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DIRECT LISTING OF LISTED INDIAN COMPANIES ON IFSC EXCHANGES

Working Group Report

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**Working Group
Report**

December 2023

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ABBREVIATIONS AND ACRONYMS

Abbreviations / Acronyms	Definitions
ADR	American Depositary Receipt
AIF	Alternate Investment Fund
AIM	Alternate Investment Market
AML	Anti-Money Laundering
ANNA	The Association of National Numbering Agencies
ASX	Australian Securities Exchange
AUM	Assets Under Management
BO	Beneficial Owner
CDS	Clearing and Depository Services, Inc.
CDSL	Central Depository Services (India) Ltd
CFT	Combating the Financing of Terrorism
CNY	Chinese Yuan
COVID-19	Coronavirus Disease
DEA	Department of Economic Affairs
DI	Domestic Investor
Direct Listing	Listing of equity shares of Indian Companies directly on international exchanges
DLOF	Draft Letter of Offer
DP Regulations	SEBI (Depositories and Participants) Regulations, 2018
DPS	Detailed Public Statement
DR	Depository Receipt
DR Scheme 1993	Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993
DR Scheme 2014	Depository Receipts Scheme, 2014
DTC	Depository Trust Company

Abbreviations / Acronyms	Definitions
EFI	Eligible Foreign Investor
EU	European Union
FCCB	Foreign Currency Convertible Bond
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FPI	Foreign Portfolio Investment
FPO	Further Public Offer
GDR	Global Depository Receipt
GIFT City	Gujarat International Finance Tec-City
GoI	Government of India
HK	Hong Kong
HKD	Hong Kong Dollar
ICSD	International Central Securities Depository
IFSC	International Financial Services Centre
IFSCA	International Financial Services Centres Authority
IFSCA AML CFT Guidelines	IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022
IFSCA ILS Regulations	IFSCA (Issuance and Listing of Securities) Regulations, 2021
India ICC	India International Clearing Corporation (IFSC) Limited
IIDI	India International Depository IFSC Limited
IMF	International Monetary Fund
India INX	India International Exchange (IFSC) Limited
INR	Indian Rupee
IOSCO	International Organization of Securities Commissions
IRDAI	Insurance Regulatory and Development Authority
ISIN	International Securities Identification Number

Abbreviations / Acronyms	Definitions
IT	Income Tax
IT Act	Income Tax Act, 1961
ITR	Income Tax Return
KYC	Know Your Customer
LEI	Legal Entity Identifier
LOF	Letter of Offer
LSE	London Stock Exchange
MCA	Ministry of Corporate Affairs, Government of India
MMoU	Multilateral Memorandum of Understanding
MoF	Ministry of Finance, Government of India
MoU	Memorandum of Understanding
MPE	Mainland Private Enterprises
MPS	Minimum Public Shareholding
NDI Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
NICCL	NSE IFSC Clearing Corporation Limited
NOC	No Objection Certificate
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange
NSE IX	NSE International Exchange (IFSC) Limited
NYSE	New York Stock Exchange
PA	Public Announcement
PAN	Permanent Account Number
PFRDA	Pension Fund Regulatory and Development Authority
QIP	Qualified Institutional Placement

Abbreviations / Acronyms	Definitions
RBB	Reverse Book Building
RBI	Reserve Bank of India
RE	Rights Entitlement
RTA	Registrar and Transfer Agents
SCR Rules	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Buy-back Regulations	Securities and Exchange Board of India (Buy-back of Securities) Regulations 2018
SEBI Delisting Regulations	Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI PFUTP Regulations	Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003
SEBI PIT Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI SAST Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SME	Small and Medium Enterprises
SOP	Standard Operating Procedure
TSX	Toronto Stock Exchange
UK	United Kingdom
US SEC	U.S. Securities and Exchange Commission
USA	United States of America
USD	United States Dollar
VWAP	Volume-weighted Average Price

SUBMISSION OF REPORT

December 20, 2023

Shri K. Rajaraman,
Chairperson

International Financial Services Centres Authority (IFSCA)
GIFT SEZ, Gift City, Gandhinagar, Gujarat – 382355

Dear Sir,

We are pleased to submit report of the “Working Group on Direct Listing of Listed Indian Companies on IFSC Exchanges”. In line with its mandate, the Working Group undertook a detailed study of global best practices and thoroughly examined the current legal and regulatory framework. Based on the global best practices, the Working Group has proposed models for dual listing of Indian companies in both jurisdictions through depository connect. The Working Group has also made recommendations on the regulatory issues for operationalizing Direct Listing.

We thank you for entrusting this responsibility to the Working Group. We hope that the proposals and recommendations made by the Working Group will contribute towards implementation of the vision of Government of India to facilitate raising of foreign capital into India and integrating the Indian companies with the international financial market through GIFT IFSC acting as a gateway.


Yours sincerely,


Praveen Trivedi
Chair

Sd/-
S. V. M. D. Rao
Member




Bahram Vakil
Member



Neeraj Kulshrestha
Member



Raghendra Pande
Member


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Yogita Jadhav
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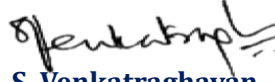

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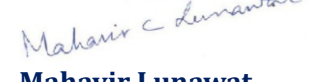

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The Working Group places on record its gratitude to Shri K. Rajaraman, Chairperson, IFSCA for providing his continuous guidance and support to the Working Group.

EXECUTIVE SUMMARY

India is currently the fifth-largest global economy and is expected to become the third-largest economy in the world within this decade. The Government of India has set the target for India to become a developed country by 2047. The financial markets in India will have to play a significant role in the growth story of India in the coming years. With a \$4 trillion stock market capitalization and the world's highest number of listed domestic companies, India offers appealing investment prospects for the global investor community. In this context, GIFT IFSC is well positioned to act as a gateway for attracting foreign capital into India and contribute towards further accelerating development of the country.

Accessing global capital markets is crucial for companies to raise funds, offer liquidity to investors, and create wealth. Currently, the Indian companies are permitted to raise equity capital from foreign investors through listing on the domestic stock exchanges or through international listing in the form of depository receipts. The Government of India has now announced the decision to further ease raising of foreign capital by permitting the Indian companies to directly list their equity shares on the stock exchanges in GIFT IFSC. The proposed Direct Listing is envisaged to emerge as a dynamic avenue for Indian companies (including start-ups), as this would enhance Indian companies' ability to access global funds, diversify their investor base, increase their visibility and provide opportunities for better valuations.

The announcement by the Government of India to permit Direct Listing of equity shares of Indian companies on the stock exchanges in IFSC also included companies that are already listed on the domestic exchanges in India. This Working Group has been constituted to make recommendations on the various legal and regulatory issues involved in operationalizing the proposed Direct Listing of already listed Indian companies.

The Working Group studied the best practices for listing and raising capital by companies across the globe in various jurisdictions viz., USA, Canada, United Kingdom, European Union, Australia, New Zealand, Hong Kong etc. The practices followed in these international jurisdictions for connecting the markets for facilitating dual listing were also studied.

The Working Group believes that one of the important operational aspect of the proposed Direct Listing is the connect between the depositories for facilitating participation of investors in the same company in two separate jurisdictions. The Working Group, after extensive deliberations, has recommended the following approaches for connecting the capital markets of India and IFSC for the proposed Direct Listing of Indian companies:

1. Model 1 - Direct Depository Connect

In this model, the depositories in India and IFSC will be required to establish a direct connect to enable issue of new equity shares directly on the depository in IFSC and to

enable transfer of existing equity shares¹ from the depository in India to the depository in IFSC. The equity shares of Indian companies issued and listed on IFSC exchanges will therefore be held directly by the shareholders in their demat accounts maintained with the depository in IFSC in the segregated account structure. The depositories in India and IFSC are technologically advanced and capable of directly connecting in an efficient manner. This model can be implemented in a short term with the regulatory support and enablers by the regulators viz. SEBI and IFSCA.

2. Model 2 - Nominee Account Structure

The nominee account structure is prevalent in many international financial centres, wherein a third party holds assets as a nominee of the beneficial owners. The nominee account structure has been successful in connecting markets for facilitating dual listing in several jurisdictions (including USA - Canada).

Accordingly, the following models have been proposed:

a) Model 2(A) - Nominee Account by IFSC Depository

In this model, the depository in IFSC will be required to open a nominee account with Indian Depositories (NSDL and CDSL), as a nominee on behalf of all the shareholders in IFSC, for facilitating trading of equity shares of Indian companies on the IFSC exchanges. However, this model requires a shift of the depository from the current “segregated” account structure to “nominee” account structure. This would require amendments in Depositories Act, 1996 and the regulations notified by SEBI and IFSCA and therefore can be implemented in the medium to long term.

b) Model 2(B) – Issuance on ICSDs

The International Central Securities Depositories (ICSDs) in most international financial centres operate in the nominee account structure. The foreign securities issued by Indian companies, including foreign currency bonds, masala bonds, ADRs/ GDRs are already being held by the ICSDs in the nominee account structure. Considering that the shift of the IFSC depository towards nominee account structure requires several amendments and can be implemented only in the medium to long term, the direct listing of equity shares of Indian companies may be allowed through globally recognised ICSDs.

While the Working Group has proposed the above models, the Working Group suggests that the preference should be to implement direct listing through the depository in IFSC.

The Working Group has also studied various regulatory and operational matters relating to dual listing of Indian companies and made its recommendations in the report.

¹ If the issue is an Offer for Sale by existing shareholders of the company

While detailed recommendations have been made in the report, a brief summary of the key recommendations is mentioned below:

- a) *Activities by dual listed companies:* The recommended approach on the various activities of the dual listed companies has been brought out in brief in the below diagram:

	Optional (any Jurisdiction)	Required in both Jurisdictions
Capital Raising	FPOs Preferential Issue QIPs	Rights Issue
Corporate Actions		Dividend Bonus Issue Buy-Backs (Tender Offer)
Others	Delisting	Open Offers Restructuring

- b) *Simultaneous activities in both jurisdictions:* In respect of simultaneous activities in both jurisdictions, since the companies are primarily listed on Indian exchanges, IFSCA may mainly rely upon the requirements specified in the regulations notified by SEBI with such exceptions as indicated in the report. The issuer may be permitted to file common documents in this regard.
- c) *Minimum Public Shareholding:* The issuer may be required to maintain minimum public shareholding separately in India and IFSC.
- d) *Cooperation and Information Sharing*
- The depositories in IFSC may be required to share information with the Indian depositories/ RTA for reconciliation of shares in India and monitoring of foreign limits.
 - The stock exchanges in India and IFSC may be required to have necessary arrangements/ agreements to ensure that all the disclosures made on the Indian exchanges are disclosed on the IFSC exchanges.

- c. The stock exchanges in IFSC may be required to build necessary infrastructure in the medium to long term to make the necessary data available to IFSCA and also to SEBI on need basis.
- d. IFSCA and SEBI may consider having a bilateral MoU for cooperation and exchange of information.

e) Liquidity / Investors

- a. The Indian mutual funds may be permitted to participate in Direct Listing. A separate limit for IFSC may be considered (1% of total AUM of the domestic mutual fund industry).
- b. The broker dealers, including IFSC entities, may be permitted to participate as market makers in Direct Listing.

f) Companies Act, 2013 – The rules under section 23(3) and (4) of Companies Act, 2013 may be notified for implementation of Direct Listing in IFSCs.

g) NDI Rules: The necessary amendments may be notified/ carried out in the NDI Rules to permit cross-jurisdiction issuance and trading of equity shares of Indian companies on IFSC exchanges and other activities of such dual listed companies as identified in the report.

h) Taxation: There are few tax related suggestions to further incentivize non-resident entities to participate in the Direct Listing.

These recommendations are aimed at facilitating implementation of direct listing, providing Indian companies with a pathway to access global capital markets through IFSC Exchanges.

CHAPTER 1: INTRODUCTION

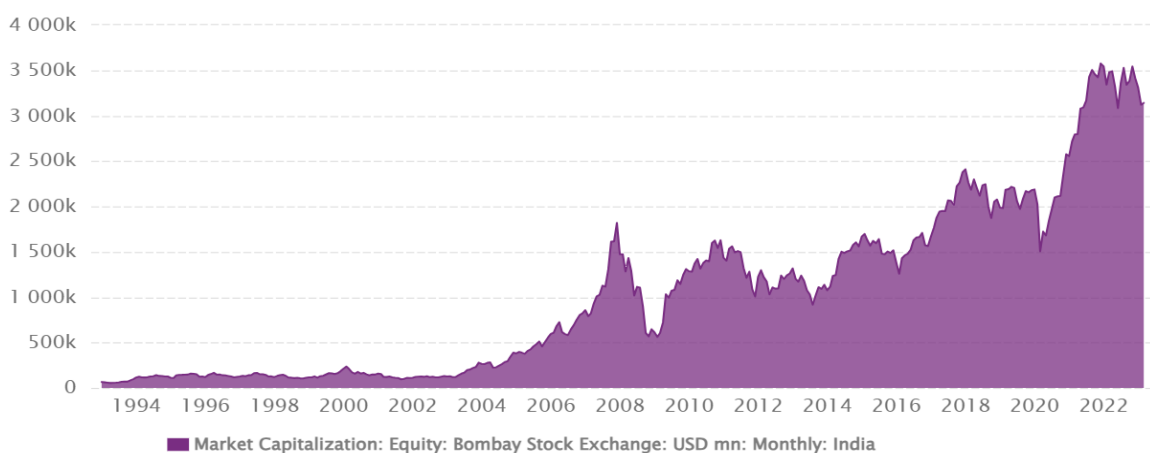
I. BACKGROUND

In 2022, India celebrated its 75th year of Independence and has become the fifth largest economy in the world, largely due to its economic liberalization policies. These policies have made India more market-oriented, increased the role of private capital, and boosted India's global competitiveness.

While most advanced economies are facing an economic slowdown, chronic shortages, high inflation and aging population, the Indian economy is acknowledged to be the fastest-growing large economy by major multilateral organisations like IMF, World Bank etc. India has attained critical mass as the fifth largest economy in the world and is on its path to become the world's third-largest economy in this decade, overtaking both Germany and Japan. Also, the Government of India has set for itself the goal of becoming a “developed” economy by 2047.

Financial markets play a vital role in connecting investors with firms that need capital to finance their projects. Firms seek the lowest possible cost of capital because this allows them to undertake more projects that are financially viable and lead to greater investment. Equity capital from global investors is often cheaper than domestic sources because global investors are more diversified and have a wider range of investment options.

India's total stock market capitalization is more than \$ 4 trillion, making it the fifth largest in the world². This is a significant achievement, given that India was a relatively closed economy just a few decades ago. With highest number of domestic listed companies in the world, India offers both foreign individual investors and foreign institutional investors attractive investment opportunities.



Source: CEICData.com

² As on December 15, 2023

The international financial services centre can play a significant role in further development of the financial markets and attracting capital flows in India. The Government of India established International Financial Services Centres Authority under the International Financial Services Centres Authority Act, 2019 passed by the Union Parliament.

The IFSCA has a statutory mandate to develop and regulate financial institutions, financial services, and financing products within the IFSCs in India. The Government of India, with effect from October 01, 2020, granted IFSCA the regulatory powers of four domestic regulators namely Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI) and Pension Fund Regulatory and Development Authority (PFRDA) for the IFSCs in India.

In this context, this may, therefore, be an opportune time to consider further liberalizing the equity capital raising framework by allowing companies listed in India to access foreign capital by enabling them to directly list their equity shares on the IFSC exchanges.

II. ACCESSING GLOBAL CAPITAL MARKETS

Companies issue securities to raise capital, provide investors with liquid investments, and create wealth. Listing securities on a stock exchange is essential for achieving these goals, as it provides liquidity, fair valuation, and transparency in transactions. Companies are free to choose where to list their securities, but they typically list on a domestic exchange. However, a company may also choose to list on a foreign exchange, either as a substitute for or a supplement to domestic listing. Globally, many companies are interested in overseas listing because it has the potential to improve their ability to raise equity, expand their shareholder base, increase brand visibility, and enhance trading liquidity.

The firms access global capital markets usually in either of the following ways:

- a. Depository Receipts (DRs)
- b. Direct Listing³

1) Depository Receipts

Globalization has led to companies looking beyond their borders to raise capital, and investors are now interested in new investment opportunities and geographically diverse portfolios. This trend has led to the development of depository receipts (DRs), such as American Depository Receipts (ADRs) and Global Depository Receipts (GDRs).

DRs are financial instruments that allow investors to trade shares of foreign companies on their domestic stock exchanges. ADRs are traded on US stock exchanges, while GDRs are traded on stock exchanges in other countries. DRs offer a number of advantages to both companies and investors. DRs have become a popular way for

³ Direct Listing for the purpose of this report means listing of equity shares directly on international exchanges

companies from emerging economies to internationalize, as they allow them to raise capital from foreign investors without having to list their shares on a foreign stock exchange.

For investors, DRs offer a convenient and affordable way to invest in foreign companies without having to open a foreign brokerage account or deal with foreign exchange risks. DRs also allow investors to diversify their portfolios and gain exposure to different markets and sectors.

Post economic liberalisation, Indian companies started to embrace DRs in early 1990s. It was facilitated by the *Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993* (“DR Scheme 1993”). This scheme was particularly popular among companies in the new information technology sector. However, the wave of DR listings by Indian Companies did not last long, and a steep decline was observed in the subsequent years.

