

Corpsec Hotline

June 29, 2006

INTERNATIONAL LISTINGS GUIDELINES RELAXED FURTHER FOR UNLISTED NON-PROFIT MAKING COMPANIES

The Ministry of Finance, Government of India ("MoF"), pursuant to its [notification dated June 28, 2006](#) ("Notification") has provided further relaxation to unlisted, non-profit making companies, who have issued American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs") or Foreign Currency Convertible Bonds ("FCCBs") in the international market, by allowing them to make a sponsored ADRs, GDRs or FCCBs offering, without having to comply with the requirement for listing their shares.

Euro Issue Guidelines

The principal regulation governing such issuance of ADRs, GDRs and FCCBs by Indian companies is the Scheme for Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme notified by the Government of India on November 12, 1993, which has undergone several revisions/modifications thereto ("Euro Issue Guidelines").

Recent Modifications

There have been quite a few modifications to the Euro Issue Guidelines and one significant modification was issued on [August 31, 2005](#), it stipulated that only listed companies, or unlisted companies who were simultaneously going for a domestic listing could issue ADRs, GDRs or FCCBs. Further, the notification stipulated that unlisted companies, which had already issued ADRs, GDRs or FCCBs, were required to compulsorily list their shares in the domestic capital markets either on (i) making profits beginning financial year 2005-06 or (ii) within three years of the issuance of ADRs, GDRs or FCCBs, whichever was earlier (for more details, please refer to our CorpSec Hotline dated September 1, 2005 [Amendment to Overseas Listing Guidelines](#)). Subsequently, in [March 31, 2006](#) the government relaxed the 2005 requirement for unlisted companies and issued a notification under which all non-profit making unlisted companies, which had issued ADRs, GDRs or FCCBs under the Euro Issue Guidelines were required to list their shares on the domestic capital markets within three years of turning profitable. The March 2006 notification however maintained status quo with regard to fresh issues of ADRs, GDRs or FCCBs, by such companies (for more details, please refer to our CorpSec hotline dated April 3, 2006 [International Listings Guidelines Amended- Relaxation for Unlisted Companies in the Red](#)).

June 28, 2006 Notification

In view of growing industry concerns and representations by industry members, the MoF has issued the Notification issued on June 28, 2006 further relaxing the August 31, 2005 requirement for unlisted companies. This most recent amendment to the Euro Issue Guidelines allows non-profit making unlisted companies, who had issued ADRs/GDRs prior to August 31, 2005 to do a sponsored ADRs/GDRs issue, for the shares held by its existing shareholders.

On the other hand, unlisted companies which have not issued ADRs, GDRs or FCCBs prior to August 31, 2005 will still be subject to the restriction on issuance of ADRs, GDRs and FCCBs.

- [Geetanjali Mehlwal & Ruetveij Pandya](#)
You can direct your queries or comments to the authors

Source: Press Information Bureau

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

Compendium of Research Papers

January 11, 2025

FAQs on Setting Up of Offices in India

December 13, 2024

FAQs on Downstream Investment

December 13, 2024

Research Articles

INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

Key changes to Model Concession Agreements in the Road Sector

January 03, 2025

The Revolution Realized: Bitcoin's Triumph

December 05, 2024

Audio

Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

Renewable Roadmap: Budget 2024 and Beyond - Part I

August 26, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

Click here to view Hotline archives.

Video

"Investment return is not enough" Nishith Desai with Nikunj Dalmia (ET Now) at FI18 event in Riyadh

October 31, 2024

Analysing SEBI's Consultation Paper

on Simplification of registration for
FPIs

September 26, 2024

**Scope of judicial interference and
inquiry in an application for
appointment of arbitrator under the
(Indian) Arbitration and Conciliation
Act, 1996**

September 22, 2024