

Companies (Issue of Global Depository Receipts) Rules, 2014

UNION OF INDIA

India

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Rule

COMPANIES-ISSUE-OF-GLOBAL-DEPOSITORY-RECEIPTS-RULES-2014

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Companies (Issue of Global Depository Receipts) Rules, 2014 Published vide Notification No. G.S.R. 252(E), 31st March, 2014 Last Updated 15th February, 2020 G.S.R. 252(E). - In exercise of the powers conferred by section 41 read with 469 of the Companies Act, 2013, the Central Government hereby makes the following rules, namely:-

1. Short title and commencement.

(1) These Rules may be called Companies (Issue of Global Depository Receipts) Rules, 2014. (2) They shall come into force on the 1st day of April, 2014.

2. Definitions.

(1) In these Rules, unless the context otherwise requires, -(a) "Act" means the Companies Act, 2013 (18 of 2013); (aa) ["overseas depository" or "overseas depository bank" shall mean "foreign depository" as defined in the Scheme.] [Inserted by Notification No. G.S.R. 111(E), dated 13.2.2020 (w.e.f. 31.3.2014).] (b) "Section" means section of the Act; (c) "Scheme" means the [Depository Receipts Scheme, 2014] [Substituted 'Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993' by Notification No. G.S.R. 111(E), dated 13.2.2020 (w.e.f. 31.3.2014).] or any modification or re-enactment thereof; (2) The Words and expressions used in these rules but not defined and defined in the Act or in the Companies (Specification of definitions details) Rules, 2014 or in the [Depository Receipts Scheme, 2014] [Substituted 'Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993' by Notification No. G.S.R. 111(E), dated 13.2.2020 (w.e.f. 31.3.2014).] shall have the meanings respectively assigned to them in the Act or in the said rules or

scheme.

3. Eligibility to issue depositary receipts.

- A company may issue depositary receipts provided it is eligible to do so in terms of the Scheme and relevant provisions of the Foreign Exchange Management Rules and Regulations.

4. Conditions for issue of depositary receipts.

(1)The Board of Directors of the company intending to issue depositary receipts shall pass a resolution authorising the company to do so.(2)The company shall take prior approval of its shareholders by a special resolution to be passed at a general meeting:Provided that a special resolution passed under section 62 for issue of shares underlying the depositary receipts, shall be deemed to be a special resolution for the purpose of section 41 as well.(3)The depositary receipts shall be issued by an overseas depositary bank appointed by the company and the underlying shares shall be kept in the custody of a domestic custodian bank.(4)The company shall ensure that all the applicable provisions of the Scheme and the rules or regulations or guidelines issued by the Reserve Bank of India are complied with before and after the issue of depositary receipts.(5)The company shall appoint a merchant banker or a practising chartered accountant or a practising cost accountant or a practising company secretary to oversee all the compliances relating to issue of depositary receipts and the compliance report taken from such merchant banker or practising chartered accountant or practising cost accountant or practising company secretary, as the case may be, shall be placed at the meeting of the Board of Directors of the company or of the committee of the Board of directors authorised by the Board in this regard to be held immediately after closure of all formalities of the issue of depositary receipts:Provided that the committee of the Board of directors referred to above shall have at least one independent director in case the company is required to have independent directors.

5. Manner and form of depositary receipts.

- [(1) The depositary receipts can be issued by way of public offering or private placement or in any other manner prevalent in the concerned jurisdiction and may be listed or traded on the listing or trading platform in the concerned jurisdiction.] [Substituted by Notification No. G.S.R. 111(E), dated 13.2.2020 (w.e.f. 31.3.2014).](2)The depositary receipts may be issued against issue of new shares or may be sponsored against shares held by shareholders of the company in accordance with such conditions as the Central Government or Reserve Bank of India may prescribe or specify from time to time.(3)The underlying shares shall be allotted in the name of the overseas depositary bank and against such shares, the depositary receipts shall be issued by the overseas depositary bank [***] [Omitted 'abroad' by Notification No. G.S.R. 111(E), dated 13.2.2020 (w.e.f. 31.3.2014).]

6. Voting rights.

(1)A holder of depositary receipts may become a member of the company and shall be entitled to

vote as such only on conversion of the depository receipts into underlying shares after following the procedure provided in the Scheme and the provisions of this Act.(2)Until the conversion of depository receipts, the overseas depository shall be entitled to vote on behalf of the holders of depository receipts in accordance with the provisions of the agreement entered into between the depository, holders of depository receipts and the company in this regard.

7. Proceeds of issue.

- The proceeds of issues of depository receipts shall either be remitted to a bank account in India or deposited in an Indian bank operating abroad or any foreign bank (which is a Scheduled Bank under the Reserve Bank of India Act, 1934) having operations in India with an agreement that the foreign bank having operations in India shall take responsibility for furnishing all the information which may be required and in the event of a sponsored issue of Depository Receipts, the proceeds of the sale shall be credited to the respective bank account of the shareholders.[Provided that proceeds of issue of depository receipts may be remitted in an International Financial Services Centre Banking Unit (IBU) and utilised in accordance with the instructions issued by the Reserve Bank of India from time to time.] [Inserted by Notification No. G.S.R. 111(E), dated 13.2.2020 (w.e.f. 31.3.2014).]

8. Depository receipts prior to commencement.

(1)A company which has issued depository receipts prior to commencement of these rules shall comply with the requirements under these rules within six months of such commencement.(2)Any issue of depository receipts after six months of commencement of these rules shall be in accordance with the requirements of these rules.

9. Non applicability of certain provisions of the Act.

(1)The provisions of the Act and any rules issued thereunder insofar as they relate to public issue of shares or debentures shall not apply to issue of depository receipts [***] [Omitted 'abroad' by Notification No. G.S.R. 111(E), dated 13.2.2020 (w.e.f. 31.3.2014).](2)The offer document, by whatever name called and if prepared for the issue of depository receipts, shall not be treated as a prospectus or an offer document within the meaning of this Act and all the provisions as applicable to a prospectus or an offer document shall not apply to a depository receipts offer document.(3)Notwithstanding anything contained under section 88 of the Act, until the redemption of depository receipts, the name of the overseas depository bank shall be entered in the Register of Members of the company.