Later, to revive issuances of DRs by Indian companies, Ministry of Finance (“MoF”) constituted a committee in 2013, to review comprehensively the DR Scheme, 1993, under the chairmanship of Shri M. S. Sahoo (“Sahoo Committee”). The Sahoo Committee submitted its report titled, *Report of the Committee to Review the FCCBs and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993* in November 2013. The Sahoo Committee proposed significant rationalisation of the DR scheme to enable Indian companies to tap global markets. The committee recommended that the DR Scheme 1993 should be replaced with a new scheme that would provide greater flexibility to Indian companies to raise funds through the issuances of DRs.

Based on the recommendations of the Sahoo Committee, MoF notified the Depository Receipts Scheme, 2014 (“DR Scheme 2014”), on October 21, 2014 which came into effect from December 15, 2014. Subsequently, SEBI issued a circular dated October 10, 2019, notifying “*Framework for Issuance of Depository Receipts*” providing the revised framework for issuance of DRs under the DR Scheme 2014. However, the issuers have stayed away from DRs with no DR issuance in the last several years.

2) Direct Listing of equity shares on international exchanges

Sahoo Committee in its report also mentions about Direct Listing of equity shares. According to the Sahoo Committee report, Direct Listing usually are of the following types:

- a) *Primary*: A firm not listed on any domestic exchange lists its shares on a foreign stock exchange. It is subject to only the foreign jurisdiction listing rules.
- b) *Secondary*: A firm listed on a domestic exchange, subsequently lists its shares on a foreign stock exchange. It is principally regulated by the rules of its domestic jurisdiction.
- c) *Dual primary listing*: A firm listed on a domestic exchange subsequently lists its shares on a foreign stock exchange and is equally subject to the listing rules of both jurisdictions.

While Sahoo Committee gave recommendations for the review of earlier DR Scheme, it mentioned about “*Direct Listing of Indian companies abroad*” and “*Dual listing of Indian Companies*” as amongst areas of work required for further benefiting the Indian companies.

Subsequently, SEBI constituted an ‘*Expert Committee for listing of equity shares of companies incorporated in India on foreign stock exchanges and of companies incorporated outside India, on Indian stock exchanges*’ on June 12, 2018. The broad terms of reference of the Committee were to:

- a) Examine in detail the economic case for permitting direct listing of Indian companies overseas and foreign companies on Indian stock exchanges;
- b) Examine various legal, operational and regulatory constraints in facilitating Indian companies to directly list their equity shares on foreign stock exchanges and foreign companies to list their equity shares on Indian stock exchanges; and
- c) Make recommendations for a suitable framework in which to facilitate such direct listing.

This Expert Committee submitted its report on December 04, 2018. The report *inter-alia* highlights the following benefits to the Indian companies regarding the proposed Direct Listing:

- a) ***Alternate source of capital:*** Companies incorporated in India can benefit from accessing capital markets outside of their country of incorporation for various reasons. Many of these benefits are attained from a reduction in the cost of capital in advanced economies with developed financial markets. Given inherent inflation and relatively smaller domestic institutional and non-institutional pools of capital, the cost of capital in India is still higher vis-à-vis that for a foreign corporate thereby putting the Indian company at a disadvantage in the marketplace. Thus, a simple and principle based international listing regime which enables all companies incorporated in India to raise capital in the market which optimizes cost and provides the greatest benefits in terms of value, quantum, quality and branding is the need of the hour.
- b) ***Broader investor base:*** Listing on foreign stock exchanges broaden and diversify the pool of investors that are able to acquire and trade the company’s shares, which increases the demand pool for the company’s shares and helps to decrease the cost of capital. For example, a company incorporated in India listed in the United States would be able to access numerous investment funds that would otherwise be prevented by their internal investment criteria from investing in companies not listed in the United States. Such listings also enable companies to diversify their capital-raising activities rather than being reliant only on their domestic market. In addition, Indian start-up or emerging-growth companies, for example, will be able to access capital from investors overseas that may be more receptive to their securities than Indian investors, who have typically focused on companies with proven track records of profitability and

growth, and have generally exhibited less appetite for start-up or emerging-growth companies.

- c) **Better valuation:** Companies listing on foreign stock exchanges with sophisticated asset management infrastructure generally expect to obtain more accurate valuations on their securities than in their domestic capital markets. For example, overseas listings enable companies to access specialized industry-specific investor classes, such as high-tech investors, who possess institutional sectoral expertise and are thus better able to value these securities. Listings on foreign stock exchanges can also increase analyst coverage for the listed shares and facilitate clearer comparisons against other peer companies that are listed overseas, each of which contribute toward more accurate benchmarking and valuations.*
- d) **Other strategic benefits:** Additionally, companies incorporated in India may derive benefits from listing on a foreign stock exchange for other strategic reasons, including facilitation of their international employee compensation strategies, increase in their brand awareness and visibility, and by gaining a currency of exchange with which to pursue their international expansion plans.*

Accordingly, the Expert Committee made the following recommendations with regard to Direct Listing of Indian Companies:

- a) Listing may be allowed only on specified stock exchanges in Permissible Jurisdictions. Detailed criteria for identifying Permissible Jurisdictions have been suggested. Based on the criteria, the initial list of Permissible Jurisdictions along with specified stock exchanges has also been recommended.*
- b) The RBI may be requested to introduce Part B to Schedule 1 to FEMA 20R that may set out the regulatory framework for purchase by a person resident outside India of equity shares of a company incorporated in India listed on a foreign stock exchange.*
- c) The MCA may be requested to issue a clarification (similar to the general circular dated August 03, 2016 issued for masala bonds) that Chapter III of the Companies Act, 2013 shall not apply to the listing of equity shares of companies incorporated in India on foreign stock exchanges.*
- d) Listing of unlisted companies incorporated in India on foreign stock exchanges would be governed by the listing framework of the concerned Permissible Jurisdiction. The relevant Indian laws like Companies Act would also continue to apply to such companies. As regards listing of a listed Indian company on foreign stock exchanges, such a company shall comply, at all times, with rules/regulations/ laws/ initial and continuous listing/ disclosure requirements, as are applicable to companies listed in India. In case of variation in the compliance obligations/ requirement for additional compliances in Permissible Jurisdiction, a comparative analysis of the provisions that are applicable in India along with*

compliance of the same and the requirements applicable in the Permissible Jurisdiction shall be given by the company.

- e) The KYC and AML framework existing in Permissible Jurisdictions may be taken as acceptable standards for compliance with KYC and AML norms.*
- f) The beneficial ownership requirement, provided under the Companies (Significant Beneficial Owners) Rules, 2018, can be met by submitting the information as provided by the investors in the manner prescribed in the Permissible Jurisdictions.*
- g) The matter relating to tax on issuance and transfer of equity shares of companies incorporated in India listed on a foreign stock exchange and related reporting obligations, may be taken up with the Department of Revenue for providing clarity. For this purpose, reference may be drawn to ADR / GDR regime.*
- h) The Department of Revenue may be requested to take necessary steps for clarifying the applicability of section 56 of the Income Tax Act, 1961 in case of transactions pertaining to listing of equity shares of companies incorporated in India on foreign stock exchanges including relevant amendments in the tax valuation rules.*
- i) The relevant accounting standards of the country of listing should be applicable. The accounting standards in the country of listing may require preparation/presentation of consolidated financial statements either in accordance with accounting/auditing standards applicable to domestic companies in such jurisdiction or comparable global standards. However, the company would be required to prepare its consolidated financial statements in accordance with applicable Indian Accounting Standards, as applicable from time to time for statutory reporting purposes.*

Subsequently, the Companies (Amendment) Act, 2020 was notified on September 28, 2020 with the following insertions under section 23 of Companies Act, 2013:

"(3) Such class of public companies may issue such class of securities for the purposes of listing on permitted stock exchanges in permissible foreign jurisdictions or such other jurisdictions, as may be prescribed.

(4) The Central Government may, by notification, exempt any class or classes of public companies referred to in sub-section (3) from any of the provisions of this Chapter, Chapter IV, section 89, section 90 or section 127 and a copy of every such notification shall, as soon as may be after it is issued, be laid before both Houses of Parliament."

The Ministry of Corporate Affairs (MCA) subsequently issued a notification dated October 30, 2023 appointing October 30, 2023 as the date on which the provisions of section 5 of the Companies (Amendment) Act, 2020 coming into force. Accordingly, section 23(3) and (4) of Companies Act, 2013 have come into force w.e.f. October 30, 2023.

III. GIFT IFSC ECOSYSTEM

The International Financial Services Centres Authority (IFSCA) has been established by the Government of India with a mandate to develop and regulate financial products, financial services, and financial institutions in the international financial services centres (IFSCs) in India. One of the primary goals of IFSCA is to position the IFSC as the gateway for India's international financial flows, both inbound and outbound.

In relation to GIFT IFSC, the Hon'ble Prime Minister of India has stated his vision as under:

"My vision is that in ten years from now, Gift city should become the price setter for at least a few of the largest traded instruments in the world, whether in commodities, currencies, equities, interest rates or any other financial instrument."

Hon'ble Prime Minister of India on January 09, 2017

"GIFT City is an important gateway to connect India with global opportunities. When you integrate with GIFT City, you will integrate with the whole world."

Hon'ble Prime Minister of India on July 29, 2022

"We want to make GIFT City the Global Nerve Center of New Age Global Financial and Technology Services."

Hon'ble Prime Minister of India on December 09, 2023

IFSCA, in consultation with the stakeholders, has been working on several proposals including introduction of new financial products and financial services for creating a vibrant ecosystem for capital markets in the IFSC. In this context, one of the proposals is to enable direct listing of listed Indian companies on the IFSC exchanges. This is a significant proposition as GIFT IFSC is an international centre with transactions in foreign currency and may attract demand from investors across the world.

IFSC's Regulatory Ecosystem

IFSCA has put in place all the necessary regulatory ecosystem to facilitate listing of Companies on IFSC Exchanges. On July 16, 2021, it has notified the IFSCA (Issuance and Listing of Securities) Regulations, 2021 ("IFSCA ILS Regulations"), a unified framework for the listing of various securities, including by Indian companies. These regulations also have a dedicated chapter on listing start-ups and SMEs to enable smaller companies to raise foreign capital with ease, compared to normal listing.

The financial market ecosystem established in GIFT-IFSC currently includes:

a) **Capital Market Ecosystem:**

Exchanges: The international stock exchanges in the IFSC namely India International Exchange (IFSC) Limited (“India INX”) and NSE IFSC Limited (“NSE IX”) have been set up by BSE and NSE respectively and these exchanges have best-in-class infrastructure to facilitate trading of securities in IFSC.

Clearing Corporations: There are two clearing corporations in the IFSC namely (a) India International Clearing Corporation (IFSC) Limited (India ICC) providing clearing and settlement services to India INX; and (b) NSE IFSC Clearing Corporation Limited (NICCL) providing clearing and settlement services to NSE IX.

Depository: There is a fully functional international depository in IFSC namely, India International Depository IFSC Limited (IIDI).

b) **Capital Market Intermediaries:** There are several capital market intermediaries such as broker dealers/trading members, clearing members, depository participants, custodians, investment bankers etc. in the IFSC.

c) **Banking Ecosystem:** There are more than 25 banking units licensed by IFSCA in GIFT IFSC, including several global banks.

In addition, the transactions on the stock exchanges in IFSC are in foreign currency, providing ease of doing business to the foreign investors. The stock exchanges in IFSC have extended trading hours (more than 20 hours in a day) catering to investors of all important jurisdictions in the world and providing greater flexibility and convenience.

CHAPTER II: CONSTITUTION OF WORKING GROUP

The Hon'ble Union Minister of Finance and Corporate Affairs of India on July 28, 2023, announced the decision of the Government to allow the direct listing of Indian Companies on IFSC Exchanges ("Direct Listing"). The press release issued by Ministry of Finance dated July 28, 2023⁴ in this regard *inter alia* mentions that –

"The Finance Minister announced that the Government has taken a decision to enable direct listing of listed/unlisted companies on IFSC exchanges, which will be operationalised shortly enabling start-ups and companies of like nature to access global market through GIFT IFSC."

In order to operationalize the announcement of Hon'ble FM, the following key enablers have been identified for enabling Direct Listing of Indian Companies on IFSC Exchanges:

Sl. No.	Legal Framework	Authority	Remarks
1	Direct Listing of Equity Shares of Companies Incorporated in India on International Exchanges Scheme, 2023 ("Direct Listing Scheme")	DEA	Required for both unlisted and listed Indian companies
2	Companies (Listing of Equity Shares in Permissible Jurisdictions) Rules, 2023 ("LEAP Rules") [Rules u/s 23(3) of Companies Act, 2013]	MCA	Required for both unlisted and listed Indian companies
3	Amendment to the Foreign Exchange Management (Non-debt Instruments) Rules, 2019	DEA and RBI	Required for both unlisted and listed Indian companies
4	SEBI Framework including amendment to the regulations	SEBI	Listed Companies
5	IFSCA Framework including amendment to the regulations	IFSCA	Required for both unlisted and listed Indian companies

Further, during the meeting held under the chairpersonship of Hon'ble Union Minister of Finance and Corporate Affairs of India at GIFT IFSC, on 19.08.2023, the following action points related to Direct Listing were also decided:

"SEBI shall expedite the framework to enable direct listing of equity shares of listed Indian companies. A working group needs to be set up by IFSCA and SEBI with a strict timeline to streamline and identify all the operational issues and agreements needed between exchanges/depositories."

⁴ <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1943686>

Accordingly, as advised by the Department of Economic Affairs (DEA), Government of India, IFSCA constituted a working group on “*Direct Listing of Listed Indian Companies on IFSC Exchanges*” (“Working Group”), in consultation with SEBI on August 30, 2023 with the following terms of reference:

- a. To make recommendations for operationalising direct listing of equity shares of listed Indian Companies on IFSC Exchanges;
- b. To facilitate development of systems for regular sharing of information between regulators, exchanges and depositories;
- c. To study global best practices on operational aspects relating to listing of equity shares on domestic and overseas exchanges and make recommendations for desired regulatory ecosystem in IFSC;
- d. To make recommendations for necessary changes in the existing legal framework, including securities and company law, to facilitate direct listing;
- e. To make recommendations for regulatory cooperation and monitoring compliance in respect of companies listed in both jurisdictions;
- f. To make recommendations to facilitate ease of doing business for non-resident investors to participate in direct listing with the objective of attracting foreign capital in India through IFSC.

The members of the Working Group are as follows:

1. Shri Praveen Trivedi, Executive Director, IFSCA (Chair)
2. Shri S. V. M. D. Rao, Executive Director, SEBI
3. Smt. Yogita Jadhav, General Manager, SEBI
4. Shri Pratiyush Kumar, Joint Director, DEA
5. Shri N. K. Dua, Joint Director, MCA
6. Shri Bahram Vakil, Founder and Senior Partner, AZB & Partners
7. Shri Ashishkumar Chauhan, MD & CEO, NSE
8. Shri Nehal Vora, MD & CEO, CDSL
9. Shri V. Balasubramaniam, MD & CEO, NSE IX
10. Shri Neeraj Kulshrestha, MD & CEO, NICCL
11. Shri Kaushal Sampat, MD & CEO, IIDI
12. Shri S. Venkatraghavan, AIBI Representative

13. Shri Mahavir Lunawat, MD, Pantomath Capital Advisors Pvt. Ltd.
14. Shri Raghwendra Pande, EVP, ICICI Securities Ltd.
15. Shri Rajesh Sharma, EVP & Head Custody, HDFC Bank Limited
16. Shri Arjun Prasad, General Manager, IFSCA

Shri Ankit Bhansali, General Manager, IFSCA; Shri Samarth Jagnani, Managing Director, Global Capital Markets, Morgan Stanley; Shri Ankur Bishnoi, Assistant General Manager, SEBI; Shri Abhishek Rozatkar, Assistant General Manager, SEBI; and Shri Lionel D'Almeida, Senior Partner AZB and Partners, were invited to participate in the meetings of the Working Groups.

PROCESS FOLLOWED

The Working Group held its **first meeting** on September 08, 2023. During the first meeting, the members discussed on the global best practices on international listings followed in jurisdictions such as USA, Canada, UK, Europe, Australia and Hong Kong. It was informed that there are mainly two approaches followed globally for dual listings:

a) Same class of shares listed on multiple exchanges

Some jurisdictions have developed well established links between depositories to facilitate trading in cross-border jurisdictions.

b) Different class of shares for cross-border listings (followed in Hong Kong - China)

The companies incorporated in China have 'A' shares for listing on exchanges in Mainland China (such as Shanghai and Shenzhen) and 'H' shares for listing on Hong Kong Exchange. While 'A' shares are traded in Renminbi, 'H' shares are traded in Hong Kong Dollar. Therefore, there are two different markets for listing of different class of equity shares of the same company on cross-border exchanges.

Further, Hong Kong has also been successful in attracting listings of companies formed by Chinese entities but incorporated outside of China such as Red Chip companies and Mainland Private Enterprises.

During the first meeting, Working Group principally agreed to consider the possibility of adopting the approach followed in China/Hong Kong with two different markets for listing of equity shares of Indian companies.

Several regulatory / operational issues were also identified during the meeting viz. minimum public shareholding, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SAST Regulations), shareholders' approvals / exercise of voting rights for various resolutions, applicability and monitoring of various foreign limits (FDI, FPI) etc., participation of NRIs, mechanisms in place for flow of information between exchanges

(Indian and IFSC) and between Depositories (Indian and IFSC) for various regulatory purposes, Qualified Institutional Placements (QIPs), issues related to onboarding of non-residents in IFSC.

Working Group also formed two sub-groups –

- a) **First sub-group** was formed to study and recommend on the regulatory and operational issues relating to Direct Listing;
- b) **Second sub-group** was formed to study and recommend mechanism relating to QIPs and Listing without IPOs.

