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**External Commercial Borrowings**

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## **Anil Ambani Group remained front runner in raising ECBs: ASSOCHAM**

Anil Ambani controlled Reliance (ADA) Group has emerged as the biggest overseas borrower through external commercial borrowings claiming the maximum pie of 20.7 per cent in FY 2007 followed by Tata Group and Reliance Industries as revealed by ASSOCHAM Financial Pulse (AFP).

According to AFP Study on “**External Commercial Borrowings**”, the total ECB raised by companies in India increased substantially from US \$ 24.7 billion in FY 2006 to US \$ 29 billion in the FY 2007, recording growth rate of 16.4 per cent.

From the total ECBs raised in the financial year 2006-07 the share of Tata group carved out to be 3.2 per cent amounting US \$ 0.93 billion, while the Reliance Industries Limited raised US \$ 0.55 billion with a share of 2 per cent.

Jindal Group was the fourth largest borrower raising total ECB amounting US \$ 0.54 billion with a share of 1.8 per cent.

Aditya Birla group and Videocon Limited raised share of 1.7 per cent and 0.7 percent respectively in the total ECB raised for the mentioned fiscal. The amounts borrowed by each group were US \$ 0.5 billion and US \$ 0.2 billion respectively.

### **Top 5 ECB raising Corporate Houses in 2006-07**

<b>Groups</b>	<b>ECB (in US \$ billion)</b>	<b>Share in total ECB (in per cent)</b>
Anil Dhirubhai Ambani	5.97	20.7
Tata Group	0.93	3.2
Reliance Industries Ltd	0.55	2
Jindal Group	0.54	1.8
Aditya Birla Group	0.5	1.7

Due to the large expansion activities and technological up gradation by the companies in India, of the total ECBs maximum amount raised was used for the purpose of projects which increased from 13.3 per cent in 2005-06 to 28.5 per cent in 2006-07. The other major use- end of the funds was towards the modernization purpose showing an increase in the share from 18 per cent to 19.5 per cent respectively .

The foreign fund raising by the Reliance-ADA Group showed a remarkable growth rate of 249 per cent in the FY 2007 over the last year. The sectoral bifurcation of the total ECB raised by the group was 52.4 per cent in projects, 14.4 per cent in rupee expenditure, 16.8 per cent in import of capital and 8.4 per cent in modernization activities.

Aditya Birla Group recorded a growth rate of 84.6 per cent in FY-07. Of the total ECBs raised by the Group, 28.7 per cent was billed for the modernization purpose, followed by 13.5 per cent and 8.1 per cent in projects and import of capital respectively. The group also raised substantial amounts for overseas acquisition, capital expenditure and rupee expenditure making a share of 5 per cent, 6.9 per cent and 4.7 per cent respectively.

Jindal Group registered a double-digit growth rate of 60.4 per cent, with the maximum ECB of 82.1 per cent raised for the purpose of modernization of the group. It was followed by the share of 14.2 per cent in refinancing of old loans and a mere chunk of 3.2 per cent was for project purpose.

Tata Group and Reliance Industries have witnessed a slow down in their growth rates declining by 27.14 per cent and 63.10 per cent respectively.

ECBs raised by Reliance Industries were flowing 100 per cent for modernization purpose. In spite of fervent overseas acquisition added by Tata Group, only 16.6 per cent of ECBs was partially flowing for this purpose whereas the maximum share of chunk of 83.4 per cent was used for modernization purposes.

For the first two months of the financial year 2007-08, the total ECB raised amounted to be US \$ 5.69 billion in which the share of project was 39 per cent and that of modernization was 4.5 per cent, amounting US \$ 2.21 billion and US \$ 2.54 billion respectively.