Cross-Border Listings Guide - Indian Stock Exchanges

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# Quick Summary

## Initial financial listing requirements

[Last updated: 1 January 2024, unless otherwise noted]

**Domestic shares**

Any domestic issuer proposing to list its shares on the National Stock Exchange of India Limited (NSE) or the BSE Limited (BSE, and, together with NSE, the Stock Exchanges) must meet all of the following criteria:

*Assets test* - Net tangible assets of at least US$0.36 million, calculated on a restated and consolidated basis, in each of the preceding three full years, of which not more than 50% must have been held in monetary assets. If more than 50% of the issuer’s net tangible assets are held in monetary assets, it must have utilised or made firm commitments to utilise the excess amount in its business or projects. This limit of 50% is not applicable where the initial public offering comprises solely of an offer for sale (OFS).

*Net worth* - Minimum US$0.12 million in each of the preceding three full years calculated on a restated and consolidated basis.

*Operating profit* - Minimum average operating profit of US$1.80 million, calculated on a restated and consolidated basis, during the preceding three years, with operating profit in each of these preceding three years.

*Revenue source* - If the issuer has changed its name within the last one year, at least 50% of the revenue for the preceding one full year, calculated on a restated and consolidated basis, must have been earned by it from the activity indicated by the new name.

*Outstanding securities* - The issuer may not have outstanding convertible instruments or any instrument that gives a right or interest to any party prior to listing (instruments of this nature must be converted before filing the RHP).

*Miscellaneous*

None of the issuer, any of its promoters, its promoter group or directors or selling shareholders of the issuer (if the initial public offering contains an OFS component) should have been debarred from accessing the capital market by the SEBI.

No promoter or director of the issuer should be a promoter or director of any other company that is debarred from accessing the capital market under any order or directions made by the SEBI.

No promoter or director of the issuer should be a willful defaulter or fraudulent borrower or a fugitive economic offender.

**IDRs**

Any issuer proposing to list its IDRs on the National Stock Exchange of India Limited (NSE) or the BSE Limited (BSE, and, together with NSE, the Stock Exchanges) must meet all of the following tests.

*Capital and reserves -*A minimum pre-issue paid-up capital and free reserves of US$50 million.

*Market capitalization -* Minimum average market capitalization during the last three years in its home country of US$100 million.

*Trading history*

Listed in the home country for at least three immediately preceding years.

Continuous trading record or history on a stock exchange in its home country for at least the three immediately preceding years.

A track record of compliance with securities market regulations in its home country.

*Income* - Track record of distributable profits (that is, profits after providing for depreciation) for at least three out of the immediately preceding five years.

*Issuance of securities* - Not having been prohibited from issuing securities by any regulatory body.

Not having any fugitive economic offender as its promoter or director.

## Other initial listing requirements

[Last updated: 1 January 2024, unless otherwise noted]

**Domestic shares**

*Share price.* The NSE and BSE do not specify any minimum price for listing of shares.

*Minimum Float*. Minimum public float of 25% of post-issue capital must be maintained, subject to certain conditions.

*Minimum number of shareholders.* At least 1,000 at the time of listing.

*Distribution.* If the eligibility criteria is satisfied:

QIBs: not more than 50% of the issue size, 5% of which must be allocated to mutual funds.

Retail individual investors: not less than 35% of the issue size.

Non-institutional investors (NIIs): not less than 15% of the issue size.

If the eligibility criteria is not satisfied:

QIBs: not less than 75% of the issue size, 5% of which must be allocated to mutual funds.

Retail individual investors: not more than 10% of the issue size.

NIIs: not more than 15% of the issue size.

*Accounting standards*. Ind AS for periods after 31 March 2020, US GAAP or IFRS. If the financial results are prepared in accordance with IFRS and then shifted to US GAAP or vice-versa, then the accounts relating to the previous period must be properly restated for comparison.

*Financial statements.* TheProspectus must include audited financial statements for three financial years immediately preceding the date of prospectus.

*Management continuity.* Any change in key management personnel or senior management personnel during the immediately preceding year must be disclosed in the offer document.

 *Operating history.* Three years.

**IDRs**

*Share price.* The NSE and BSE do not specify any minimum price for listing of IDRs.

*Issue size*. The minimum issue size for the IDRs must be US$6.01 million.

*Distribution.* No single individual or single entity or group of entities in India directly or indirectly can be allotted more than 5% of the issue size, except that Qualified Institutional Buyers can be allotted up to 15% of the issue size.