The **second meeting** of the Working Group was held on September 14, 2023 wherein the following issues were discussed:

a) *Different Class of Shares*⁵

- i. The issues relating to creation of different class of shares having *pari-passu* voting rights with trading in different currencies and markets i.e. domestic and IFSC, were discussed. It was discussed that necessary clarifications may be required under the provisions of Companies Act, 2013 and Rules made thereunder for issuance and listing of two classes of shares.
- ii. The approval process for converting shares from Class 'A' shares to Class 'B' Shares may also be specified. Further, it was suggested that the fungibility/ conversion of Class 'B' Shares to Class 'A' Shares may also be permitted, so as to enable the companies which are listed on IFSC exchanges, to subsequently list on Indian exchanges.

b) *Maintaining register / Depository*

In terms of section 88(3) of Companies Act, 2013, the register and index of beneficial owners maintained by a depository are deemed to be the corresponding register and index for the purposes of Companies Act, 2013. It was agreed that register maintained by the Indian and IFSC depositories would be the deemed registers for the purpose of compliance with section 88.

c) *Mechanism similar to ADRs / GDRs*

In this context, it was mentioned that currently the equity shares are being held by the Indian Depositories. The mechanism for converting these equity shares into Class 'B' shares and making them available on IFSC depository may be developed. It was suggested that the current mechanism for ADRs/ GDRs may also be explored and instead of reducing

⁵ For the purpose of discussion in the Working Group, Class A refers to equity shares listed in India and Class B refers to equity shares listed in IFSC Exchanges.

Class 'A' shares while conversion, the Indian depositories may continue to hold the underlying shares (equivalent to Class 'B' Shares) in the Indian Depository. This approach will help in reconciliation of the total shares and ease the process of listing. However, it was felt that the implications of this approach on the company's balance sheet and other legal issues need to be examined.

Accordingly, it was agreed that the sub-group will discuss this issue in more detail and make its recommendations to the Working Group.

- d) Several other regulatory issues such as applicability of regulations (SEBI SAST Regulations, SEBI Buy-back Regulations, SEBI LODR Regulations, SEBI Delisting Regulations, SEBI PIT Regulations and SEBI PFUTP Regulations), minimum public shareholding, market surveillance, Unique Identifier, Information sharing between depositories, compliance with Press Note 3 requirements etc. were also discussed.
- e) Qualified Institutional Placements ("QIP"): The benefits of permitting QIP issuances of listed Indian companies on the stock exchanges in IFSC were presented.

The **third meeting** of the Working Group was held on September 25, 2023 and the following issues were discussed:

a) Operationalizing Direct Listing:

Two approaches were discussed in the meeting:

- i. IFSC Depository opening a nominee account with Indian Depositories for facilitating listing and trading of Indian companies (unlisted and listed) on IFSC exchanges. In this regard, it was acknowledged that while such nominee/ omnibus account structures are prevalent in many other global and advanced markets, the demat accounts in India are based on segregated account structure. Therefore, it was agreed that the proposed model may require changes in Depositories Act, 1996 and/or Rules and Regulations made thereunder.
- ii. The mechanism similar to ADRs/ GDRs may be considered wherein the shares earmarked for listing on IFSC exchanges may be held by the custodians in India and the equivalent number of shares may be issued and listed on IFSC Exchanges.

It was agreed that both these approaches may be compared with the current DR framework, operationally and legally. The differences between the two approaches may be identified and addressed to propose seamless operationalization of direct listing in IFSC.

b) Minimum Public Shareholding

It was discussed that the minimum public shareholding requirements may be treated similar to DR framework. In this regard, it was mentioned that IFSCA may consider having adequate minimum float for the companies to continue listing on IFSC exchanges.

c) Surveillance and Enforcement

It was mentioned that both the regulators namely SEBI and IFSCA need to coordinate closely on surveillance and enforcement related matters in respect of Indian listed companies having listing in both jurisdictions.

d) QIPs

It was suggested that QIPs of Indian companies may be permitted on IFSC exchanges, through abridged prospectus.

The **fourth meeting** of the Working Group was held on October 23, 2023 for discussion on the draft report. It was decided that a sub-group would be formed to identify all changes required at systemic level as well as operational level by conducting a study through a "use-case analysis" wherein a complete life cycle of a hypothetical Indian listed entity may be carried out (such as issuance at IFSC Exchanges, Open Offer, Preferential Issuance, Public Issuance (FPO), Rights Issue, Corporate Actions, Scheme of arrangement, disclosures, Surveillance Actions, Delisting etc.). Subsequently, several meetings were held by the sub-group to make recommendations on the various operational and regulatory issues involved in this regard. The detailed analysis of this sub-group is placed at **Annexure-1**.

The **fifth meeting** of the Working Group was held on December 12, 2023. The members of the Working Group agreed with the recommendations made in the report, with additional suggestions on the draft report particularly with regard to including the option of operationalizing direct listing through the international central securities depositories (ICSDs).

CHAPTER III: GLOBAL BEST PRACTICES

The world is more inter-connected than ever before and capital markets are no exception, as companies regularly look beyond their own borders/ jurisdictions for capital raising opportunities. Companies can access the global capital markets in a variety of ways, including cross-border listings, domestic listings with international placements, and private placements. Cross-border listings allow companies to raise capital on a foreign stock exchange, reaching a wider pool of investors and potentially gaining greater visibility.

Companies have a growing number of options to choose from, when considering stock exchanges and jurisdictions for capital raising. Here are some key factors to consider⁶:

- a) **Listing requirements:** Most exchanges have listing requirements, such as financial track record, assets, minimum number of shareholders, public float, minimum share price, and capitalization. Some exchanges may be easier to qualify for than others, depending on the company's stage of development. For example, a company in the research and development phase may be more likely to meet the requirements of an exchange that offers assets test financial requirements rather than requiring a track record of profitability.
- b) **Capital required:** Some exchanges are better suited for large capital raisings due to their size and liquidity, while others may offer a more efficient way to raise smaller amounts of capital more quickly. Additionally, some exchanges have more flexible requirements for already-listed companies to raise additional capital, such as allowing flexibility in structuring and size of placements.
- c) **Industry peers:** Peer companies in the same industry may be more prevalent on certain exchanges, which can help attract investors and analysts with experience in the relevant sectors who can provide more accurate valuations. Similarly, investor appetite for the quality, stage of development, and risks associated with a particular product may vary from market to market.
- d) **Visibility:** A company with significant presence in a particular jurisdiction may find it beneficial to establish visibility and brand recognition by listing or raising capital in that jurisdiction. A company may also seek to increase its overall global prominence, which could factor into the cross-border capital raising decision.
- e) **Market participants:** Different exchanges may have market participants with different levels of understanding of the company's business. Investment banks and other market participants with a deep pool of research analysts and other investment professionals can help drive successful capital raising and a strong aftermarket.
- f) **Timing:** Executing a capital raising at the right time in the right market is an important factor for many companies to consider, especially during times of

⁶ Reference: Cross-Border Listings Guide by Baker McKenzie, 9th Edition

significant market volatility. For example, a company whose home jurisdiction is facing economic and market challenges may be better off listing and/or raising capital abroad to meet its financial needs at that particular time.

- g) Ongoing regulatory requirements:** Ongoing exchange or securities regulator requirements, such as financial and other market disclosure reporting, may be more stringent on certain exchanges or in certain jurisdictions than others, which can result in significant compliance costs. It is important for a company to determine early on whether it will be able to meet all ongoing regulatory obligations for a chosen exchange.
- h) Tax implications:** The tax implications of listing on a particular exchange or raising capital in a particular jurisdiction are also considered.
- i) Political and economic stability:** The political and economic stability of the jurisdiction where a company is listed or raises capital can also be a factor to consider. Companies assess the risks associated with investing in a particular jurisdiction before making a decision.

The following are some of the prevalent practices for listing and raising capital, across the globe:

1) USA and Canada

USA and Canada have cross border listing arrangement wherein a Canadian company can list its shares on a US stock exchange and *vice-versa*. This allows the companies to access larger pool of investors and increase their liquidity.

The New York Stock Exchange (NYSE) and NASDAQ are two of the largest stock exchanges in the world. They are also popular destinations for Canadian companies seeking to raise capital and expand their reach. The NYSE and NASDAQ have over 1,000 international listings, including ADRs.

As per the available data⁷, there are 298 Canadian companies listed on both the Toronto Stock Exchange (TSX) and international exchanges. Of these, 140+ companies are listed on NYSE and 75+ companies are listed on NASDAQ, making them the top two international exchanges for Canadian companies.

DTC CDS Link

It is a two-way link between The Depository Trust Company (“DTC”) and CDS Clearing and Depository Services, Inc. (“CDS”), (depositories in USA and Canada respectively). CDS, as a participant at DTC, holds securities at DTC, which may be transferred on the books of DTC on behalf of CDS participants. Conversely, DTC holds securities in its account at CDS. This enables DTC, on behalf of its participants, to make free deliveries

⁷ Source: <https://www.tsx.com/trading/market-data-and-statistics/market-statistics-and-reports/interlisted-companies> (Data updated as on October 01, 2023)

and receive eligible securities with other participants of CDS. DTC also maintains links with other central securities depositories.

2) United Kingdom

London Stock Exchange

LSE has over 300 international issuers listed on its various platforms⁸ (out of a total of 1881 issuers) representing 109 from North America, 88 from Europe, 52 from Asia, 29 from Australia and the remaining from other parts of the world.

The Alternative Investment Market ("AIM"), a sub-market of LSE for small and medium size growth companies, also has a fast-track admission procedure for companies that have had their securities traded on the top tier or main board of a Designated Market for at least 18 months prior to the date of admission to AIM. This fast-track procedure allows companies to seek admission to AIM without needing to produce an Admission Document.

3) European Union Jurisdiction

(a) Euronext International Listings

Euronext is a pan-European stock exchange with presence in seven countries at Amsterdam (Netherlands), Brussels (Belgium), Dublin (Ireland), Lisbon (Portugal), Milan (Italy), Oslo (Norway), and Paris (France). It is the leading venue for equity listings in Europe, and also hosts a significant number of international listings.

There are currently 202 international companies listed on Euronext platforms (out of 1,925 companies), representing approximately 10% of the total number of listed companies. These companies are from a variety of geographies, including Europe (151), the Americas (33), Asia Pacific (8), the Middle East and Africa (10).⁹

(b) Dual Listed Companies

There are 43 dual listed companies on Euronext, meaning that they are also listed on another stock exchange, typically in their home country. This provides companies with access to a wider range of investors and capital markets.¹⁰

(c) "Fast Path" Procedure

Euronext offers a "Fast Path" procedure to welcome listing of US-listed issuers. This procedure allows US-listed, non-EU companies to use their existing filings with the US SEC for a listing on NYSE Euronext's European market. This can significantly reduce the time and cost of listing on the exchange.

⁸ <https://www.londonstockexchange.com/reports?tab=issuers> (As of September 30, 2023)

⁹ <https://www.euronext.com/en/raise-capital/international-listings>; Data updated in December 2022

¹⁰ <https://www.euronext.com/en/raise-capital/international-listings>; Data updated in December 2022

(d) EU Passporting

Euronext also supports passporting, which means that a prospectus approved by an issuer's home member state is accepted by all other member states. This simplifies the process of raising capital across multiple European markets.

4) Australia and New Zealand

ASX has over 230 foreign listings (out of ~2000 companies); out of which 62 listings are from New Zealand; 44 are from USA; 17 are from Canada, 13 are from Singapore; 12 are from Israel and 12 are from UK¹¹.

ASX New Zealand Foreign Exempt Regime

ASX has a framework for Foreign Exempt Listing under which the issuer must comply primarily with the rules of its home exchange and is exempt from most of ASX's Listing Rules.

Australia and New Zealand enjoy a close economic and financial relationship, and this is reflected in the fact that cross-border listings of securities are common between the two countries. As per the website of ASX, a total of 15 New Zealand companies have undertaken a secondary listing on ASX since 2010, under this Foreign Exempt regime.

5) Hong-Kong and Mainland China

Hong Kong 'A' Shares and 'H' Shares are two types of shares that represent ownership in Chinese companies.

(a) 'A' Share and 'H' Share Companies

	'A' Shares	'H' Shares
Incorporation	Company incorporated in Mainland China	
Listing	Mainland China (Shanghai/Shenzhen Stock exchanges)	The Stock Exchange of Hong Kong Limited (HK Exchange)
Currency	Traded in CNY	Traded in HKD
Investors	Mostly mainland China	All investors# (mostly international and institutional)

#Hong Kong market is more international and has more institutional investors. Institutional investors from Hong Kong and overseas account for about 65 per cent of total turnover¹².

¹¹ Source: <https://www.asx.com.au/listings/why-list-on-asx/international-companies> (Data as of September 30, 2023)

¹² https://www.hkex.com.hk/Global/Exchange/FAQ/Getting-Started/Overview-of-the-listed-market?sc_lang=en#collapse-3

(b) Red Chip Companies

These companies are enterprises incorporated outside Mainland China and are controlled by Mainland Chinese Government entities. These are listed on HK Exchange and traded in HKD.

(c) Mainland Private Enterprises (MPE)

MPEs refer to companies that are incorporated outside Mainland China and are controlled by Mainland Chinese Individuals. These are listed on HK Exchange and traded in HKD.

(d) Hong Kong and Mainland Market Highlights

Hong Kong has a total of 2,600+ listed companies with a total market capitalization of ~HKD 31 trillion (~USD 4 trillion)¹³. These include several 'H' Shares companies, Red chip companies, MPEs and other international listings. *(Source: HKEX website)*

(e) Secondary Listing

The HK Exchange exempts or waives certain requirements of the Listing Rules for issuers with, or seeking, a secondary listing. Unlike issuers primary listed on the HK Exchange, secondary listings are principally regulated by the rules and authorities of the jurisdiction where they are primary listed.

Further, automatic waivers from full compliance with certain Listing Rules are also available to secondary listing issuers. Such secondary listing issuers are not required to apply to the Exchange for these waivers which are granted automatically.

Share Structure

In most developed jurisdictions, such as the USA, UK, EU, Australia, and Canada, companies are allowed to list the same class of shares on multiple stock exchanges. This means that investors in different countries can buy and sell shares in the same company, regardless of which stock exchange the shares are listed on.

Hong Kong on the other hand, maintains a separate class of shares for companies that are incorporated in mainland China and listed on the HKEX ('A' Shares for listing on domestic stock exchanges and 'H' Shares for listing on Hong Kong Exchange).

¹³ Data available on website of HKEX as on end-November 2023

CHAPTER IV: DIRECT LISTING - DEPOSITORY CONNECT MODELS

The Working Group deliberated on various options to operationalize Direct Listing of equity shares of listed Indian Companies on IFSC Exchanges. During the deliberations, the Working Group discussed at length the possibility to replicate the ADR / GDR mechanism for Direct Listing, wherein the equity shares earmarked for listing on IFSC exchanges are held by the custodians in India and the equivalent number of equity shares/securities are issued and listed on IFSC Exchanges. However, the following are the fundamental issues and challenges in this option:

- a) Under the DR framework, the Depository Receipts (ADR/GDR) are created by the overseas depository banks¹⁴. In this regard, the relevant legal provisions are summarized as under:

- i. 'Depository Receipt' under the Depository Receipts Scheme, 2014 -

*2(1)(a) 'depository receipt' means a foreign currency denominated instrument, whether listed on an international exchange or not, **issued by a foreign depository** in a permissible jurisdiction **on the back of permissible securities** issued or transferred to that foreign depository and deposited with a domestic custodian and includes 'global depository receipt' as defined in section 2(44) of the Companies Act, 2013.*

- ii. 'Global Depository Receipts' under the Companies Act, 2013-

*2(44): "Global Depository Receipt" means any instrument in the form of a depository receipt, by whatever name called, **created by a foreign depository** outside India and authorised by a company making an issue of such depository receipts".*

- iii. The Companies (Issue of Global Depository Receipts) Rules, 2014

*Rule 4(3) states that – "The depository receipts shall be issued by an **overseas depository bank** appointed by the company and the **underlying** shares shall be kept in the custody of a domestic custodian bank."*

Rule 5 (3) provides the manner and form of DRs - "The underlying shares shall be allotted in the name of the overseas depository bank and against such shares, the depository receipts shall be issued by the overseas depository bank."

- b) Thus, the Working Group noted that whereas the DR scheme is based on issuance of new securities by another intermediary deriving its value from underlying securities, which can also be equity shares of a company. However, as per

¹⁴ Also referred as "foreign depository" under some laws.

Companies Act, 2013, the equity shares are always issued directly by the company and cannot be issued by any other entity. Further, unlike DR instrument, equity shares are not backed by (or derive value from) any other underlying securities.

- c) The Working Group also noted that the proposed scheme and rules to be notified by the Government of India only envisages direct listing of equity shares at IFSC exchanges. This is fundamentally different from a Depository Receipt, as in the case of listing of 'equity shares'; there would not be any 'underlying' which is *sine-quo-non* in the case of Depository Receipts.

Therefore, the Working Group concluded that the exact replication of the DR scheme may not be possible in the case of direct listing of equity shares of Indian companies on IFSC exchanges.

The Working Group however recognizes that the regulatory aspects of direct listing of shares by Indian companies may be very similar to Depository Receipts so far as various compliances are concerned, as the objective of both the instruments ("Direct Listing of equity shares" and "DRs") are similar i.e. raising foreign capital by Indian companies through issuance of securities outside of domestic India.

Therefore, in order to enable seamless and quick implementation of the announcement made by the Hon'ble Finance Minister of India enabling direct listing of equity shares on IFSC exchanges, the working group recommends the following models:

MODEL 1

1) Direct Depository Connect

The equity shares of Indian companies listed on IFSC exchanges shall be held directly by the shareholders in their demat accounts maintained with Depository in IFSC. The Depository in IFSC shall maintain the register for the shares listed in IFSC as required under section 88 of the Companies Act, 2013, read with section 11 of the Depositories Act, 1996.

