIGAM LTD

- ✓ Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.99
- ✓ The Indian price has got a high effect on the prices of GDR because the beta value of the above equation is 1.88 for the period from January '08 to October'08.
- ✓ The monthly returns for both equity shares in terms of Indian rupee and GDR in terms of dollar are high in the month of April, and July for the period January-October '08.
- ✓ The investors who invested in GDR in the month of April and July received high returns during January to October '08

RANBAXY LABORATORIES LTD

- ✓ Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.96

- ✓ The Indian price has got a high effect on the prices of GDR because the beta value of the above equation is 0.49 for the period from January '08 to October'08
- ✓ The monthly return for both equity shares in terms of Indian rupee and GDR in terms of dollar is high in the month of February, April and may for the period January-October '08.
- ✓ The investors who invested in GDR in the month of February and April received high returns during January to October '08.

STATE BANK OF INDIA

- ✓ Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.99
- ✓ The Indian price has got a high effect on the prices of GDR because the beta value of the above equation is 2.14 for the period from January '08 to October'08
- ✓ The monthly return for both equity shares in terms of Indian rupee and GDR in terms of dollar is high in the month of April, and July for the period January-October '08.
- ✓ The investors who invested in GDR in the month of February and April received high returns during January to October '08

DR.REDDY'S LABORATORIES LTD

- ✓ Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.89
- ✓ The Indian price has got a moderate effect on the prices of GDR because the beta value of the above equation is 0.46 for the period from January '08 to October'08
- ✓ The monthly return for both equity shares in terms of Indian rupee and GDR in terms of dollar is high in the month of April, August, and March for the period January-October '08.
- ✓ The investors who invested in GDR in the month of May and August received high returns during January to October '08.

ICICI BANK LTD

- ✓ Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.99
- ✓ The Indian price has got a high effect on the prices of GDR because the beta value of the above equation is 1.30 for the period from January '08 to October'08
- ✓ The monthly return for both equity shares in terms of Indian rupee and GDR in terms of dollar is high in the month of April, and August, for the period January-October '08.
- ✓ The investors who invested in GDR in the month of March, April and August received high returns during January to October '08.

RELIANCE INDUSTRIES LTD

- ✓ Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.95
- ✓ The Indian price has got a high effect on the prices of GDR because the beta value of the above equation is 1.21 for the period from January '08 to October'08
- ✓ The monthly return for both equity shares in terms of Indian rupee and GDR in terms of dollar is high in the month of April, and July for the period January-October '08.
- ✓ The investors who invested in GDR in the month of April and July received high returns during January to October '08

TATA MOTORS

- ✓ Correlation coefficient calculated for closing price of equity and GDR closing price converted in terms of Indian rupees for the period January to October'08 is 0.99
- ✓ The Indian price has got a high effect on the prices of GDR because the beta value of the above equation is 0.98 for the period from January '08 to October'08
- ✓ The monthly return for both equity shares in terms of Indian rupee and GDR in terms of dollar is high in the month of April, and August for the period January-October '08.
- ✓ The investors who invested in GDR in the month of April and August received high

Suggestions

5. SUGGESTIONS

- NRI can invest in Indian equity rather than GDRs so that the loss percentage can be reduced.
- Perception of each investor differs, it's better to invest for long term to earn better returns.
- Returns for all select companies are not constant so it's better to invest based on the performance of the company.
- The underlying shares of Indian GDR is in India so the investors should correlate both the markets (Indian and world markets)

Conclusion

6. CONCLUSION

ADRs and GDRs are an excellent means of investment for NRIs and foreign nationals wanting to invest in India. By buying these, they can invest directly in Indian companies without going through the hassle of understanding the rules and working of the Indian financial market – since ADRs and GDRs are traded like any other stock, NRIs and foreigners can buy these using their regular equity trading accounts

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