*Accounting standards*. The offering documents must contain audited financial statements for the immediately preceding three years prepared in compliance with Indian GAAP or Ind AS or US GAAP or IFRS. If the financial results are prepared in accordance with IFRS and then shifted to US GAAP or vice-versa, then the accounts relating to the previous period must be properly restated for comparison.

*Financial statements*. The financial statements must be prepared in accordance with the disclosure requirements that apply to the issuer in its home country where its securities are listed. All US GAAP and IFRS financial statements must be audited by a professional accountant or certified public accountant in accordance with International Standards on Auditing and must be accompanied by a statement on the significant differences between US GAAP/IFRS and Indian GAAP and/or Ind AS.

*Management continuity.* Any change in key management personnel during the immediately preceding year must be disclosed in the offer document.

*Holders.* There is no prescribed minimum number of holders.

*Operating history.* The issuer must have been listed in its parent country with a track record of trading on the stock exchange for the preceding three years.

## Listing process

[Last updated: 1 January 2024, unless otherwise noted]

**Domestic shares**

Listings of shares requires approvals and permissions from the Securities and Exchange Board of India (SEBI) and the Stock Exchanges. The following table summarizes the standard listing process and timetable for listing shares on the NSE/BSE via an underwritten public offering:

[Link to Chart](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2020-update-8th-edition/indiadomesticlisting-process-chart.pdf)

**IDRs**

Listing of IDRs requires approvals and permissions from the Securities and Exchange Board of India (SEBI) and the Stock Exchanges. The following table summarizes the standard listing process and timetable for listing of IDRs on NSE/BSE via an underwritten public offering:

[Link to Chart](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2020-update-8th-edition/indiaidrlisting-process-chart.pdf)

## Corporate governance and reporting

[Last updated: 1 January 2024, unless otherwise noted]

**Domestic shares**

The issuer must:

Maintain a board of directors with an optimum combination of executive and non-executive directors with not less than 50% of the board comprising non-executive directors. Where the Chairman is a non-executive director, at least 1/3 of the board should comprise independent directors, rising to at least 50% if the Chairman is an executive director or a promoter of the company.

Set up an audit committee with a minimum of three directors as members. Two-thirds of the members of the audit committee must be independent directors and all members of the audit committee must be financially literate, with at least one member having accounting or related financial management expertise.

Present details of material individual transactions with related parties which are not in the normal course of business or on an arm's length basis to the audit committee.

Obtain the approval of the shareholders for all material related party transactions.

Convene board and committee meetings at least four times each year (with a maximum time gap of 120 days between any two meetings).

Include a separate section on Corporate Governance in its Annual Reports, with a detailed compliance report on Corporate Governance. Noncompliance of any mandatory requirement with reasons thereof and the extent to which the non-mandatory requirements have been adopted should be specifically highlighted.

Submit a quarterly compliance report to the stock exchanges within 15 days from the close of quarter, signed either by its Compliance Officer or the Chief Executive Officer.

**IDRs**

If the issuer’s home jurisdiction is a signatory to the Multilateral Memorandum of Understanding of the International Organization of Securities Commissions, the issuer must:

Comply with corporate governance regulations of its home country.

File a comparative analysis of the corporate governance regulations applicable in its home country and in the other jurisdictions in which its equity shares are listed along with the compliance of the same *vis-à-vis* the corporate governance provisions applicable to Indian listed companies.

## Fees

[Last updated: 1 January 2024, unless otherwise noted]

**Domestic shares**

An issuer seeking to list its shares must pay both initial listing fees and annual fees as may be specified by the NSE and BSE from time to time. An issuer must also, as a condition precedent to listing, deposit with the stock exchange an amount equivalent to 1% of the issue size by way of a refundable deposit to secure its compliance with all laws and regulations prescribed by the stock exchange.

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# Overview of exchange

## Overview of exchange

[Last updated: 1 January 2024, unless otherwise noted]

Currently there are seven stock exchanges in India recognized by the Securities and Exchange Board of India (SEBI), India's securities markets regulator. Of these, two stock exchanges have nationwide terminals in India, namely, the National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE, and, together with NSE, the Stock Exchanges). The applicable law, rules, regulations, guidelines relating to listing of securities on both the NSE and the BSE are substantially similar and are administered by the SEBI.

The BSE and NSE offer trading primarily in equity, debt instruments, exchange traded funds and derivative products of equities, interest rate and currencies. Commodity trading activity in India is dominated by the Multi Commodity Exchange of India Limited (MCX) and the National Commodity and Derivatives Exchange Limited (NCDEX).

This summary is related to the "equity cash" segment only.