In the case of fresh issuance, the equity shares shall be issued by a company, directly in the IFSC depository.

In the case of offer for sale, the shares will be transferred from the entities' demat account in domestic India to the shareholders' demat account in IFSC.

An agreement will be required to be entered by the company listed in India, with the Depository in IFSC, Indian depositories and the Registrar and Share Transfer Agent of the company, for admission of the equity shares of the company into the system of IFSC Depository.

The transfer of securities from Indian depositories to IFSC depositories will be required to be permitted legally through suitable regulatory framework, as the extant

regulations do not envisage inter-jurisdiction transfer of Indian securities. SEBI and IFSCA may specify the required legal enablers in this regard.

As per the Guidelines of The Association of National Numbering Agencies (ANNA Guidelines), there is no requirement of separate International Securities Identification Number (ISIN) in case of *pari-passu* equity shares of the same class. ANNA Guidelines permit same ISIN to be traded on the exchanges in multiple jurisdictions in different currencies. Therefore, the ISIN in the Indian jurisdiction will work in IFSC as well.

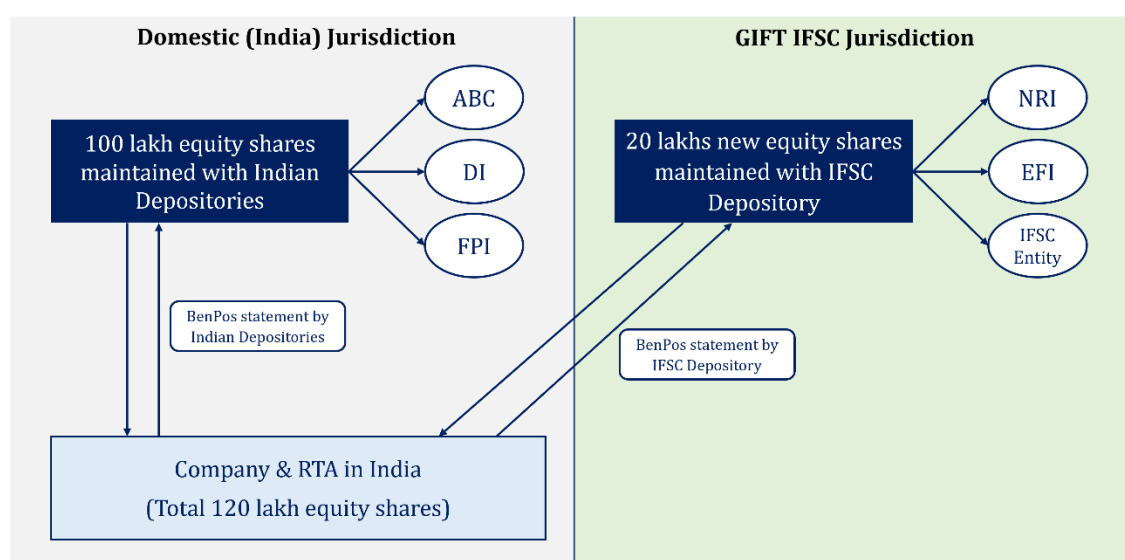
The scenarios in cases of Fresh Issue and Offer for sale are explained as under.

a) Fresh issuance by the Company

In case of issuance of equity shares by the listed Indian companies in IFSC, the new equity shares shall be issued directly in the demat accounts of the shareholders maintained with the IFSC Depository.

For example, if a company X, having 100 lakh equity shares issued and listed on Indian exchanges, is desirous of issuing 20 lakh additional equity shares in IFSC, the newly issued 20 lakh shares shall be issued directly to the shareholders in their demat accounts maintained with the IFSC Depository.

A pictorial presentation of the model 1(a) is depicted below¹⁵:



b) Offer for Sale by the existing shareholders

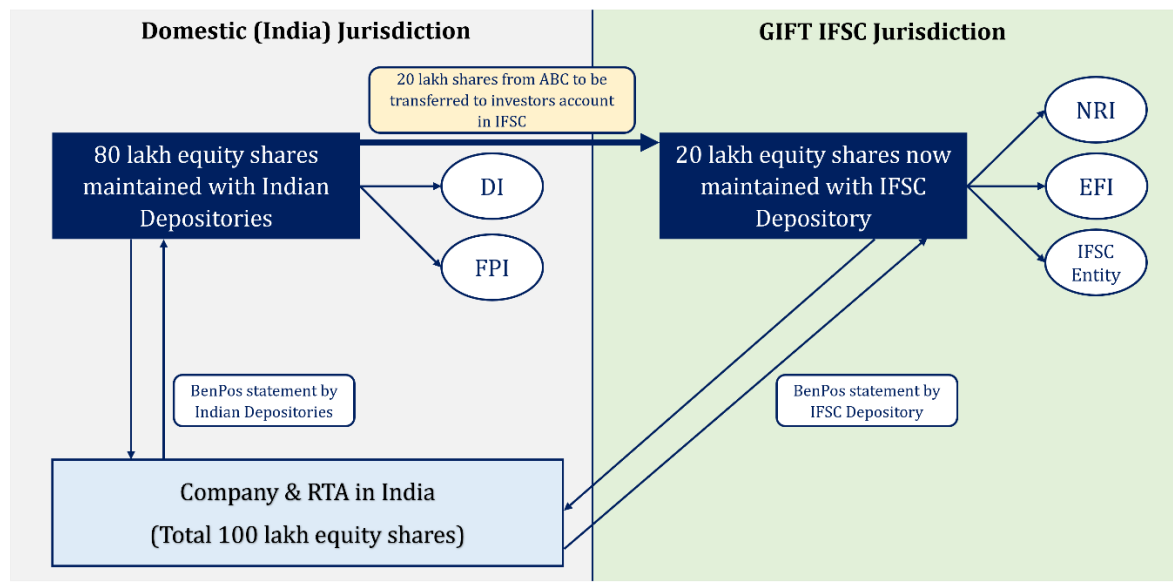
In case of an offer for sale by existing shareholders of the Indian listed companies, the equity shares offered for the purpose of listing and trading on IFSC exchanges will be purchased by new shareholders in IFSC. Accordingly, the depositories (Indian as well

¹⁵ ABC has been used as an illustration for a promoter / large investor in the company. This has been used for illustration in the case of OFS in the diagram at Model 1(B) as well

as IFSC Depository) shall have the necessary linkage to enable transfer of shares from the shareholders in Indian depositories to the shareholders in the IFSC depository. The Indian companies may come out with a public issue for sale of shares by existing shareholders. The filing and process of listing on IFSC exchanges will be carried out by the company in similar manner as compared to raising of capital.

For example, if a company X, having 100 lakh equity shares issued and listed on Indian exchanges and a shareholder 'ABC' is desirous to offer 20 lakh equity shares in IFSC, in such case, ABC shall sell its shareholding through investment banker/ stock exchange in IFSC. The shares of ABC shall be transferred from its demat account with Indian depository to IFSC Depository through Depository Connect which in turn, will allocate to the respective shareholder's demat account in IFSC.

A pictorial presentation of the model 1(b) is depicted below:



Reconciliation

Since the equity shares of the Indian companies will be listed in both jurisdictions, there is a need to reconcile the list of shareholders of the company across both the jurisdictions. Currently, the depositories in India (NSDL and CDSL) share the Beneficiary Position (BenPos) statements to the RTA for reconciliation of shareholders in the domestic India. In similar manner, the IFSC depository shall send information about the shareholders (BenPos statements) to the RTA of the company on the same periodicity as the Indian Depositories. This would ensure that the non-resident investors in IFSC are identified by the company and the RTA, for the purpose of various corporate actions and compliances.

Compliances under Companies Act, 2013

Considering *pari-passu* nature of equity shares, the compliances under Companies Act,

2013 shall be on 'combined basis'¹⁶ on various matters (total issued share capital, shareholding pattern, balance sheet, voting etc.).

Corporate Actions

Since the equity shares in India and the IFSC are *pari-passu*, all the corporate actions by the issuer company shall be provided to the shareholders in India and IFSC simultaneously.

MODEL 2

2) Nominee Account Structure

Nominee Account

A nominee account is a brokerage or custodian account where assets (stock, bonds etc.) are held in the name of a nominee or a third party (often a broker or financial institution) acting as the registered owner on behalf of underlying beneficial owners. Beneficial owners retain ownership rights (economic ownership) while nominee holds legal ownership. This is commonly utilised by institutional investors, brokers and financial institutions dealing with a large volume of transactions and client accounts. This structure plays a vital role in the efficient functioning of capital markets, facilitating easier management of securities and assets across numerous clients while balancing efficiency with regulatory compliance and risk management. This structure is very prevalent in advanced markets like USA, UK, EU, Singapore, Honk Kong, Canada etc.,)

The ICSDs, such as Euroclear, Clearstream and DTC, operate in nominee account structure. The ICSDs are central hubs for holding and settling international securities transactions, as they offer several benefits, including the following:

- a) *Efficiency*: Nominee account structure streamlines settlement at the institution level and reduces the cost for the clients.
- b) *Global reach*: This structure permits a financial institution to hold assets of multiple clients under a single aggregated account and thereby providing easy access to a large pool of international investors.

Further, over the years, Indian issuers have increasingly tapped into international capital markets by issuing foreign currency bonds and masala bonds (rupee-denominated bonds), as they offer access to wider pool of international investors and help in diversifying funding sources. These bonds are often settled and held in the ICSDs.

In view of the above, following sub-models are recommended:

¹⁶ 'combined basis' shall include the shares listed on Indian stock exchanges, plus the shares listed on IFSC exchanges

Model 2(A)**Nominee Account by IFSC Depository**

In this model, the IFSC Depository, which is an international depository, shall open a nominee account with Indian Depositories for facilitating listing and trading of shares of Indian companies (unlisted and listed) on IFSC exchanges.

The following are the challenges in this option:

- a) Nominee/omnibus account structure has not been permitted for holding securities in India (domestic India and IFSC) under Depositories Act, 1996 and Regulations issued by SEBI and IFSCA.

The Depositories Act, 1996 defines concept of “registered owner” and “beneficial owner”. The dematerialized securities are held directly in the name of the “beneficial owners”. The “registered owner” can only be a ‘depository’ whose name is recorded as such in register of the company.

In terms of the Depositories Act, 1996, the Indian depositories can open demat accounts only in the name of the “beneficial owners” (BO accounts). Thus, in this case, the nominee account opened by IFSC depository shall be like the regular BO account with Indian depositories, which would imply that the IFSC depository becomes the BO in terms of Depositories Act, which is not the case.

- b) In terms of regulation 59 of the SEBI (Depositories and Participants) Regulations, 2018 (DP Regulations), separate segregated accounts of the beneficial owners are required to be maintained in domestic India, as mentioned below:

“Separate accounts

59. (1) Separate accounts shall be opened by every participant in the name of each of the beneficial owners and the securities of each beneficial owner shall be segregated, and shall not be mixed up with the securities of other beneficial owners or with the participant’s own securities.

(2) A participant shall register the transfer of securities to or from a beneficial owner’s account only on receipt of instructions from the beneficial owner and thereafter confirm the same to the beneficial owner in a manner as specified by the depository in its bye-laws.

(3) Every entry in the beneficial owner’s account shall be supported by electronic instructions or any other mode of instruction received from the beneficial owner in accordance with the agreement with the beneficial owner.”

- c) Further, in terms of regulation 25(3) of the IFSCA (Capital Market Intermediaries) Regulations, 2023, separate segregated accounts are required to be maintained in the name of each beneficial owner in IFSC, as mentioned below:

“25 (3) Separate accounts shall be opened by every depository participant in the name of each of the beneficial owners and the securities of each beneficial owner shall be segregated and shall not be mixed up with the securities of other beneficial owners or with the participant’s own securities.”

- d) The Depositories Act, 1996 and the DP Regulations do not provide for a framework relating to the establishment of such linkage of Indian Depositories with overseas depositories by way of contractual arrangement.

Role of IFSC Depository: In this model, all the rights and liabilities attached to the securities shall be upon the IFSC depository on behalf of the beneficial owners i.e., the holders of securities listed on the IFSC exchanges. In such case, the depository shall be exercising voting rights on behalf of shareholders, albeit as per their instructions, and performing other functions including tendering of shares in the open offer, buy-back etc. Further, it may also be argued that the depository is liable in the first instance for any liability attached to the securities as a nominee holder, even though such liabilities may be recovered by the depository subsequently from the beneficial owners. In the extant framework, the depository is not envisaged to perform such kinds of functions.

In view of the above, it is relevant to mention that while nominee account structure is prevalent in several jurisdictions, amendments / carve-outs will be required in the Depositories Act, 1996 and the relevant regulations notified by SEBI and IFSCA to permit opening of a nominee account by IFSC depository with the Indian depositories to facilitate direct listing of Indian companies on IFSC Exchanges, with necessary safeguards, including ring-fencing the core operations and functioning of the IFSC depository.

Model 2(B)

Issuance on ICSDs

The foreign securities issued by Indian issuers, including foreign currency bonds, masala bonds, ADRs/ GDRs are already been held in the form of nominee accounts with the ICSDs. In the context of IFSC, the debt securities listed on the IFSC exchanges are already permitted to be held with the ICSDs in the nominee account structure. Further, the GIFT NIFTY Connect has also been enabled through the nominee account structure.

Further, the clearing corporations in the IFSC have already established connectivity with some ICSDs for clearing and settlement of securities traded on the IFSC exchanges.

Considering that the shift of IFSC Depository towards nominee account structure requires several amendments, the Working Group is of the view that the Direct Listing may be permitted through issuance on the globally recognised ICSDs.

Since the Indian depositories (NSDL and CDSL) are not currently permitted to directly connect with the ICSDs, in this model, the equity shares listed at IFSC exchanges will be required to be transferred and held directly by the ICSDs.

Additionally, in this model, the equity shares will be held by the ICSDs outside of IFSC, which may not add to the development of the capital market ecosystem in IFSC. Further, the ICSDs will be required to comply with the requisite information sharing arrangements with the Indian depositories for regulatory compliances (including monitoring of foreign limits) as mentioned in this report.

Suggestions for implementation of the above models

While either of the above models can be opted for operationalizing the direct listing of equity shares of listed Indian companies on IFSC exchanges, the Working Group suggests the following approach regarding implementation of the proposed Direct Listing:

IFSC Depository

- i. The Working Group is of the view that Model 1 (Direct Depository Connect) may be the preferred model in short term for implementing the proposed Direct Listing of listed Indian Companies on the stock exchanges in IFSC, through the depository in IFSC, and using the existing “segregated” account structure.
- ii. The Working Group also recommends that the proposed Model 2(A) i.e. “nominee” account structure may be permitted in IFSC for reducing cost and time for onboarding of clients, bringing in more efficiency in secondary market transactions and other benefits associated with this structure. This will be in line with the objective of promoting ease of doing business and aligning with the best practices in other international financial centres.

However, the proposed Model 2(A) requires shifting of IFSC depository from segregated structure to nominee structure and requires amendments in various legal provisions. Therefore, this can be implemented only in medium to long term.

Issuance through ICSDs

- iii. While the preference would be to implement direct listing through the depository in IFSC (mentioned above), the proposed Model 2(B) can also be considered in the short term. As the non-resident investors already maintain accounts with the ICSDs and are familiar with the functioning of these depositories, this model may provide a quick solution to shifting to “nominee” account structure in IFSC in the short term. However, there are challenges in this model as mentioned above.

CHAPTER V: REGULATORY AND OPERATIONAL ISSUES

The Working Group deliberated on the regulatory and operational matters involved in direct listing covering various scenarios of capital raising activities, corporate actions, corporate restructuring, takeovers, buy-backs and delisting. A sub-group was formed in this regard. The detailed study conducted by this sub-group is placed at **Annexure-1**. The recommendations of the Working Group are mentioned in this Chapter.

FURTHER PUBLIC OFFER

The listed Indian Companies may raise additional capital through further public offers (FPOs)¹⁷ for meeting their capital requirements. The FPOs of equity shares of listed Indian companies on IFSC exchanges may be possible under the following scenarios:

- a) First time listing on IFSC Exchange
- b) Post listing in IFSC, offer of shares
 - a. solely in IFSC/India¹⁸
 - b. simultaneous offers in both jurisdictions

The Indian companies can make FPOs in accordance with the provisions of Companies Act, 2013 and the requirements specified by regulators. In terms of the extant regulatory provisions, FPOs of listed Indian companies are currently governed by Chapter IV of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR Regulations) and the FPOs by companies listed on IFSC exchanges are governed by Part B of Chapter III of IFSCA ILS Regulations.

The issue of new equity shares of a listed Indian company for the purpose of listing on IFSC exchanges will be akin to a further public offer by the company. The Indian companies are permitted to make FPOs in India subject to meeting the eligibility criteria and conditions mentioned in the SEBI ICDR Regulations. In order to avoid any regulatory arbitrage in this regard, the companies that are not meeting the eligibility criteria and conditions for issue of FPOs in domestic India may not be permitted to issue equity shares in IFSC. Therefore, while issue of equity shares in IFSC shall be primarily governed by the IFSCA ILS Regulations, the listed Indian companies may be permitted to make public offer in IFSC only subject to compliance with the requirements provided under regulations 102 (Entities not eligible to make a further public offer), 103 (Eligibility requirements for further public offer) and 105 (Additional conditions for an offer for sale) of the SEBI ICDR Regulations.

