

# ADRs, GDRs and IDRs

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- Shares of foreign stocks offered in foreign markets are comprehensively known as depositary receipts.



- ADRs and GDRs are two types of depositary receipts with other types including European depositary receipts (EDRs), Luxembourg depositary receipt (LDRs), and Indian depositary receipts (IDRs).
- ADRs are shares of a single foreign company issued in the U.S.
- **How are such ADRs created?**
  - An American depositary house acquires shares from Indian shareholders and subsequently issues ADRs to US investor (in dollar terms) according to conversion ratios that vary from stock to stock
- GDRs are shares of a single foreign company issued in more than one country as part of a GDR program.
- Companies can issue depositary receipts in individual countries or they may choose to issue their shares in multiple foreign markets at once through a GDR
- IDRs are similar to ADRs and GDRs. Here, a foreign company lists its shares in Indian stock exchange