

Permission to issue Global Depository Receipts/American Depository Receipts

UNION OF INDIA

India

Permission to issue Global Depository Receipts/American Depository Receipts

Rule

PERMISSION-TO-ISSUE-GLOBAL-DEPOSITORY-RECEIPTS-AMERICA of 2000

- Published on 20 January 2000
- Commenced on 20 January 2000
- [This is the version of this document from 20 January 2000.]
- [Note: The original publication document is not available and this content could not be verified.]

Permission to issue Global Depository Receipts/American Depository Receipts Published vide Notification No. G.S.R. 109(E), dated 20th January, 2000 Reserve Bank of India (Central Office) G.S.R. 109(E). - In pursuance of clause (a) and clause (d) of sub-section (1) of Section 19 and clause (b) of sub-section (1) of Section 29 of Foreign Exchange Regulation Act, 1973 (46 of 1973) and all other powers enabling it in this regard, the Reserve Bank is pleased to permit.

1.

(a) a company incorporated in India which fulfils the eligibility criteria laid down in para 2, (i) to make an international offering of Rupee denominated equity shares of the company by way of issue of Global Depository Receipts (GDRs)/American Depository Receipts (ADRs) to persons resident outside India, (ii) to export the said securities to investors outside India and (b) the investors to acquire the securities so purchased.

2.

(i) The issuing company has necessary approval from the Ministry of Finance, Government of India to issue such ADRs/GDRs or is eligible to issue ADRs/GDRs in terms of the relevant scheme or notification issued by the Ministry of Finance, and (ii) the issuing company is eligible to issue shares to foreign investors under the Automatic Route of Reserve Bank of India or has necessary approval from Secretariat for Industrial Assistance (SIA)/ Foreign Investment Promotion Board (FIPB) and the percentage of foreign equity does not exceed the limits specified under the Automatic Route or

the limits specified by the SIA/FIPB.

3.

The company issuing GDRs/ADRs is also permitted -(i)to issue shares in the name of the depositary or its nominees and to place the share certificates in respect of the said shares in the physical custody of a Custodian in India against which the depositary will issue GDRs/ADRs outside India.(ii)to remit dividends through an Authorised Dealer as and when due subject to payment of Indian taxes as applicable.(iii)to issue rights or bonus shares that may accrue in respect of the GDRs/ADRs.(iv)to incur issue related expenses as approved by the Ministry of Finance, Government of India or up to the limits laid down in the relevant guidelines issued by the Government of India.(v)to pay the issue related expenses by way of deductions from the issue proceeds as approved by the Ministry of Finance, Government of India or up to the limits laid down in the relevant guidelines issued by the Government of India,(vi)to remit and pay for filing, listing, agency or other fees on ongoing basis in respect of any international stock exchange where the GDRs/ ADRs are listed.(vii)to maintain a Foreign Register of members, if so required.(viii)to open an account abroad to receive the subscription monies in foreign currency.(ix)to pay any foreign tax in the nature of sales or Value Added Tax in respect of services provided to the issuing company and reimburse any out of pocket expenses.(x)to repatriate the proceeds of the issue to India for deployment for purposes permitted by the Government of India. Pending repatriation of issue proceeds to India(a)to invest the funds as an interim arrangement on short term basis as deposits in foreign banks which are rated for short term obligations A1+ by Standard & Poor or P1 by Moody's or with the branches of Indian banks abroad or(b)to invest in treasury bills and other monetary instruments with maturities not exceeding one year or(c)to keep the funds as foreign currency deposits with Authorised Dealers and/or Public Financial Institutions in India or(d)to invest in Certificate of Deposit or other paper issued outside India by banks incorporated in India.

4.

The issuing company shall(i)furnish a statement to Exchange Control Department of Reserve Bank of India, Central Office, Mumbai within thirty days from the date of closing of the issue providing full particulars of the issue such as amount of GDRs/ADRs issued, number of underlying fresh equity shares issued, listing arrangements, total amount raised, amount retained abroad and other relevant details regarding launching and initial trading of the GDRs.(ii)furnish capital structure of the company before and after the issue within thirty days from the closure of the issue.(iii)inform Reserve Bank any repatriation of issue proceeds held abroad immediately on such repatriation.