The "equity cash" segment for trading in equity shares of companies corresponds to the "main market" in exchanges elsewhere in the world. A "small and medium enterprise" segment was introduced by the NSE and the BSE on 31 August 2012 and 13 March 2012, respectively, to facilitate listing and trading of shares of small and medium enterprises, and is akin to the "alternate investment markets" elsewhere in the world.

The BSE is one of the oldest stock exchanges in the world, having been established in 1875. It is the first stock exchange in India to have obtained permanent recognition on 31 August 1957 from the Government of India under the Securities Contracts (Regulation) Act, 1956 (SCRA) while the NSE began operations in 1994 as India's first screen-based electronic trading platform.

Indian law does not make any fundamental distinction between primary and secondary listings, and a minimum public shareholding requirement of 25% is uniformly applied to all domestic listed companies.

As of 31 March 2023, the aggregate market capitalization on the NSE was US$3.08 trillion, as compared to 31 March 2022 when it was US$3.14 trillion. The aggregate market capitalization on the BSE was US$3.10 trillion as of 31 March 2023, as compared to 31 March 2022 when it was US$3.17 trillion.

The total number of companies listed on the NSE as of 31 March 2023 was 2,138, as compared to 31 March 2022 when 1,968 companies were listed. The total number of companies listed on the BSE as of 31 March 2023 was 5,433, as compared to 31 March 2022 when 5,350 companies were listed. The Stock Exchanges are not identified with any particular type of industry as being a specialized platform for listing of shares of companies in such industry. The SEBI governs listing and trading of shares on the Indian stock exchanges. The SEBI has been conferred with powers under the SEBI Act, 1992, and it administers the provisions of the SCRA, with regulation-making powers under both legislations. The SEBI has been mandated by the Indian Parliament to protect the interests of investors in the securities market and ensuring the orderly development of the securities market.

# Principal listing and maintenance requirements and procedures

## Principal listing and maintenance requirements and procedures

[Last updated: 1 January 2024, unless otherwise noted]

India is subject to exchange controls. Currently, only INR-denominated securities can list on Indian stock exchanges. On 27 March 2015, the SEBI issued the Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015, which permits foreign companies to raise capital (in currencies other than the Indian Rupee) and to issue debt securities in an international financial services centre (IFSC), being in the nature of a special economic zone, governed by the Special Economic Zones Act, 2005. In 2015, the Indian Government notified the creation of an IFSC at Gandhinagar, Gujarat, within the Gujarat International Finance Tec-City (GIFT City) special economic zone. The SEBI permitted India International Exchange (IFSC) Limited to commence operations as a stock exchange within GIFT City in 2017 and subsequently also permitted NSE IFSC Limited to commence operations as a stock exchange within GIFT City. In September 2020, the Companies Act 2013 was amended to permit certain classes of companies to issue securities for the purpose of listing on permitted stock exchanges in permissible foreign jurisdictions. This amendment was made effective from 30 October 2023. Subsequently, in January 2024, the Ministry of Finance, Government of India has issued amendments to the Foreign Exchange Management (Non-debt Instruments) Amendment Rules 2024 to introduce the ‘Direct Listing of Equity Shares of Companies Incorporated in India on International Exchanges Scheme’ (Direct Listing Scheme). The Ministry of Corporate Affairs, Government of India has also simultaneously notified the Companies (Listing of Equity Shares in Permissible Jurisdictions) Rules 2024 under the Companies Act 2013 (Direct Listing Rules). At present, the India International Exchange and the NSE International Exchanges in GIFT City are the only notified international exchanges under the Direct Listing Scheme (International Stock Exchanges).

Issuances of securities in an IFSC by Indian companies or foreign companies, in a currency other than Indian rupees, are treated as issuances of Indian Depository Receipts (IDRs), which have to be made in compliance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (ICDR Regulations). Companies incorporated outside India and meeting the eligibility criteria specified in the Companies (Registration of Foreign Companies) Rules, 2014 (RFC Rules), Issue of Indian Depository Receipt Rules, 2004 (IDR Rules) and the ICDR Regulations may list INR-denominated IDRs on the Stock Exchanges in compliance with the requirements of the IDR Rules and the ICDR Regulations. Any issuance of IDRs must also comply with the terms and conditions listed in Rule 13 of the RFC Rules.

The requirements for listing IDRs are different from the requirements for listing of shares of a domestic company.

The SEBI may grant waivers from strict compliance with the requirements, and it assesses each waiver application on a case-by-case basis depending on the merits of each case.

*Direct Listing Scheme*

The Direct Listing Scheme permits the issuance of equity shares by public companies in India (whether listed or unlisted) and the listing of such equity shares on one or more International Stock Exchanges.