Based on a detailed comparison of the regulatory frameworks in both jurisdictions, it is noted that provisions for some activities have not been specified in the IFSCA ILS

¹⁷ FPOs may also include OFS

¹⁸ The SEBI ICDR Regulations may be amended to allow offers to be issued solely on IFSC exchanges.

Regulations such as detailed guidance on submission of due-diligence certificate, anchor investors etc. Accordingly, it is suggested that IFSCA may consider specifying the framework for the aforesaid.

The dually listed companies may subsequently make a further public offer either solely in IFSC, solely in India or simultaneously in both the jurisdictions¹⁹.

1) Offer solely in IFSC/India

The following approach may be considered for offers solely in one jurisdiction:

- a) Where a company proposes to make an FPO in a particular jurisdiction (regulated by SEBI/IFSCA), it shall comply with the processes and other regulatory requirements of the said jurisdiction.
- b) The issuer will be required to file an application seeking in-principle approval of the recognised stock exchange(s) where the equity shares are proposed to be listed. Such stock exchange shall seek NOC of all the recognised stock exchanges in both jurisdictions where the company is listed, prior to granting in-principle approval. The recognised stock exchanges in both jurisdictions may specify the process²⁰ in this regard.
- c) The minimum promoters' contribution may not be mandated for FPOs made solely on the recognised stock exchanges in IFSC.

2) Simultaneous Offers in both jurisdictions

In case of simultaneous offers, type of investors, basis of allocation, offer process etc. will be different for both the jurisdictions. Therefore, it is suggested that the offer size may be separate for both markets and be pre-decided by the issuer. The listed company shall disclose the same at all relevant documents relating to the FPO.

Since the companies are primarily listed on Indian exchanges, IFSCA may rely upon the regulations of SEBI for simultaneous FPOs in both jurisdictions. Accordingly, it is recommended that IFSCA may issue guidelines / regulations / circular specifying that Chapter IV of SEBI ICDR Regulations shall *mutatis mutandis* apply, unless specified otherwise, for simultaneous further public offer of equity shares by companies dually listed in both jurisdictions, except the following:

- a) Process relating to listing of equity shares on the recognised stock exchanges in IFSC shall be governed by the regulatory requirements specified by IFSCA.

¹⁹ The equity shares will be held in the depositories in the same manner (model) permitted for first listing in IFSC

²⁰ The process may be specified by way of circular or guideline or SOP

- b) Offer related activities (application, basis of allotment, participation of anchor investor etc.) in IFSC shall be separate and governed as per regulatory requirements specified by IFSCA.
- c) A copy of various documents shall be filed with IFSCA and also with the recognised stock exchanges in IFSC.
- d) No separate advertisement in newspapers may be mandated for the investors in IFSC.
- e) As regards minimum promoters' contribution, the calculation shall be on combined basis and the lock-in shall be in India.

In order to promote ease of doing business and facilitate simultaneous offers/listing, the issuer may be permitted to file a common offer document containing details of offers made in both jurisdictions. The issuer may be permitted to appoint SEBI registered merchant bankers for the simultaneous offers made in both jurisdictions. To begin with, IFSCA may initially permit filing of offer documents by SEBI registered merchant bankers, in such cases.

Further, the issuer will be required to file applications for seeking in-principle approval with recognised stock exchanges in both jurisdictions. The date of listing shall also be same in both jurisdictions.

PREFERENTIAL ISSUE

The Indian companies can issue equity shares on preferential basis in accordance with the provisions of Companies Act, 2013 and requirements specified by the regulators. In terms of the extant regulatory provisions, preferential issues by listed Indian companies are currently governed by Chapter V of the SEBI ICDR Regulations. As regards IFSC, in terms of Regulation 94 of IFSCA ILS Regulations, a company listed on IFSC stock exchange may issue preferential issues of equity shares, subject to compliance with the requirements that may be specified by the IFSC stock exchanges and IFSCA from time to time. The detailed regulatory norms for preferential issue by listed companies on IFSC Exchanges are however yet to be specified.

In the context of Direct Listing, since the companies are primarily listed on Indian exchanges, the provisions of SEBI ICDR Regulations should be made applicable for preferential issues by companies dually listed in both jurisdictions. Accordingly, it is recommended that IFSCA may issue guidelines / regulations / circular specifying that Chapter V of SEBI ICDR Regulations shall *mutatis mutandis* apply, unless specified otherwise, for preferential issue of equity shares by companies dually listed in both jurisdictions, except to the extent of process involved with respect to listing of equity shares on the recognised stock exchanges in IFSC.

In respect of dually listed companies, the company will have the option to list the equity shares allotted in a preferential issue on the recognised stock exchanges in India, IFSC or both jurisdictions. The company shall ensure that disclosures in this regard are made at all stages

of the preferential issue starting from Board approval. The necessary amendment may be required in Regulation 160 of SEBI ICDR Regulations in this regard.

If the company proposes to list the equity shares in IFSC, the issuer will be required to file an application seeking in-principle approval of the recognised stock exchange(s) in IFSC where the equity shares are proposed to be listed. As mentioned above, the stock exchange in IFSC shall seek NOC of all the recognised stock exchanges in India where the company is listed, prior to granting in-principle approval, and vice versa.

Further, in case of simultaneous preferential issue of equity shares in both jurisdictions, the date of listing shall be same in both jurisdictions.

Pricing

With respect to pricing, it is suggested that while calculating the “volume weighted average price” and “frequently traded shares” for determining the Preferential Issue price provided under Part IV of Chapter V of SEBI ICDR Regulations, the trading on the recognised stock exchanges in IFSC may also be considered. A proviso / explanation in this regard may be inserted in Part IV of Chapter V of SEBI ICDR Regulations.

RIGHTS ISSUE

The Indian companies can issue equity shares by way of rights issue in accordance with the provisions of Companies Act, 2013 and requirements specified by the regulators. Considering *pari-passu* equity shares listed and traded on IFSC exchanges, the shareholders in IFSC will be eligible for participation in the rights issue by the listed companies.

The regulatory requirements for rights issue by listed Indian companies have been specified in Chapter III of the SEBI ICDR Regulations. As regards IFSC, in terms of Regulation 94 of IFSCA ILS Regulations, a company listed on the IFSC stock exchange may issue Rights issues of equity shares, subject to compliance with the requirements that may be specified by the IFSC stock exchanges and the International Financial Services Centres Authority from time to time. The detailed regulatory norms for rights issue by listed companies on IFSC Exchanges are however yet to be specified.

Since the companies are primarily listed on Indian exchanges, the provisions of SEBI ICDR Regulations should be made applicable for rights issues by companies listed in both jurisdictions. Accordingly, it is recommended that IFSCA may issue guidelines / regulations / circular specifying that Chapter III of SEBI ICDR Regulations shall *mutatis mutandis* apply, unless specified otherwise, for Rights issue of equity shares by companies dually listed in both jurisdictions, except the following:

- a) Process relating to listing of equity shares on the recognised stock exchanges in IFSC shall be governed by the regulatory requirements specified by IFSCA.
- b) The filing of documents may be made to IFSC exchanges as well (in addition to Indian exchanges).

- c) A copy of the LOF may be filed with IFSCA as well for information.
- d) The trading of Rights Entitlements in IFSC shall be separate in accordance with the regulatory requirements specified by IFSCA.²¹
- e) No separate advertisements in newspapers may be mandated for the investors in IFSC.

Offer Document

Since this is a simultaneous activity in both jurisdictions, it is recommended that a common Offer document may be prepared in accordance with the format specified in the SEBI ICDR Regulations containing details of offer made in both jurisdictions. As mentioned above, the issuer may be permitted to appoint SEBI registered merchant bankers for the simultaneous offers made in both jurisdictions. To begin with, IFSCA may permit filing of offer documents by SEBI registered merchant bankers, in such cases.

In-Principle Approval

The issuer will be required to file application for seeking in-principle approval with recognised stock exchanges in both jurisdictions. The rights issue may be permitted only after receipt of in-principle approvals from all the stock exchanges where the company is listed.

Pricing

It is suggested that the pricing of the rights issue shall be same in both jurisdictions so as to ensure fairness to shareholders in both jurisdictions. The exchange rate as on the 'Record Date' may be taken as the reference rate for converting INR into foreign currency.

Process

As mentioned above, the investors in IFSC will also be entitled to participate in the Rights Issue. In this regard, the following process is recommended:

- a) Since the companies are primarily listed on Indian exchanges, the recognised stock exchanges in India shall be the primary designated stock exchanges for rights issue process.
- b) A recognised stock exchange in IFSC shall be the secondary designated exchange for the investors in IFSC.

²¹ In proposed model 1 (Direct Depository connect), the credit of rights entitlements (REs) will be directly in the demat accounts of the shareholders in IFSC held with IFSC depository, whereas in proposed model 2 (Nominee Account Structure), the REs will be credited in the demat account of IFSC depository as a nominee on behalf of the shareholders in IFSC.

- c) The designated exchange in IFSC shall provide information regarding application to the primary designated stock exchange in India enabling participation of non-resident investors in the Rights Issue.²²

The recognised stock exchanges in India and IFSC may specify guidelines / circular / SOP in this regard.

Fast Track Rights Issue

In respect of eligibility criteria for fast track rights issue provided under Regulation 99 (h) and (i) of SEBI ICDR Regulations, it is suggested that the issuer may be made eligible for rights issue through fast track route only if there is no corresponding action by IFSCA (similar to SEBI).

DIVIDEND

Considering that *pari-passu* equity shares are listed and traded on IFSC exchanges, the shareholders in IFSC shall be eligible to receive dividends. As regards process for payment of dividends, in case of proposed **Model 1** (Direct Depository connect) the payment of dividend shall be made directly by the issuer to the shareholders in IFSC; whereas in **Model 2** (Nominee Account) the payment can be made either directly by the issuer to the shareholders or through the Depository (similar to DRs)²³.

BONUS ISSUE

The regulatory requirements in respect of listed companies have been specified under Chapter XI of SEBI ICDR Regulations. Considering *pari-passu* equity shares listed and traded on IFSC exchanges, the shareholders in IFSC shall be eligible for all the corporate actions/benefits by the listed companies. Accordingly, the bonus shares by the listed companies will be required to be made available to the equity shareholders in IFSC.

Since the companies are primarily listed on Indian exchanges, the eligibility criteria provided under SEBI ICDR Regulations may be made applicable for bonus issuances in IFSC also. It is therefore recommended that IFSCA may issue guidelines / regulations / circular specifying that Chapter XI of SEBI ICDR Regulations shall *mutatis mutandis* apply, unless specified otherwise, for bonus issue of equity shares in respect of companies listed in both jurisdictions.

²² In case of model 2 (nominee account), the IFSC depository shall participate in the Rights Issue in India on behalf of the shareholders in IFSC

²³ In the case of DRs, cash dividends on equity shares represented by DRs are paid to the overseas depository bank in Indian rupees and are generally converted by the overseas depository into the relevant foreign currency and distributed, net of depository fees, taxes, if any, and expenses, to the DR holders.

MINIMUM PUBLIC SHAREHOLDING

The regulatory requirements on maintaining minimum public shareholding in the listed Indian companies have been specified in Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 ("SCR Rules"), mentioned below:

"The minimum offer and allotment to public in terms of an offer document shall be-

i) at least twenty five per cent of each class or kind of equity shares or debenture convertible into equity shares issued by the company, if the post issue capital of the company calculated at offer price is less than or equal to one thousand six hundred crore rupees;

(ii) at least such percentage of each class or kind of equity shares or debentures convertible into equity shares issued by the company equivalent to the value of four hundred crore rupees, if the post issue capital of the company calculated at offer price is more than one thousand six hundred crore rupees but less than or equal to four thousand crore rupees;

(iii) at least ten per cent of each class or kind of equity shares or debentures convertible into equity shares issued by the company, if the post issue capital of the company calculated at offer price is above four thousand crore rupees but less than or equal to one lakh crore rupees:

(iv) at least such percentage of each class or kind of equity shares or debentures convertible into equity shares issued by the company equivalent to the value of five thousand crore rupees and at least five per cent of each such class or kind of equity shares or debenture convertible into equity shares issued by the company, if the post issue capital of the company calculated at offer price is above one lakh crore rupees:

Provided that the company referred to in this sub-clause (iv) shall increase its public shareholding to at least ten per cent within a period of two years and at least twenty-five per cent. within a period of five years, from the date of listing of the securities, in the manner specified by the Securities and Exchange Board of India;

Provided that the company referred to in sub-clause (ii) or sub-clause (iii), shall increase its public shareholding to at least twenty five per cent within a period of three years from the date of listing of the securities, in the manner specified by the Securities and Exchange Board of India:

..."

Further, the definition of "public shareholding" has been provided under Rule 2(e) of the SCR Rules as follows:

"public shareholding" means equity shares of the company held by public including shares underlying the depository receipts if the holder of such depository receipts has the right

to issue voting instruction and such depository receipts are listed on an international exchange in accordance with the Depository Receipts Scheme, 2014:

Provided that the equity shares of the company held by the trust set up for implementing employee benefit schemes under the regulations framed by the Securities and Exchange Board of India shall be excluded from public shareholding."

Therefore, in terms of the extant provisions of SCR Rules, the equity shares held by public in the IFSC will also be considered as part of the overall public shareholding and the MPS compliance will be on 'combined basis'. However, this approach may lead to a situation wherein there is less free float in a jurisdiction and the purpose of MPS requirement may be defeated. For example, suppose a company is having total 1,00,000 shares out of which 70,000 shares are listed on Indian exchanges, and 30,000 on IFSC exchanges. Out of the total shares listed on IFSC exchanges (30,000), 25,000 are held by the public shareholders. Thus, the company becomes MPS compliant since 25 % of its total share capital is held by the public. In this scenario, even if all the 70,000 shares of the company on Indian exchanges is held by the promoters, the company shall be considered as MPS compliant.

Thus, it would be in the interest of both jurisdictions that the MPS requirement ought to be on a "jurisdiction" basis and not on a "combined" basis. Therefore, it is recommended that a company listed in both the jurisdictions may be required to comply with MPS requirement separately in both jurisdictions so as to ensure free float of equity shares in both markets. In this regard, the amendments in SCR Rules may be made by Government of India (DEA) in consultation with SEBI and IFSCA.

TAKEOVERS

SEBI has specified detailed requirements for substantial acquisition of shares and takeovers of companies listed on Indian exchanges. The definition of "shares" has been provided in regulation 2(1)(v) of SEBI (SAST) Regulations, 2011, as follows:

"shares" means shares in the equity share capital of a target company carrying voting rights, and includes any security which entitles the holder thereof to exercise voting rights;

Explanation.-For the purpose of this clause shares will include all depository receipts carrying an entitlement to exercise voting rights in the target company."

As mentioned above, in the case of DRs, the shares are considered only if the DR holders are entitled to exercise voting rights. The applicability of SEBI SAST Regulations is therefore linked with voting rights. As regards Direct Listing, the equity shares are *pari-passu* and will always have same voting rights. Therefore, SEBI SAST Regulations will apply on a 'combined basis' in respect of dual listed companies.

Applicability of Regulations

Since the companies are primarily listed on Indian exchanges, the Working Group is of the view that the provisions of SEBI SAST Regulations should be made applicable for takeovers of companies dually listed in both jurisdictions. Accordingly, it is recommended that IFSCA

may issue guidelines / regulations / circular specifying that SEBI SAST Regulations shall *mutatis mutandis* apply, unless specified otherwise, for takeovers and open offers of companies dually listed in both jurisdictions, subject to filing a copy of the documents²⁴ (PA, DPS, DLOF, LOF etc.) to IFSCA and the stock exchanges in IFSC; and no separate mandatory requirement for newspaper advertisement for investors in IFSC.

Open Offers

The purpose of open offer is to provide an opportunity to the existing public shareholders to either continue with the new ownership structure pursuant to change in control / takeovers etc. or make an exit by selling their shares at a fair price. This process is designed to ensure fairness and protecting the interests of minority shareholders of the listed companies. It is therefore recommended that, in case of trigger, the acquirer may be required to extend the open offer to public shareholders in both jurisdictions.

Process

Since the companies are primarily listed on Indian stock exchanges, it is suggested that all open offers shall be made in India as the primary jurisdiction and enable participation of investors in IFSC through the following mechanism:

- a) A recognised stock exchange in India shall be the primary designated stock exchanges for tendering in Open Offers.
- b) A recognised stock exchange in IFSC shall be the secondary designated exchange for facilitating tendering in the open offers by investors in IFSC.
- c) The designated exchange in IFSC will provide information regarding tendering to the primary designated stock exchange in India.²⁵
- d) A depository account may be opened in IFSC as well. The investors in IFSC participating in the open offer shall transfer the shares to this depository account in IFSC. Subsequently, the successfully accepted shares in the open offer will be transferred to the depository account in India.²⁶
- e) A separate special escrow account may be opened by the acquirer in IFSC as well to facilitate payments to investors in IFSC in foreign currency.

Pricing

²⁴ Issuer may be permitted to file common documents

²⁵ In case of model 2 (nominee account), the IFSC depository shall participate in the Open Offers in India on behalf of the shareholders in IFSC.

²⁶ Depository account and Bank account referred at (d) and (e) respectively required only in proposed model 1 (Direct Depository Connect). As regards Model 2 (Nominee Account Structure), the equity shares are always in the Indian Depositories.

The open offer price is an important factor for the shareholders to make decision on whether to participate in the open offer. It is suggested that the pricing of the open offer may be same in both jurisdictions so as to ensure fairness to shareholders in both jurisdictions. The exchange rate as on the 'Record Date' may be taken as the reference rate for converting INR into foreign currency.