*Eligibility.* Eligible issuers are required (a) to be a public company in terms of the Companies Act 2013 or (b) to be existing shareholders of a public company, and (c) to ensure that the issuer, promoters, promoter group, directors or the selling shareholders are not barred from accessing capital markets by an appropriate regulator (such as the SEBI), (d) to ensure that the promoters and directors of the issuer are not promoters or directors of any other company barred from accessing capital markets, (e) to ensure that the issuer, any of its promoters or directors are not classified as a wilful defaulter (by banks or financial institutions as per the guidelines issued by the Reserve Bank of India), (f) to ensure that the issuer is not under investigation or inspection under the provisions of the Companies Act 2013, and (g) to ensure that the promoters and directors of the issuer are not classified as fugitive economic offenders (under the Fugitive Economic Offenders Act 2018).

Existing shareholders of a public Indian company may offer securities held by them subject to similar restrictions.

Additionally, not-for-profit companies registered under Section 8 of the Companies Act 2013, companies limited by guarantee but having share capital, a company which has outstanding public deposits, a company with negative net worth, a company which has defaulted in payment of dues to a bank, financial institution, or debenture holder or secured creditor (subject to a two year look back period after cession of the default), undergoing winding up or liquidation or insolvency proceedings or under default in relation to filing of annual returns or financial statements, are not eligible to issue equity shares on an International Stock Exchange under the Direct Listing Rules.

*Permissible holders.* Any non-resident, as per the Foreign Exchange Management Act, including a beneficial owner (as defined under the Prevention of Money-laundering (Maintenance of Records) Rules, 2005), is permitted to hold securities of a public Indian company listed on the International Stock Exchanges. Holding limits are as per the limits specified for foreign portfolio investments in Indian companies and subject to sectoral caps or investment restrictions as specified under the Foreign Exchange Management (Non-debt Instruments) Rules 2019.

*Pricing.* Issuances on an International Stock Exchange must be at a price not less than the price applicable to a corresponding mode of issuance of equity shares to domestic investors under applicable laws. For initial listings, price determination will be made through a book building process as permitted by the relevant International Stock Exchange, subject to a floor of fair market value as per the Foreign Exchange Management Act.

*Voting.* The permitted holder of equity shares, or a custodian acting on the advice of a permitted holder alone, is allowed to exercise voting rights on the equity shares listed on an International Stock Exchange.

*Miscellaneous.* Further clarification in respect of disclosure standards and specifications for undertaking such issuances is awaited from the SEBI and the relevant International Stock Exchange.

*Indian Depository Receipts*

*Structure.* IDRs are Indian rupee denominated depository receipts issued by a local depository and represent a proportional ownership interest in a fixed number of underlying equity shares of the issuer, as may be determined by the issuer. Equity shares underlying the IDRs are deposited with an overseas custodian, who holds the shares on behalf of the depository. IDRs thus are a medium for Indian residents to own equity interest in foreign companies and not only in their Indian operations.

IDRs are typically structured as depicted below:

[Link to Chart](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2020-update-8th-edition/indiaprincipal-listing-and-maint-req-and-proc_1.pdf)

*Rights of the IDR holders.* An IDR holder is entitled to rights on an equitable basis *vis-à-vis* the rights of the equity shareholders of the issuer in its home country where it is listed. The key rights of IDR holders are:

Voting.

Entitlement to bonus issue.

Participation in rights issue.

Participation in sub-division and consolidation of the underlying equity shares.

Participation in other distributions and corporate actions.

*Eligibility criteria for issuers*. Any issuer proposing to list its IDRs on the Stock Exchanges should, among other things:

Have pre-issue paid-up capital and free reserves of at least US$50 million.

Have minimum average market capitalization during the last three years in its home country of at least US$100 million.

Have a track record of distributable profits (that is, profits after providing for depreciation) for at least three out of the preceding five years.

Not have been prohibited from issuing securities by any regulatory body.

Have a track record of compliance with securities market regulations in its home country.

Have a continuous trading record or history on a stock exchange in its home country for at least the three immediately preceding years from the date of application for listing.

Not have any fugitive economic offender as a promoter or director.

Fulfil such other eligibility criteria as may be laid down by the SEBI from time to time.

The minimum issue size for an IDR issuance is US$6.01 million.

*Listing Regulations.* Currently, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) prescribe a model listing agreementfor listing of IDRs, which has to be executed by an issuer whose securities market regulator is a signatory to the Multilateral Memorandum of Understanding of the International Organization of Securities Commissions.

The Listing Regulations determine the corporate governance norms that an issuer must comply with. Specifically, issuers must maintain the same standards of corporate governance as are required under the laws of their country of origin or under any other jurisdiction in which their equity shares are listed. For details and further information, please refer to section 5 below.

*Sponsors; interviews; merchant bankers.* There is no requirement for an issuer to appoint a sponsor or to conduct interviews with the Stock Exchanges or the SEBI as part of the listing process. The issuer must appoint one or more merchant bankers registered with the SEBI as the book running lead manager(s) (BRLMs) to manage the issue and also to engage with the SEBI and the Stock Exchanges on queries that may be raised regarding the issuer.

*Security holders.* There is no requirement for an issuer to maintain a minimum number of security holders. However, no single individual or single entity or group of entities in India directly or indirectly can hold more than 5% of the issue size, except that Qualified Institutional Buyers (QIBs) can hold up to 15% of the issue size.

*Eligible investors.* The categories of investors who can invest in IDRs are:

QIBs, which include domestic institutional investors and foreign institutional investors and their sub-accounts registered with the SEBI, excluding insurance companies and venture capital funds.

Non-institutional investors (NIIs), which include corporates and high net worth individuals.

Non-resident Indians.

Retail individual investors.

Employees of the issuer or its subsidiary company or its holding company or its material associates.

*Size, allocation, and pricing.* An IDR issue must have a minimum issue size of US$6.01 million. The minimum allocation requirement for an IDR issue is as follows:

QIBs: a minimum of 50% of the issue size.

Retail individual investors: a minimum of 30% of the issue size.

NIIs and employees: the balance, up to 20%, to be apportioned among NIIs and employees at the discretion of the issuer.

Under-subscription in any of the categories other than the QIB category can be adjusted against over-subscription in other categories.

The Stock Exchanges and the SEBI allow free pricing of IDRs. The issuer, in consultation with its BRLMs, determines the price band between a minimum price (floor price) and the maximum price (the cap price). After the bids have been received and the issue closes, the final issue price of the IDRs is determined through the book-building process which elicits demand and enables the assessment of the price for determination of the quantum or value of shares or IDRs, as the case may be, in accordance with the ICDR Regulations.

*Restrictions on trading.* There are no "lock in" requirements with respect to IDRs, which can be freely traded once listed on the Stock Exchanges, except for "anchor investors" who are subject to a "lock in" for a period of 90 days for 50% of the IDRs and 30 days for 50% of the IDRs, each calculated from the date of allotment of the IDRs.

*Fungibility.* The IDRs shall be fungible into the underlying equity shares of the issuer in the manner specified by the SEBI and the Reserve Bank of India (RBI), from time to time, IDRs can be converted/redeemed into the underlying equity shares only after the expiry of one year from the date of the listing of the IDRs, subject to the compliance of the related provisions of the Foreign Exchange Management Act, 1999. Limited two-way fungibility of IDRs is also permissible, with up to 25% of the IDRs originally issued can be redeemed/converted into the underlying equity shares of the issuer and *vice versa*, within the available headroom, in a financial year.. According to the provisions of the Listing Regulations, IDRs shall have two-way fungibility in the manner specified by the SEBI from time to time.

*Shareholding.* There is no minimum public shareholding required to be maintained for an issue of IDRs.

*Registrar; settlement.* The issuer must appoint a registrar, and the two must enter into a tripartite agreement with each of the National Securities Depository Limited and the Central Depository (Services) India Limited, who (along with the registrar) will conduct the clearing and the settlement process for the issuer.

*Grievances; courts.* The issuer must engage a company secretary qualified under the laws of India and based in India to act as a compliance officer responsible for the resolution of any investor grievances. The issuer must, for the redressal of grievances of IDR holders, undertake to subject itself to the jurisdiction of the courts in India having jurisdiction over the Stock Exchanges.

*IDRs and domestic listings: differences in regulatory requirements*

The following chart summarizes the differences in the regulatory requirements for the issue of IDRs by a foreign company and a public offering of equity shares by a domestic company\*.

[Link to Table](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2024-update-10th-edition/indian-stock-exchange---long-form---principal-listing.pdf)

\* The provisions relating to ownership requirements, eligible investors, currency denominations, appointment of compliance officer, clearing and settlement system are substantially identical. Provisions relating to corporate governance are summarized separately in section 5.

# Listing documentation and process

## Listing documentation and process

[Last updated: 1 January 2024, unless otherwise noted]

The documentation required and the listing process for a foreign company proposing to list its IDRs on the Stock Exchanges are substantially similar to that of a domestic company proposing to list its shares. Both the domestic company and the foreign company must appoint one or more BRLMs. The BRLMs, along with the legal counsels and auditors, conduct a due diligence exercise on the issuer to ascertain that true, correct and proper disclosures have been made in the offering documents as required under the ICDR Regulations, the IDR Rules and the Indian Companies Act.