It is also suggested that while calculating the "volume-weighted average market price" and "frequently traded shares" for determining the Open Offer price provided under SEBI SAST Regulations, the trading on the recognised stock exchanges in IFSC shall also be considered. The definitions of volume-weighted average market price" and "frequently traded shares" provided under SEBI SAST Regulations may be amended to include trading on recognised stock exchanges in IFSC. Alternatively, a proviso / explanation may be inserted in regulation 8 of SEBI SAST Regulations in this regard.

BUY-BACKS

Buy-backs by Indian listed companies are governed by sections 68-70 of the Companies Act, 2013 and SEBI Buy-back Regulations.

Buy-back Mechanism

It is recommended that buy-backs may be permitted in IFSC only through the tender offer route, considering that buy-backs through open market is being phased out completely by March 31, 2025 in India.

Regulations

Since the companies are primarily listed on Indian exchanges, it is recommended that the provisions of SEBI Buy-Back Regulations through tender offer route should be made applicable for buy-backs of companies dually listed in both jurisdictions. Accordingly, it is recommended that IFSCA may issue guidelines / regulations / circular specifying that SEBI Buy-Back Regulations shall *mutatis mutandis* apply, unless specified otherwise, for buy-backs of companies dually listed in both jurisdictions through tender offer route, subject to filing a copy of the documents (DLOF, LOF etc.)²⁷ to IFSCA and the stock exchanges in IFSC; and no separate mandatory requirement for newspaper advertisement for investors in IFSC.

Further, as the equity shares are *pari-passu* in both jurisdictions, the SEBI Buy-Back Regulations will apply on a 'combined basis' for calculating various thresholds.

Offer Process

The process for participation of shareholders in IFSC in the buy-back offers made by dual listed Indian companies may be similar to the process suggested in the case of open offers mentioned above.

²⁷ Issuer may be permitted to file common documents

Pricing

Similar to open offers, it is suggested that the pricing of the buy-back offers may be same in both jurisdictions so as to ensure fairness to investors in both jurisdictions. The exchange rate as on the 'Record Date' may be taken as the reference rate for converting INR into foreign currency.

VOLUNTARY DELISTING

As regards voluntary delisting, the listed companies may choose to delist from either of the two jurisdictions. Therefore, the voluntary delisting process may be different in both jurisdictions. This approach will be similar to DRs, wherein delisting of ADRs/GDRs from international exchanges are separate from delisting of equity shares from Indian exchanges.

Delisting from Indian Exchanges

The voluntary delisting of Indian companies are governed by the provisions of SEBI (Delisting of Equity Shares) Regulations, 2021, read with SCR Rules. SEBI has recently issued consultation paper on amendments to SEBI Delisting Regulations, including fixed price as alternative to Reverse Book Building (RBB). The delisting offer may be made only to investors in domestic India.

Delisting from IFSC Exchanges

In terms of Regulation 179 of the IFSCA (Issuance and Listing of Securities) Regulations, 2021, the stock exchanges have been empowered to specify the process for delisting. The stock exchanges at IFSC will be required to specify the framework for delisting of equity shares in IFSC.

Simultaneous Delisting from both jurisdictions

A listed company may propose to simultaneously delist from Indian exchanges and also from IFSC exchanges. In this scenario, the decision by an investor to participate in the delisting offer is dependent upon the outcome of the delisting exercise in both jurisdictions. Therefore, it is suggested that if the delisting fails in any of the two jurisdictions, the entire delisting exercise may be considered as failure.

SCHEME OF ARRANGEMENT

Considering that all the equity shares will be *pari-passu*, the provisions of the Companies Act, 2013 shall apply equitably to all shareholders and accordingly, no changes would be required in the Companies Act, 2013 from a scheme of arrangement perspective. In respect of dually listed companies, the shareholders will be in both jurisdictions. Therefore, the NOCs will be required from IFSCA (in addition to SEBI) and IFSC Exchanges (in addition to Indian exchanges), wherever applicable. IFSCA may be required to come out with detailed

circular/ guidelines for providing NOCs on Scheme of Arrangements of Indian companies listed on the recognised stock exchanges in IFSC.

DISCLOSURES

Disclosures by listed companies are of utmost importance in the financial markets and for various stakeholders. These disclosures provide transparency, accountability, and necessary information for the investors to make informed decisions. There should be full, accurate and timely disclosure of financial results, risk and other information which is material to investors' decisions.

The listed Indian companies are required to make various disclosures to the recognised stock exchanges in India under the regulations specified by IFSCA, particularly SEBI LODR Regulations.

As regards regulatory framework in IFSCA, regulation 153 of IFSCA ILS Regulations provide following requirements for secondary listed companies on the stock exchanges in IFSC:

“The issuer with secondary listing of specified securities on a recognised stock exchange(s) shall comply with the following requirements:

- a) maintain the listing of the specified securities on its home exchange and abide by the listing (or other) rules of such exchange and regulator;*
- b) release all disclosures in English to the recognised stock exchange(s) at the same time as they are released to its home exchange or regulator where it has a primary listing; and*
- c) comply with such other requirements as may be specified by IFSCA or recognised stock exchange(s) from time to time.*

The same approach may be followed for dually listed Indian companies.

Considering that the listed companies are primarily listed on Indian exchanges with comprehensive disclosure norms for protecting the interests of minority shareholders, the dually listed companies may be required to file a copy of all the disclosures made on Indian stock exchanges, to the stock exchanges in IFSC. In this regard, in order to promote ease of doing business, the stock exchanges in IFSC and India may consider having necessary arrangements / agreements to ensure that all the disclosures on the Indian stock exchanges are also made available on the stock exchanges in IFSC.

MARKET SURVEILLANCE

Market surveillance is an important regulatory function for the stock exchanges and the regulators. Market surveillance helps ensure integrity of the financial markets. The market surveillance system helps in detecting and deterring fraudulent activities, market manipulation, insider trading, and other unethical or illegal practices that could undermine

investor confidence. Further, effective market surveillance contributes to market stability. Therefore, there is a need to have adequate mechanisms in place for the regulators / stock exchanges to conduct market surveillance of trading taking place in both jurisdictions.

The stock exchanges in IFSC will be required to conduct market surveillance of trades on their stock exchanges. Considering that the Indian companies are primarily listed on Indian exchanges, it is suggested that the stock exchanges in IFSC shall be required to build necessary infrastructure in the medium to long term to make the necessary data available to IFSCA and also to SEBI on need basis.

Unique Identifier in IFSC

The entities trading in both markets (through FPI route in India) will be having Permanent Account Number (PAN). Therefore, FPIs shall mandatorily provide PAN in IFSC. In respect of other eligible foreign investors, considering that PAN is not mandatory for the entities trading in IFSC, there is a need to have adequate mechanisms to ensure that the clients trading in IFSC are uniquely identified. It is suggested that IFSCA, in consultation with the stakeholders, shall develop a unique identifier (such as Legal Entity Identifier (LEI) code for corporate bodies). The exchanges will be required to build the capability to integrate trade and order log from IFSC with Indian exchanges with the help of these unique identifiers also.

INFORMATION SHARING BETWEEN DEPOSITORIES

The monitoring of foreign investment limit is undertaken by the depository designated by the issuer. The data is shared by one depository to the designated depository for monitoring of foreign investment limits and information dissemination. On similar lines, it is suggested that the depository in IFSC²⁸ shall be required to provide required data of FPI and NRI clients to the domestic designated depository in agreed format for monitoring of foreign investment limits by the designated depository. The Indian depositories and the IFSC depository²⁹ shall have necessary arrangements/ agreements in this regard.

COOPERATION BETWEEN IFSCA AND SEBI

IFSCA and SEBI are signatories to the IOSCO MMoU for sharing of information and cooperation for the purpose of enforcement and ensuring compliance with laws of respective jurisdictions. However, additional cooperation, exchange of information and coordination would be required between IFSCA and SEBI on a regular basis for regulating dually listed companies. Further, the implementation of direct listing may require further deliberations to successfully operationalize the proposed models. Therefore, it is desirable to have a bilateral MoU in place between SEBI and IFSCA in this regard.

REGULATORY ENABLERS FOR DIRECT LISTING

SEBI

²⁸ ICSD in the case of Model 2B

²⁹ ICSD in the case of Model 2B

The regulatory enablers may be required by SEBI to facilitate Direct Listing of listed Indian companies on the recognised stock exchanges in IFSC, providing details regarding the modified applications of various regulations (SEBI ICDR Regulations, SEBI Buy-back Regulations, SEBI SAST Regulations, SEBI LODR Regulations, SEBI Delisting Regulations etc.), sharing of information between depositories, minimum public shareholding, market surveillance etc. as detailed out in the recommendations made in this report. The regulatory framework may be in the form of a separate Chapter within the SEBI ICDR Regulations or in the form of circular along with amendments in other respective regulations (similar to approach followed in the case Depository Receipts).

IFSCA

The regulatory enablers may be required by IFSCA to facilitate direct listing of Indian companies on the recognised stock exchanges in IFSC as detailed out in the recommendations made in this report. The regulatory framework may be in the form of amendments in IFSCA ILS Regulations or in the form of Guidelines / circulars etc.

COMPANIES ACT, 2013

The provisions relating to Direct Listing of equity shares of listed Indian companies on IFSC Exchanges shall be in accordance with section 23(3) and (4) of Companies Act, 2013 and the rules notified under this section.

As regards initial listing of the equity shares of listed Indian companies on IFSC exchanges, the requirements under the applicable provisions of section 62 (further issue of share capital), section 23 (public offer and private placement), section 28 (Offer of Sale of Shares by Certain Members of Company) shall continue to apply.

Further, post listing, the applicable provisions of the Companies Act, 2013 shall continue to apply for further issue of share capital, public offers, private placements, corporate actions (dividend, issue of bonus shares etc.), buy-backs, voting rights, scheme of arrangement, etc. for dually listed companies.

Regulatory powers delegated to IFSCA

As regards exercise of regulatory powers provided under Companies Act, 2013 by IFSCA in IFSC, the Central Government has issued notification dated November 04, 2022 under the provisions of section 31 of IFSCA Act, 2019 empowering IFSCA to administer certain provisions of the Companies Act which are being administered by SEBI in the domestic India. In this regard, section 24 of the Companies Act, 2013 has also been modified for IFSC as under:

For section 24, the following section shall be substituted, namely:-

"24. Power of International Financial Services Centres Authority to regulate issue and transfer of securities, etc.— (1) The provisions contained in this Chapter, Chapter IV and in section 127 shall, -

a. in so far as they relate to -

i. issue and transfer of securities; and

ii. non-payment of dividend,

by listed companies or those companies which intend to get their securities listed on any recognised stock exchange in an International Financial Services Centre, except as provided under this Act be administered by the International Financial Services Centres Authority by making regulations in this behalf;

b. in any other case, be administered by the Central Government.

Explanation. - For the removal of doubts, it is hereby declared that all powers relating to all other matters relating to prospectus, return of allotment, redemption of preference shares and any other matter specifically provided in this Act, shall be exercised by the Central Government, the Tribunal or the Registrar, as the case may be.

(2) The International Financial Services Centres Authority shall, in respect of matters specified in sub-section (1), exercise the powers under sub-sections (1), (2A), (3) and (4) of section 11, sections 11A, 11B and 11D of the Securities and Exchange Board of India Act, 1992 (15 of 1992), as conferred upon it under section 13 of the International Financial Services Centres Authority Act, 2019 (50 of 2019)."

Concurrent Jurisdiction

In view of the above, in respect of companies dually listed in both jurisdictions, the powers under Companies Act, 2013 shall be administered concurrently by SEBI and IFSCA in their respective jurisdictions.

MAINTAINING REGISTER

In terms of section 88(3) of the Companies Act, 2013, the register and index of beneficial owners maintained by a depository under section 11 of the Depositories Act, 1996, shall be deemed to be the corresponding register and index for the purposes of this Act. A comparison of the proposed models with the existing DR framework has been brought out below:

Model 1 [Depository Connect]	Model 2(A) [Nominee Account – IFSC Depository]	Model 2(B) [Nominee Account – ICSDs]	DRs
(3) The register and index of beneficial owners maintained by a depository under section 11 of the Depositories Act, 1996, shall be deemed to be the corresponding register and	(3) The register and index of beneficial owners maintained by a depository under section 11 of the Depositories Act, 1996 (22 of 1996), shall be deemed to be the corresponding register	The ICSDs will not fall under the category of "depository" recognised under the Depositories Act, 1996 and accordingly not covered under the current requirement specified	Rule 9(3) of the Companies (Issue of Global Depository Receipts) Rules, 2014 provide that - "Notwithstanding anything contained

<p><i>index for the purposes of this Act.</i></p> <p>The powers under Depositories Act, 1996 have been delegated to IFSCA for financial services in IFSC in terms of section 13 of IFSCA Act, 2013 and section 23G of Depositories Act, 1996.</p> <p>The depository in IFSC is also functioning under the provisions of Depositories Act, 1996.</p> <p>The Depository in IFSC shall share BO details with the Indian depositories and RTA for various regulatory purposes.</p>	<p><i>and index for the purposes of this Act.</i></p> <p>The powers under Depositories Act, 1996 have been delegated to IFSCA for financial services in IFSC in terms of section 13 of IFSCA Act, 2013 and section 23G of Depositories Act, 1996.</p> <p>The depository in IFSC is also functioning under the provisions of Depositories Act, 1996.</p> <p>While the depository in IFSC shall maintain nominee account with the Indian depositories, the IFSC depository shall maintain the list of beneficial owners at its end and share the same with the Indian depositories and RTA for various regulatory purposes.</p>	<p>under section 88(3) of Companies Act, 2013. The company will therefore have to maintain the register of members in accordance with the requirements under section 88 of the Companies Act, 2013.</p> <p>The ICSD shall maintain the list of beneficial owners at its end and share the same with the Indian depositories and RTA for various regulatory purposes.</p>	<p><i>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."</i></p> <p>In case of DRs, the name of the "overseas depository bank" has been permitted to be entered in the register of members of the company.</p>
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The powers under Depositories Act, 1996 have been delegated to IFSCA for financial services in IFSC in terms of section 13 of IFSCA Act, 2013 and section 23G of Depositories Act, 1996. The depository in IFSC is also covered under the provisions of Depositories Act, 1996. Therefore, the register maintained by the IFSC Depository (similar to Indian depositories) will be deemed to be the corresponding register and index for the purposes of this Act. Accordingly, no change may be required under section 88 of Companies Act, 2013 for the proposed Model 1 and Model 2(A) involving IFSC Depository.

As regards Model 2(B) involving ICSDs, it may be noted that the ICSDs are currently not covered under the Depositories Act, 1996 and the register maintained by the ICSDs cannot be considered as "deemed register" under section 88(3) of Companies Act, 2013. The company will therefore have to maintain the register of members in accordance with the requirements under section 88 of Companies Act, 2013.

Further, the IFSC Depository/ ICSDs shall maintain the list of beneficial owners at their end and shall have necessary arrangements for sharing of information with the Indian depositories and RTAs as mentioned in this report.

QUALIFIED INSTITUTIONAL PLACEMENTS

Qualified Institutions Placement (QIPs) paved the way for Indian corporates to access capital in a faster and more efficient way. The efficiency and effectiveness of QIP issuances have been notably impactful within the domestic Indian markets, showcasing a track record of substantial success. The data of QIP issuances in domestic India is as below:

Period	Only NSE		Only BSE		Both NSE and BSE		Total	
	No of issues	Amount (₹ crore)	No of issues	Amount (₹ crore)	No of issues	Amount (₹ crore)	No of issues	Amount (₹ crore)
2010-11	0	0	4	267	46	24,027	50	24,294
2011-12	0	0	2	109	3	411	5	520
2012-13	0	0	0	0	11	10,488	11	10,488
2013-14	0	0	0	0	16	13,391	16	13,391
2014-15	5	2,154	46	6,816	24	27,242	39	35,397
2015-16	5	2,233	5	1,094	14	11,261	15	13,862
2016-17	0	0	0	0	20	8,464	20	8,464
2017-18	0	0	1	36	51	67,221	52	67,257
2018-19	0	0	1	113	13	8,565	14	8,678
2019-20	0	0	0	0	35	44,339	35	44,339
2020-21	0	0	0	0	31	36,013	31	78,738
2021-22	0	0	0	0	29	31,440	29	31,440

(Source: Handbook of Statistics 2022 available on SEBI website)

Now, with the emergence of IFSC, a unique opportunity arises for Indian corporates to unlock even greater potential. Being an international financial centre, the IFSC provides a robust infrastructure and a regulatory framework that aligns with global standards, making it an attractive destination for foreign investors. The international exchanges in the IFSC can act as a driver to attract foreign capital into Indian companies through the QIP issuances to select large institutional investors, particularly considering the benefits in terms of transactions in foreign currency, exemptions to eligible foreign investors from PAN and ITR filing requirements etc. By enabling QIPs at the IFSC, the Indian corporates will be able to gain access to a wider pool of global investors, diversifying their investor base and potentially reducing the cost of capital.

Therefore, QIP issuances through IFSC Exchanges may be enabled. The requirements relating to QIP issuances by listed Indian companies in domestic India have been detailed in Chapter VI of SEBI ICDR Regulations. Since the companies are primarily listed on Indian exchanges, it is suggested that the issuer may be permitted to issue QIP in IFSC subject to compliance with the eligibility conditions specified in regulation 172 of SEBI ICDR Regulations (with amendment in sub-section (2) for permitting listing on IFSC exchanges). This will ensure that the companies that are eligible to make a QIP issuance in domestic India are only permitted to make a QIP issuance in IFSC.