An issuer must submit a draft red herring prospectus (DRHP), which in the case of an IDR offering can be as a confidential filing or a public filing (in both scenarios, the filings must be made through a BRLM). In case of a confidential filing, the BRLMs must subsequently do a public filing of the SEBI-approved red herring prospectus (RHP), which must be made public for 21 days.

In the case of a public filing of a DRHP, the DRHP can be viewed after the filing with the SEBI. After receipt of approval from the SEBI and the Stock Exchanges, the BRLMs must file an RHP with the SEBI and the Registrar of Companies, New Delhi (in the case of a domestic company, the filing would be made with the Registrar of Companies where the company's registered office is situated).

In addition to the prospectus, the issuer has to provide to the Stock Exchanges, SEBI and Registrar of Companies, New Delhi:

Constitutional documents of the issuer.

Enactment of law under which the issuer was set up.

Address of the issuer's principal office in India (if the issuer does not have a principal office in India, then an address where the documents submitted are made available for public inspection).

A certified copy of the issuer's certificate of incorporation.

Copies of agreements between the issuer, the overseas custodian bank and the domestic depository which, must among other things, define the rights of the IDR holders.

Regulatory permissions required for listing of IDRs include permissions from the SEBI, Stock Exchanges and from sector regulators in case IDRs are being raised by financial or banking companies with a presence in India (through a branch or subsidiary). An application to the SEBI has to be made at least 90 days before the opening of the issue.

The principal intermediaries, in addition to the BRLMs, in an IDR listing include an overseas custodian bank and a domestic depository. The issuer must deliver the underlying equity shares or cause them to be delivered to the overseas custodian bank, which must authorize the domestic depository to issue the IDRs.

Proceeds of IDRs are required to be repatriated outside India by issuers. Indian foreign exchange control regulations regulate the holding of IDR shares by Indian entities upon redemption of IDRs.

***Disclosures in DRHP, RHP and Prospectus for an IDR listing***

The DRHP, the RHP and the Prospectus (collectively, the Offer Documents) must include the information prescribed under Schedule VIII Part A of the ICDR Regulations, the Schedule to the IDR Rules and the RFC Rules. It must, as a general principle, contain all information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the issuer, of the shares, and of the rights attaching to the shares.

Below is a summary of the contents of the Offer Documents:

General information about the issuer.

A description of the issuer's business and principal activities.

Terms of the issue, description of the IDR and the rights of the IDR holder.

Object of the issue.

Risk factors relating to the issuer and its industry.

Risk factors in relation to the home country of the issuer.

Risk factors associated with the IDR/underlying shares.

Listing of the major shareholders of the issuer.

Details of the industry in which the issuer operates.

Significant new products and services and principal markets.

Details of property, plant and equipment of the issuer.

Organization structure.

Corporate governance compliance.

Details of the issuer's management.

Recent related party transactions.

Selected financial information.

A description in narrative form of the issuer's financial condition, changes in financial condition and results of the operations for the periods covered by the financial statements and any significant factors affecting its operating results.

Material developments after the date of the last financial results.

Details of the subsidiaries and associates of the issuer.

Market price information and other information concerning the shares in the domestic market of the issuer.

Foreign investment and exchange controls of the country of the incorporation where shares are listed.

Securities market of the country of incorporation where the issuer's shares are listed.

Details of the auditors.

Details of the BRLMs.

Details of legal counsels.

Material outstanding litigations and defaults.

Other miscellaneous information, including transfer of shares and depository receipts, information relating to the depository, approvals of the government/regulatory authorities, dividend policy, basis of issue price, exchange rates, capitalization statement, details of the issuer's share capital, articles of association or charter, rights attached to shares, and a summary of material contracts.

*Financial information.* The Offer Documents should include audited consolidated or unconsolidated financial statements, prepared in accordance with Indian GAAP or Indian Accounting Standards (Ind AS) until 31 March 2020, and Ind AS thereafter or with the International Financial Reporting Standards (IFRS) or US GAAP for a period of three financial years immediately preceding the date of prospectus. If the financial results are prepared as per IFRS or US GAAP, they must be audited by a professional accountant or certified public accountant or equivalent in the issuer's country in accordance with International Standards of Auditing (ISA), and the Offer Documents must describe the significant differences between US GAAP/IFRS and Indian GAAP and/or Ind AS. The format of disclosure of financial results may be as per the disclosure requirements of the country where the securities of the issuer are listed.

Where an issuer is required by the laws of the jurisdiction of its incorporation to file its annual statutory audit of accounts, a report of the statutory auditor on its audited financial statements for each of the three financial years immediately preceding the date of the prospectus must be included. Where the issuer is under no such requirement, a report on the audited financial statements of the issuer for each of the three financial years immediately preceding the date of the Offer Documents, prepared in consonance with Indian GAAP and/or Ind AS and certified by a certified chartered accountant, must be disclosed in the relevant Offer Document. The Offer Documents should also contain information relating to the relevant provisions of taxation law, tax treaties and their impact on the IDR holders.

The Offer Documents must contain a detailed analysis of the financial statements, comparing the latest financial year results with the previous three financial years. This includes an overview of the business of the issuer, factors that may affect the results of operation and an analysis of reasons for the changes in significant items of income and expenditure.

*Typical process and timetable for an IDR listing*

The following flow chart summarizes the listing process:

[Link to Chart](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2020-update-8th-edition/indialisting-documentation-and-process_1.pdf)

The following table summarizes the standard timetable for an IDR listing:

[Link to Timetable](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2020-update-8th-edition/indialisting-documentation-and-process_2.pdf)

*Rights issues*

The SEBI has set up a detailed framework for rights issue of IDRs. The highlights of this framework are as follows.

*Eligibility.* At the time of undertaking the rights issue, an issuer must be in compliance with all ongoing material obligations under the relevant listing agreement and the Listing Regulations, as may be applicable to such issuer or material obligations under the deposit agreement entered into between the domestic depository and the issuer at the time of the initial offering of IDRs.

*Renunciation.* Unless the laws of the home jurisdiction of the issuer otherwise provide, the rights offering is deemed to include a right exercisable by the IDR holder to renounce the IDRs offered in favor of any other person subject to applicable laws and the same shall be disclosed in the offer document.

*Pricing.* The issue price and the ratio shall be decided simultaneously with the record date in accordance with the home country regulations.

*Withdrawal.* An issue cannot be withdrawn after the issuer announces the record date without, among other things, informing the SEBI and giving public notice. If an issuer withdraws the rights issue after announcing the record date, it is barred from making an application for offering of IDRs on a rights basis for a period of 12 months from that record date.

*Disclosures.* The offer document is required to contain disclosures as required under the home country regulations of the issuer. Additionally, a "wrap" (addendum to offer document) containing certain prescribed information must be attached to the offer document to be circulated in India. Both the offer document and the "wrap" must contain all material information to enable potential investors to make (as prescribed in Part C of Schedule VIII of the SEBI ICDR Regulations and other
instructions as to the procedures and process to be followed with respect to rights issue of IDRs in
India) an informed investment decision.

*Approvals.* Like in the initial offering of IDRs, approvals of the Stock Exchanges and sector-related approvals, if any, are required. In addition, the offer document undergoes a review process by the SEBI.

# Continuing obligations/periodic reporting

## Continuing obligations/periodic reporting

[Last updated: 1 January 2024, unless otherwise noted]

An issuer that has listed its IDRs must make continuing disclosure of all events to the stock exchange(s) which are material and/or of all information which is price sensitive or has a bearing on its performance/operations. Such disclosure must be made at the same time and to the same extent as it is provided to the listing authority or any other authority in its home country or other jurisdictions where its securities may be listed or other stock exchange(s) in its home country or other jurisdictions where its securities may be listed. Items warranting disclosure include:

Any action or investigations initiated by any regulatory or statutory authority and the purpose for which it was initiated.

Any attachment or prohibitory orders restraining the listed entity from transferring securities out of the names of the registered holders and particulars of the registered holders thereof.

Details of meetings of the board of directors which have been held to consider or decide on the specified matters, including recommendation and declaration of dividends and/or cash bonuses; the total turnover, gross profit/loss, provision for depreciation, tax provisions and net profits for the year (with comparison with the previous year) and the amounts appropriated from reserves, capital profits, accumulated profits of past years or other special source to provide wholly or partly for any dividend, even if this calls for qualification that such information is provisional or subject to audit; recommendation or declaration of dividend or rights issue or issue of convertible debentures or of debentures carrying a right to subscribe to equity shares or the passing over of the dividend; and any decision on buy back of equity shares of the listed entity.

Changes in the (a) board of directors of the listed entity by death, resignation, removal or otherwise; (b) managing director; (c) auditors appointed to audit the books and accounts; (d) the compliance officer, or (e) the registrar to an issue and/or share transfer agent, domestic depository or the overseas custodian bank.

Any change in the rights attaching to any class of equity shares into which the IDRs are exchangeable.

Short particulars of any increase of capital whether by issue of bonus shares through capitalization, or by rights issue of equity shares, or in any other manner.