IFSCA may specify detailed norms for QIP issuances in IFSC. Considering that QIP issuances are privately placed with limited participation of investors, the recognised stock exchanges in IFSC may be required to have adequate mechanisms to ensure that the price movements in IFSC are broadly in sync with the prices in domestic India. Further, the recognised stock exchanges in IFSC will be required to have adequate monitoring and surveillance mechanisms for trading in this segment.

PARTICIPATION OF INDIAN MUTUAL FUNDS

The landscape of the domestic mutual fund industry has witnessed remarkable growth over the past may years, with the Assets Under Management (AUM) soaring from INR 5.9 trillion in 2010-11³⁰ to INR 49 trillion as of November 30, 2023³¹. It is expected that the mutual fund industry will continue to grow significantly in the future particularly due to the growing middle class and increasing financial inclusion in the country.

This rapid expansion of the industry necessitates a reevaluation of investment avenues to ensure diversification and enhanced opportunities for domestic mutual funds. The mutual funds also look for diversifying their portfolios in international markets. The public offers often present an opportunity for mutual funds to diversify their portfolios by investing in newly listed companies from different sectors. This diversification can be beneficial for managing risk and potentially enhancing returns.

Currently, the Indian mutual funds are permitted to make overseas investments subject to a maximum of US \$ 1 billion per mutual fund, within the overall industry limit of US \$ 7 billion. In this context, it has been noted that the Indian mutual funds are permitted to invest in the ADRs and GDRs of Indian companies.

In light of this, the proposed scheme to be notified by Government of India and SEBI may consider allowing participation of mutual funds in the Direct Listing of Indian companies on IFSC Exchanges, as it expands the investment horizon for domestic mutual funds. This would be at par with the current framework for ADRs and GDRs.

The Direct Listing would provide domestic mutual funds with access to a new and diverse pool of investment opportunities, enhancing their risk-adjusted returns and portfolio diversification. This move would integrate the IFSC with the domestic capital markets, attracting more capital and fostering the development of IFSC as a global financial hub. Increased participation by Indian mutual funds would enhance liquidity and potentially improve the depth of the secondary markets of IFSC, making them more attractive to international investors.

Granting Indian mutual funds access to IFSC listed Indian companies presents a win-win situation for both the investors and the GIFT IFSC ecosystem. This initiative would unlock new investment avenues, improve capital flow, and foster economic growth, ultimately contributing to the development of a more robust and diversified financial landscape in India.

In view of the above, participation of mutual funds will be an important enabler for the success of the proposed Direct Listing in IFSC. As regards the limit for overseas investments by the mutual funds, the existing limit of USD 7 billion has remained unchanged since 2010³², despite the substantial growth of 8x in AUM of the mutual funds during the same period.

³⁰ Source: Handbook of Statistics 2022 available on SEBI website

³¹ [https://www.amfiindia.com/indian-mutual#:~:text=Assets%20Under%20Management%20\(AUM\)%20of,a%20span%20of%2010%20years](https://www.amfiindia.com/indian-mutual#:~:text=Assets%20Under%20Management%20(AUM)%20of,a%20span%20of%2010%20years)

³² <https://www.rbi.org.in/commonperson/English/Scripts/Notification.aspx?Id=720#2>

It is recommended that a separate overseas investment limit may be prescribed over and above the current limit of USD 7 billion, earmarked specifically for investing in IFSC listed Indian companies. To begin with 1% of the total AUM of the domestic mutual fund industry may be considered for investments in IFSC.

MARKET MAKING

Considering that IFSC is a newly established centre with equity listing being permitted, the market makers can play an important role due to following reasons:

a) Enhanced Liquidity

Market makers offer continuous buy and sell quotes for securities, ensuring a constant presence of willing buyers and sellers. This active participation reduces bid-ask spreads and facilitates smoother transactions, encouraging market activity even in case of limited natural trading interest.

b) Price Stabilization:

In the absence of market makers, new listings might experience extreme price volatility due to limited trading activity. Market makers can intervene by providing liquidity, thereby aiding in effective price discovery, and prevent excessive fluctuations that might deter investor confidence.

c) Increased Investor Confidence

The continuous presence of market makers fosters investor confidence. The assurance of being able to buy or sell securities promptly encourages more investors to participate in the market, leading to increased liquidity over time.

d) Robust Secondary Market

The involvement of market makers attracts institutional investors and traders by creating a more liquid environment which leads to increase in overall trading and robust secondary market.

The presence of market makers is required to build liquidity at the initial stage essential for the healthy functioning of the secondary market. The presence of market makers mitigates volatility, encourages investor participation, ensures fair pricing, and ultimately contributes to the development of an efficient and liquid market ecosystem.

In view of the above, it is recommended that the broker dealers, including IFSC entities, may be permitted to trade and provide market making facilities in the proposed scheme to be notified by Government of India.

PRESS NOTE 3 COMPLIANCE

As per Press Note 3, *an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under the Government route.* The following approach may be considered for ensuring compliance with the Press Note 3 requirements in IFSC:

- a) *AML CFT and KYC Guidelines:* The brokers and custodians³³ are required to identify ultimate beneficial owners and conduct KYC and Client Due Diligence in terms of the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022 (IFSCA AML CFT Guidelines).

The IFSCA AML CFT Guidelines provide that - *“For the purpose of determination of beneficial owner, any amendment made under sub-rule 3 of rule 9 of Rules³⁴, shall be applicable in addition to the requirements under these Guidelines.”*

Therefore, the investors and their beneficial owners will be identified by the intermediaries, including broker dealers and custodians (if appointed).

- b) *Declaration by investors:* The investors will be required to provide a declaration to their broker dealers and custodians (if appointed) regarding compliance with Press Note 3 requirements at the time of onboarding the client and periodic updation of client due diligence.
- c) *Intermediaries (Broker Dealers and custodians):* The broker dealers and custodians will ensure that such investors³⁵ sharing land border with India do not participate in the equity shares of Indian companies listed on IFSC exchanges unless the investor submits the approval of Govt. of India. The restriction will apply at the time of IPO/FPO as well as secondary market trading on the exchanges.
- d) *Stock Exchanges:* As an additional measure, the intermediaries will provide list of all such investors to the IFSC stock exchanges. The exchanges will ensure that such investors do not participate in the IPOs/FPOs of Indian companies listed on IFSC exchanges. Further, as regards secondary market trading, as a surveillance measure, the IFSC stock exchanges will monitor the trading by such investors in the equity shares of Indian companies.

TAXATION

As per the extant provisions of the Income-tax Act, 1961 (IT Act), the mechanism for taxation of equity shares listed on recognized stock exchanges is as under:

a) Capital Gains

³³ Wherever appointed by the non-resident investor

³⁴ Prevention of Money-Laundering (Maintenance of Records) Rules, 2005

³⁵ Entities as per definition provided in the proviso

A specific exemption has been provided to non-residents on transfer of “*foreign currency denominated equity shares of a company*”³⁶ undertaken on a recognised stock exchange located in IFSC and where the consideration for such transaction is paid or payable in foreign currency.

The exemption does not make any distinction between shares of an Indian company or a foreign company. Thus, any such capital gains on transfer of equity shares of Indian companies listed on IFSC exchanges shall be exempt in the hands of non-residents.

b) Dividend

Dividend income is taxable at 20% or treaty rates for non-residents under section 115A/115AD of the IT Act.

However, as per section 115AC of the IT Act, dividends received on GDRs are taxed at a rate of 10% in the hands of non-residents. Further, under section 115AD of the IT Act, the dividend income received by Category III AIFs in IFSC is also taxed at 10%. Similarly, dividends issued by IFSC units to non-resident shareholders is taxable at the rate of 10% under section 115A(1)(A) of the IT Act.

Likewise, a concessional tax rate of 10% may be provided for the dividend received from shares of Indian listed companies on IFSC stock exchanges. The withholding tax regime should be aligned with the same as well.

c) Buy-back of shares:

As per section 115QA of the IT Act, any income distributed by a company through a share buy-back from a shareholder is subject to a 20% tax in the hands of the company on the distributed income and is exempt from tax in the shareholders’ hand under section 10(34A) of the IT Act.

d) PAN and return filing:

As per Rule 114AAB of the Income-tax Rules, 1962, eligible foreign investors are not required to obtain a PAN if such investors do not earn any income in India, other than the income from transfer of a capital asset referred to in section 47(viiab) of the IT Act. However, if such investors receive dividend income, they might be required to obtain a PAN and file return in India.

Recommendations

- a) The tax on dividend may be reduced to 10% for shareholders in IFSC. This would be in line with the DR framework.

³⁶ Notification No. 16/2020 dated 5 March 2020 issued under section 47(viiab) of the IT Act

- b) Going forward, trading of Right Entitlements (RE) issued on equity shares listed on IFSC exchanges, may also be included in the list of specified securities under section 47(viib) of the IT Act.
- c) The exemption from obtaining PAN and return filing may be extended to the eligible foreign investors even if they earn dividend income from the shares of Indian companies listed on IFSC exchanges, provided the Indian companies have appropriately withheld taxes on such dividend income at applicable rates. This can directly be applied by introducing the aforesaid dividend rate under section 115A(1) read with section 115A(5) of IT Act.

FEM (NDI) RULES, 2019

The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 (NDI Rules) prescribed by the Central Government under the Foreign Exchange Management Act, 1999 (FEMA) provide the framework for foreign investments into non-debt instruments in India. The NDI Rules has several schedules for investments in India through various routes. These Rules provide the requirements relating to eligible investors, investment limits, reporting requirements, repatriation of funds etc.

The requirements relating to foreign investments into Indian companies through Depository Receipts have been provided in Schedule IX of the NDI Rules. The extant NDI Rules will be required to be amended to provide the enabling provisions for foreign investments into Indian companies through listing and trading of securities on the international stock exchanges in IFSC.

In this context, the following enablers would be required in the NDI Rules for operationalizing direct listing of Indian companies on IFSC Exchanges:

- a) **Issue and trading of equity shares of Indian Companies on IFSC Exchanges (initial issue and further issue of capital)**
- b) **Clarity on applicability of FPI limits³⁷**
- c) **Enabling Indian companies to pass on all the corporate actions/benefits to the equity shareholders in IFSC, including the below:**

<i>Dividend</i>	Payment of Dividend by Indian companies to shareholders in IFSC.
<i>Rights Issues³⁸</i>	Allow Rights Issue by Indian companies to the shareholders in IFSC, in accordance with the provisions of Companies Act, 2013

³⁷ It is understood that this matter is being examined by DEA and RBI

³⁸ While the NDI Rules currently deal with rights issue and issue of bonus shares to non-residents, in the case of direct listing there will be cross-jurisdiction movement of equity shares / rights entitlement/ funds. Therefore, the necessary clarifications may be provided.

	This would include issue of Rights Entitlements (REs) to shareholders in IFSC, trading of REs in IFSC, and issuance of equity shares to shareholders in IFSC pursuant to acceptance of subscription amount.
<i>Issue of Bonus Shares</i>	Allow issue of bonus shares by Indian companies to investors in IFSC. Further, in this regard, there may also be payments involved in respect of any fractional entitlement of bonus shares.

d) Takeovers (Open Offers)

The acquirer triggering open offer requirements shall be required to make open offer to the public shareholders in both jurisdictions. The shareholders in IFSC may be permitted to participate in the open offers made by acquirers in India.

a) Buy-back of Securities

The buy-back offer shall be required to be made to shareholders in both jurisdictions. The shareholders in IFSC may be permitted to participate in the buy-back offers made by listed companies in India.

b) Delisting

The promoters may delist equity shares from the stock exchanges in IFSC. In such cases, the promoters will be required to make delisting offer to the remaining shareholders in IFSC. The shareholders in IFSC may be permitted to participate in the delisting offers.

c) Corporate Restructuring

The NDI Rules may also permit issue / cancellation of equity shares of the shareholders in IFSC, pursuant to corporate restructuring (merger, amalgamation, demerger etc.) of Indian Companies.

OTHER RECOMMENDATIONS – DEPOSITORY RECEIPTS OF UNLISTED INDIAN COMPANIES ON IFSC EXCHANGES

During the discussion on Direct Listing of Indian companies, the regulatory aspects regarding Depository Receipts were also discussed, particularly with respect to DRs of listed vis-à-vis unlisted company. In this regard, the Sahoo Committee report *inter alia* recommended that –

The DRs should be allowed to be issued on any kind of securities and not on equity shares only. These securities could be issued by any entity, company - public or

private, listed or unlisted - mutual funds, government or any other issuer. However, these securities should be available in dematerialised form and should be accessible to residents outside India under the extant Foreign Exchange Management Act, 1999 (FEMA).

DR Scheme 2014

From the definitions of 'Depository Receipts' and 'Permissible Securities' provided in the DR Scheme notified by Government of India in 2014, it is noted that the DR Scheme permits issuance of DRs by private companies also, as mentioned below:

Definition of 'Depository Receipts' (clause 2(1)(a) of DR Scheme 2014):

'depository receipt' means a foreign currency denominated instrument, whether listed on an international exchange or not, issued by a foreign depository in a permissible jurisdiction on the back of permissible securities issued or transferred to that foreign depository and deposited with a domestic custodian and includes 'global depository receipt' as defined in section 2(44) of the Companies Act, 2013;

Definition of 'permissible securities' (clause 2(1)(h) of DR Scheme 2014):

*'permissible securities' mean 'securities' as defined under section 2(h) of the Securities Contracts (Regulation) Act, 1956 and include similar instruments issued by **private companies** which:*

- i. may be acquired by a person resident outside India under the Foreign Exchange Management Act, 1999; and*
- ii. is in dematerialised form."*

Companies Act, 2013

Further, in terms of section 41 of Companies Act, 2013, any company (including unlisted company) can issue DRs, as mentioned below:

"A company may, after passing a special resolution in its general meeting, issue depository receipts in any foreign country in such manner, and subject to such conditions, as may be prescribed."

Rule 3 of the Companies (Issue of Global Depository Receipts) Rules, 2014, also allow any company to issue DRs provided it is eligible under the relevant provisions of FEMA Rules and Regulations, as mentioned below:

"3 Eligibility to Issue Depository Receipts.

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

Foreign Exchange Management (Non-Debt Instrument) Rules, 2019

The NDI Rules also permit issuance of DRs by unlisted Indian Companies. The definition of “depository receipt” provided in Rule 2(g) of NDI Rules has been reproduced below:

“depository receipt” means a foreign currency denominated instrument, whether listed on an international exchange or not, issued by a foreign depository in a permissible jurisdiction on the back of eligible securities issued or transferred to that foreign depository and deposited with a domestic custodian and includes ‘global depository receipt’ as defined in the Companies Act, 2013 (18 of 2013)

In view of the above, DRs of unlisted companies are also permitted under the provisions of DR Scheme, Companies Act, 2013, Companies (Issue of Global Depository Receipts) Rules, 2014 and NDI Rules.

Income Tax Act, 1961

However, the provisions of Income Tax Act, 1961 were amended in 2015 and the taxation benefits applicable to DRs were made available only to DRs of listed Indian companies. The Explanation to Section 115ACA of Income Tax Act, 1961 provides the following definition of Global Depository Receipts (GDR):

“Global Depository Receipts” means any instrument in the form of a depository receipt or certificate (by whatever name called) created by the Overseas Depository Bank outside India or in an International Financial Services Centre and issued to investors against the issue of, -

*(i) ordinary shares of issuing company, being a company **listed** on a recognised stock exchange in India; or*

(ii) foreign currency convertible bonds of issuing company;

(iii) ordinary shares of issuing company, being a company incorporated outside India, if such depository receipt or certificate is listed and traded on any International Financial Services Centre;

As the above-mentioned definition of GDR includes the DRs of only listed companies, therefore, the working group recommends that the taxation benefits available to the DRs of listed companies may also be extended to DRs of unlisted Indian Companies provided that the DRs are listed on IFSC exchanges. This may require amendment in the definition of GDR as mentioned in IT Act. The DR route will enable raising of foreign capital by the unlisted companies through issuance and listing on the IFSC Exchanges. This would be in line with the DR framework notified by various authorities in India.

IFSCA (Issuance and Listing of Securities) Regulations, 2021

As regards regulatory framework in IFSC, the definition of DRs provided in Regulation 2(g) of IFSCA ILS Regulations provide that –

“DR” or “depository receipt” means a negotiable financial instrument representing underlying securities of a company listed in another jurisdiction.

Accordingly, currently, the regulations issued by IFSCA do not permit DRs of unlisted companies.

Recommendations

- a) The definition of Global Depository Receipts provided in the Income Tax Act, 1961 may be amended to include unlisted Indian Companies, provided DRs are listed on the IFSC Exchanges.
- b) The IFSCA ILS Regulations may be amended to permit listing and trading of DRs of unlisted Indian companies on IFSC Exchanges.
- c) In such cases wherein DRs of unlisted Indian companies are listed on IFSC exchanges and subsequently the company intends to list securities on Indian exchanges, specific provision in respect of the pricing of securities, conversion of depository receipts etc. may require to be made in the SEBI ICDR Regulations.