Short particulars of the reissues of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe thereto.

Short particulars of any other alterations of capital, including calls.

In the event of the listed entity granting any options to purchase any IDRs, the following particulars: (a) the number of IDRs covered by such options, terms thereof and the time within which they may be exercised, and (b) any subsequent changes or cancellation or exercise of such options.

Notices, resolutions, circulars, call letters or any other circulars issued or advertised anywhere with respect to: (a) proceedings at all annual and extraordinary general meetings of the listed entity, including notices of meetings and proceedings of meeting; (b) amendments to its constitutional documents as soon as they have been approved by the listed entity in general meeting; (c) compliance with requirements in the home country or in other jurisdictions where such securities are listed, and (d) any merger, amalgamation, re-construction, reduction of capital, scheme or arrangement involving the listed entity including meetings of equity shareholders, IDR holders or any class of them and proceedings at all such meetings.

Any other information necessary to enable the IDR Holders to appraise the listed entity's position and to avoid the establishment of a false market in IDRs.

The listed entity must, in addition to complying with all of the specific requirements listed above, inform the Stock Exchanges immediately of events such as strikes, lock outs and closure on account of power cuts and other material events or price sensitive information or events which will have a material bearing on its performance or operations both at the time of occurrence of the event and subsequently after the cessation of the event, in each case simultaneously with and as to the same extent that it makes such disclosure to holders of securities in its home country or in other jurisdictions where such securities are listed.

It must disclose to the Stock Exchanges any information which it discloses to any other overseas stock exchange(s) or makes public in any other overseas securities market on which its securities may be listed or quoted, simultaneously with such disclosure or publication, or as soon thereafter as may be reasonably practicable.

The listed entity must submit to the Stock Exchanges, on request, any other information concerning it as the Stock Exchanges may reasonably require.

# Corporate governance

## Corporate governance

[Last updated: 1 January 2024, unless otherwise noted]

An issuer must adhere to the following:

Compliance with the rules, regulations and laws, including the corporate governance regulations of the issuer's country of origin.

File a comparative analysis of the corporate governance regulations applicable in its home country and in the other jurisdictions in which its equity shares are listed along with the compliance of the same *vis-à-vis* the corporate governance provisions applicable to Indian listed companies.

The listed entity must disclose/send the following documents to IDR holders, at the same time and to the extent that it discloses to security holders in its home country or in other jurisdictions where its securities are listed: (a) soft copies of the annual report to all the IDR holders who have registered their email address for the purpose; (b) hard copy of the annual report to those IDR holders who request for the same either through the domestic depository or Compliance Officer; and (c) the pre- and post-arrangement capital structure and shareholding pattern in the case of any corporate restructuring like mergers, amalgamations and other schemes.

Further, the SEBI may from time to time implement further corporate governance standards to ensure greater transparency and protection of the investors.

# Specific situations

## Specific situations

[Last updated: 1 January 2024, unless otherwise noted]

An issue of IDRs does not require any prior approval of any regulator in India, except where the issuer is a bank or a financial institution having a presence in India, operating either through a branch or subsidiary, in which case a prior approval of the Reserve Bank of India would be required.

# Presence in the jurisdiction

## Presence in the jurisdiction

[Last updated: 1 January 2024, unless otherwise noted]

A foreign issuer must appoint:

A depository in India to issue the receipts to the IDR holders.

A registrar to be responsible for maintaining the register of IDR holders.

A compliance officer based in India to be responsible for addressing investor grievances.

There are no other requirements on listed foreign companies to maintain a presence in India, and no further requirements to keep corporate records in India.

# Fees

## Fees

[Last updated: 1 January 2024, unless otherwise noted]

In accordance with the IDR Rules, the issuer must pay to the SEBI an issue fee as may be prescribed by the SEBI from time to time.

An issuer must also, as a condition precedent to listing, deposit with the stock exchange an amount equivalent to 1% of the issue size by way of a refundable deposit to secure its compliance with all laws and regulations prescribed by the stock exchange.

In addition to the initial listing fee, an issuer must pay such annual fees as may be specified by the Stock Exchanges.

# Additional Information

## Additional Information

[Last updated: 1 January 2024, unless otherwise noted]

All correspondence with the IDR holders and filings with the Stock Exchanges as required under the model listing agreements must be in English. SEBI or the Stock Exchanges may require additional information/clarifications with respect to the issuer from time to time, which must be provided by the issuer.

# Contacts

## Contacts within Baker McKenzie

Ashok Lalwani in the Singapore office is the global head of Baker McKenzie's India practice and is the most appropriate contact within Baker McKenzie for inquiries about prospective listings on the NSE or BSE.

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