CHAPTER VI: SUMMARY OF RECOMMENDATIONS

S. No.	Recommendations	Legal Framework	Stakeholders
Depository Connect			
1	Direct Depository Connect to be established between Indian depositories (CDSL & NSDL) and IFSC depository (IIDI)	SEBI ICDR Regulations for Direct Listing (Chapter for Direct Listing) IFSCA ILS Regulations ³⁹	SEBI, IFSCA
2	IIDI connecting with NSDL & CDSL by opening nominee account	Amendments in Depositories Act, 1996, DP Regulations and IFSCA CMI Regulations	SEBI, IFSCA
3	Permitting ICSDs to provide depository services	SEBI ICDR Regulations IFSCA ILS Regulations	SEBI, IFSCA
First time listing / FPO solely in IFSC			
4	Permitting Indian companies to list equity shares on IFSC exchanges in accordance with IFSCA ILS Regulations, subject to compliance with regulations 102, 103 & 105 of SEBI ICDR Regulations	SEBI ICDR Regulations IFSCA ILS Regulations	SEBI, IFSCA
5	In-Principle approval only after receipt of NOCs from all recognised stock exchanges where company is listed	Process	Stock Exchanges in India and IFSC SEBI, IFSCA
6	The minimum promoters' contribution may not be mandated for FPOs made solely on the recognised stock exchanges in IFSC	-	IFSCA
7	Specify detailed guidelines on submission of due-diligence certificate, participation of anchor investor etc. in IFSC	IFSCA ILS Regulations	IFSCA
FPO solely in India			
8	In-Principle approval only after receipt of NOCs from all recognised stock exchanges where company is listed		Stock Exchanges in India and IFSC SEBI, IFSCA

³⁹ Considering that listing of Indian companies on IFSC exchanges is already covered under the IFSCA ILS Regulations, the recommendations mentioned in the table may be implemented in the form of amendments to the Regulations or through issue of circulars / guidelines under the Regulations.

S. No.	Recommendations	Legal Framework	Stakeholders
Simultaneous FPO in both jurisdictions			
9	Offer size to be separate in both markets	SEBI ICDR Regulations IFSCA ILS Regulations	SEBI
10	The provisions of Chapter IV of SEBI ICDR Regulations to <i>mutatis mutandis</i> apply in IFSC, unless specified otherwise, with such exceptions mentioned in this report (such as listing process, offer related activities, filing a copy of documents, no separate advertisement in IFSC etc.)	IFSCA ILS Regulations	IFSCA (in coordination with SEBI)
11	Common Offer Document by SEBI registered merchant bankers	SEBI ICDR Regulations IFSCA ILS Regulations	SEBI, IFSCA
12	Listing on same date on stock exchanges in domestic India and IFSC	SEBI ICDR Regulations IFSCA ILS Regulations	SEBI, IFSCA
Preferential Issue			
13	The provisions of Chapter V of SEBI ICDR Regulations to <i>mutatis mutandis</i> apply in IFSC, unless specified otherwise, except the listing process.	IFSCA ILS Regulations	IFSCA (in coordination with SEBI)
14	Permitting listing of equity shares allotted in a preferential issue on the recognised stock exchanges in IFSC	Amendment in regulation 160 of ICDR Regulations	SEBI
15	In-Principle approval only after receipt of NOCs from all recognised stock exchanges where company is listed		Stock Exchanges in India and IFSC SEBI, IFSCA
16	Listing on same date on stock exchanges in domestic India and IFSC	SEBI ICDR Regulations IFSCA ILS Regulations	SEBI, IFSCA
17	Pricing formula (VWAP, frequently traded shares definition) to consider trading on IFSC Exchanges also	Part IV of Chapter V of SEBI ICDR Regulations	SEBI
Rights Issue			
18	The provisions of Chapter III of SEBI ICDR Regulations to <i>mutatis mutandis</i> apply, unless specified otherwise, with such exceptions mentioned in this report (such	IFSCA ILS Regulations	IFSCA (in coordination with SEBI)

S. No.	Recommendations	Legal Framework	Stakeholders
	as listing process, filing a copy of documents, trading of Rights Entitlements, no separate advertisement in IFSC etc.)		
19	Common Offer Document by SEBI registered merchant bankers	SEBI ICDR Regulations IFSCA ILS Regulations	SEBI, IFSCA
20	In-Principle approval only after receipt of NOCs from all recognised stock exchanges where company is listed		Stock Exchanges in India and IFSC SEBI, IFSCA
21	Pricing of rights issue to be same in both jurisdictions	SEBI ICDR Regulations IFSCA ILS Regulations	SEBI, IFSCA
22	To enable process for participation of the shareholders in IFSC in the rights issue by the Indian companies	SEBI ICDR Regulations	SEBI (in coordination with IFSCA)
23	The issuer to be eligible for Rights Issue through fast track route only if there is no corresponding regulatory action by any of the two regulators (SEBI and IFSCA)	SEBI ICDR Regulations	SEBI
Dividend			
24	Dividend to be distributed to shareholders in IFSC	-	SEBI, IFSCA
Bonus Issue			
25	The provisions of Chapter XI of SEBI ICDR Regulations to <i>mutatis mutandis</i> apply, unless specified otherwise	IFSCA ILS Regulations	IFSCA (in coordination with SEBI)
Minimum Public Shareholding			
26	Requirement of Minimum Public Shareholding to be complied separately in India and IFSC	SCR Rules	DEA
Takeovers			
27	SEBI SAST Regulations to <i>mutatis mutandis</i> apply, unless specified otherwise, with such exceptions mentioned in this report (filing a copy of documents, no separate advertisement in IFSC etc.)	New regulations / circular by IFSCA	IFSCA (in coordination with SEBI)
28	SEBI SAST Regulations to apply on “combined basis”	SEBI SAST Regulations	SEBI

S. No.	Recommendations	Legal Framework	Stakeholders
29	Open offers to be made in domestic India and extended to shareholders in both jurisdictions To enable process for participation of the eligible shareholders in IFSC in the Open Offers made by acquirer	SEBI SAST Regulations	SEBI (in coordination with IFSCA)
30	Pricing of Open Offers to be same in both jurisdictions	SEBI SAST Regulations New regulations / circular by IFSCA	SEBI, IFSCA
31	Pricing formula (VWAP, frequently traded shares definition) to consider trading on IFSC Exchanges also	Regulation 8 of SEBI SAST Regulations	SEBI
Buy-backs			
32	Buy-Backs in IFSC to be permitted only through Tender Offer Route	SEBI Buy-back Regulations New regulations / circular by IFSCA	SEBI, IFSCA
33	SEBI Buy-back Regulations to <i>mutatis mutandis</i> apply, unless specified otherwise, with such exceptions mentioned in this report (filing a copy of documents, no separate advertisement in IFSC etc.)	New regulations / circular by IFSCA	IFSCA (in coordination with SEBI)
34	SEBI Buy-back Regulations to apply on “combined basis”	SEBI Buy-back Regulations	SEBI
35	Buy-back offers to be made in domestic India and extended to shareholders in both jurisdictions To enable process for participation of the eligible shareholders in IFSC in the buy-back offers made by the company	SEBI Buy-back Regulations	SEBI (in coordination with IFSCA)
36	Pricing of Buy-back Offers to be same in both jurisdictions	SEBI Buy-back Regulations New regulations / circular by IFSCA	SEBI, IFSCA
Delisting			
37	The issuer to have the option to delist from either of the two jurisdictions	SEBI Delisting Regulations IFSCA ILS Regulations	SEBI, IFSCA

S. No.	Recommendations	Legal Framework	Stakeholders
			IFSC stock exchanges to specify delisting norms with approval of IFSCA
38	In case of simultaneous delisting from both jurisdictions, if the delisting fails in any one jurisdiction, the entire delisting exercise shall be considered as failure	SEBI Delisting Regulations IFSCA ILS Regulations	IFSCA/SEBI
Scheme of Arrangement			
39	IFSCA to specify the framework for providing NOCs on Scheme of Arrangement of Indian companies listed on the recognized stock exchanges in IFSC	Circular by IFSCA	IFSCA
Disclosures			
40	A copy of all the disclosures made on Indian stock exchanges to be disclosed on the IFSC stock exchanges. The stock exchanges in India and IFSC to have necessary arrangements/agreements in this regard	IFSCA ILS Regulations	Stock Exchanges in IFSC and India
Market Surveillance			
41	The stock exchanges in IFSC to build necessary infrastructure in the medium to long term to make the necessary data available to IFSCA and also to SEBI on need basis		Stock Exchanges in IFSC
42	FPIs trading in IFSC to provide PAN details Need to have unique identifier for eligible foreign investors in IFSC		IFSCA
Information Sharing between Depositories / RTA			
43	The depository in IFSC to share BenPos Statement with RTA in domestic India		SEBI, IFSCA
44	The depository in IFSC to share required data to the Indian depositories for monitoring of foreign limits		Depositories in India and IFSC SEBI, IFSCA

S. No.	Recommendations	Legal Framework	Stakeholders
Cooperation between IFSCA and SEBI			
45	IFSCA and SEBI may consider having a bilateral MoU for cooperation and exchange of information		SEBI, IFSCA
QIPs			
46	Framework for Qualified Institutions Placement in IFSC to be specified	IFSCA ILS Regulations	IFSCA
Participation of Indian Mutual Funds			
47	Indian mutual funds to be permitted to participate in Direct Listing Separate limit for IFSC may be considered (1% of total AUM)	Direct Listing Scheme	DEA
Market Making			
48	Broker dealers, including IFSC entities, to be permitted to provide market making	Direct Listing Scheme	DEA
Companies Act, 2013			
49	Rules to be notified under section 23(3) and (4) of Companies Act, 2013	LEAP Rules	MCA
FEM (NDI) Rules 2019			
50	NDI Rules to permit Direct Listing including the following: a. Permitting issue and trading of equity shares of Indian Companies on IFSC Exchanges (initial issue and further issue of capital) b. Clarity on applicability of FPI limits c. Enabling Indian companies to pass on all the corporate actions/benefits to the equity shareholders in IFSC indicated in the report	NDI Rules	DEA (in consultation with RBI)

S. No.	Recommendations	Legal Framework	Stakeholders
	<p>d. Enabling participation of shareholders in IFSC in the open offers made by acquirers in India</p> <p>e. Enabling participation of shareholders in IFSC in the buy-back offers made by the Indian companies</p> <p>f. Enabling participation of shareholders in IFSC in the delisting offers made by the promoters of the Indian companies</p> <p>g. Permitting issue / cancellation of equity shares of the shareholders in IFSC pursuant to corporate restructuring (merger, amalgamation, demerger etc.) of Indian Companies</p>		
Taxation			
51	Concessional rate of tax (10%) for Dividend to be received by Non-Residents from Indian company listed on IFSC exchanges	Income Tax Act, 1961	CBDT, DoR
52	Exemption of PAN and ITR filing for Non-Residents having only Dividend income from the Indian companies listed on IFSC Exchanges, subject to the condition that Indian company has withheld the taxes at appropriate rate	Income Tax Act, 1961	CBDT, DoR
53	Trading of Right Entitlements to be included in the list of specified securities under section 47 (viiab) of Income Tax Act, 1961	Notification under section 47(viiab) of Income Tax Act, 1961	CBDT, DoR
Other Recommendations (Permitting DRs of unlisted companies)			
54	Amendment in the definition of Global Depository Receipts under IT Act to include DRs of unlisted Indian Companies, provided the DRs are listed on the IFSC Exchanges	Income Tax Act, 1961	CBDT, DoR
55	Permit listing and trading of DRs of unlisted Indian companies on IFSC Exchanges	IFSCA ILS Regulations	IFSCA
56	Indian companies with DRs listed first on IFSC exchanges may be permitted to subsequently list equity shares in India	SEBI ICDR Regulations	SEBI

Notes:

1. While the Working Group has identified various aspects relating to implementation of direct listing of listed Indian companies, the list of recommendations may not necessarily be exhaustive. In this regard, IFSCA and SEBI may continue to engage for operationalizing Direct Listing.
2. The Working Group has been informed that the regulatory changes by SEBI would entail due process including legal diligence, deliberation at advisory committee and subsequent public consultation.

ANNEXURE – 1: DIRECT LISTING: ANALYSIS BY SUB-GROUP

1. Further public offer of equity shares on Indian stock exchanges and IFSCA stock exchanges

The further public offer of equity shares of listed Indian companies on IFSC exchanges may be possible under the following scenarios:

- c) First listing on IFSC Exchange
- d) Pursuant to company listed in both markets (India and IFSC),
 - a. FPO only on Indian exchanges
 - b. FPO only on IFSC exchanges
 - c. FPO in both markets

A detailed analysis of the various activities involved in FPOs for the above scenarios have been brought out below:

Step No.	Activities (SEBI Regulations) [I]	Remarks			
		First Listing on IFSC Exchange [II]	Subsequent FPOs [Dual listed companies]		
			FPO on Indian Exchanges only [III]	FPO on IFSC Exchanges only [IV]	FPO in both markets [V]
1.	Company to notify the stock exchanges under Regulation 29(1)(d) of the SEBI LODR Regulations in relation to the meeting	This disclosure will be made only on Indian stock exchanges.	<i>Disclosures under SEBI LODR Regulations</i>		

Step No.	Activities (SEBI Regulations)
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Step No.	Activities (SEBI Regulations) [I]	Remarks			
		First Listing on IFSC Exchange [II]	Subsequent FPOs [Dual listed companies]		
			FPO on Indian Exchanges only [III]	FPO on IFSC Exchanges only [IV]	FPO in both markets [V]
		Not required to be disclosed on IFSC exchanges as the company is not listed on IFSC exchange.			
4.	Shareholders' resolution to be passed by the Company for approval of the further public offer of equity shares proposed to be listed on the Indian stock exchanges and IFSCA stock exchanges under sections 23 and 62(1)(c) of the Companies Act, 2013, the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, the Companies (Share Capital and Debentures) Rules, 2014, as amended, and the SEBI ICDR Regulations, as amended.	Shareholders' Resolution - Requirement under Companies Act, 2013 and will continue to apply			
5.	Appointment of lead managers and other Intermediaries in terms of the Regulation 121 of the SEBI ICDR Regulations and enter into agreements with the lead managers and other intermediaries.	IFSCA registered lead managers and other intermediaries will have to be appointed (Reg. 42 of the IFSCA ILS Regulations)	SEBI registered lead managers and other intermediaries will have to be appointed (Reg. 121 of SEBI ICDR Regulations)	IFSCA registered lead managers and other intermediaries will have to be appointed (Reg. 42 of the IFSCA ILS Regulations)	SEBI registered merchant bankers

Step No.	Activities (SEBI Regulations) [I]	Remarks			
		First Listing on IFSC Exchange [II]	Subsequent FPOs [Dual listed companies]		
			FPO on Indian Exchanges only [III]	FPO on IFSC Exchanges only [IV]	FPO in both markets [V]
6.	Check the eligibility criteria mentioned under Regulations 102, 103, 104 and 105 of the SEBI ICDR Regulations.	<p>Eligibility criteria -</p> <ul style="list-style-type: none"> - IFSCA ILS Regulations - Direct Listing Scheme - Reg. 102 of SEBI ICDR Regulations is on entities not eligible to make an FPO. This shall apply to companies listing on IFSC exchanges as well. - Conditions provided under reg. 103 & 105 of SEBI ICDR Regulations shall apply to companies listing on IFSC exchanges as well. <p>Reg. 104 of SEBI ICDR Regulations -</p>	<p>SEBI ICDR Regulations</p> <p>(a) In-Principle approval may be required from Indian Exchanges</p>	<p>[Same as column II]</p> <p>(a) Same as column II</p> <p>(b) Agreement with depository in IFSC required</p>	<p>SEBI ICDR Regulations IFSCA ILS Regulations Direct Listing Scheme</p> <p>(a) In-Principle approval may be required from stock exchanges in both jurisdictions</p>

Step No.	Activities (SEBI Regulations) [I]	Remarks			
		First Listing on IFSC Exchange [II]	Subsequent FPOs [Dual listed companies]		
			FPO on Indian Exchanges only [III]	FPO on IFSC Exchanges only [IV]	FPO in both markets [V]
		(a) In-Principle approval may be required from IFSC Exchanges. (However, IFSC Exchanges shall take NOC from Indian exchanges prior to granting approval) (b) Agreement with depository in IFSC also required (c) The existing equity shares should be fully paid-up	(However, Indian Exchanges shall take NOC from IFSC exchanges prior to granting approval) (b) As per ICDR (c) As per ICDR	(c) The existing equity shares should be fully paid-up	(b) Agreement with depositories in both jurisdictions required (c) The existing equity shares should be fully paid-up
7.	Preparing a draft offer document (“ DOF ”) in terms of Regulation 122 of the SEBI ICDR Regulations, in terms of: (i) disclosures specified in the Companies Act, 2013; and	The disclosure requirements for the DOF shall be in terms of Regulation 47 of the IFSCA ILS Regulations.	SEBI ICDR Regulations	[Same as column II]	Common DOF SEBI registered merchant bankers

Step No.	Activities (SEBI Regulations) [I]	Remarks			
		First Listing on IFSC Exchange [II]	Subsequent FPOs [Dual listed companies]		
			FPO on Indian Exchanges only [III]	FPO on IFSC Exchanges only [IV]	FPO in both markets [V]
	(ii) disclosures specified in Part A of Schedule VI, subject to the provisions of Parts C and D.				Processing of DOF by SEBI in accordance with SEBI ICDR Regulations.
8.	Analyze whether the promoter contribution requirement will be applicable in terms of the Regulation 112 and 113 of the SEBI ICDR Regulations.	No such requirement may be specified for listing on IFSC Exchanges	SEBI ICDR Regulations	[Same as column II]	SEBI ICDR Regulations While the calculation shall be on combined basis, the promoter contribution and lock in shall be in India
9.	In case the promoter contribution is applicable – earmark 20% of the proposed issue size or to the extent of 20% of the post-FPO capital of the Company, to be locked up from the date of allotment of the FPO, in terms of Regulation 115 of the SEBI ICDR Regulations.	No such requirement may be specified for listing on IFSC Exchanges	SEBI ICDR Regulations	[Same as column II]	SEBI ICDR Regulations While the calculation shall be on combined basis, the promoter contribution and lock in shall be in India
10.	Execution of agreement of the Company with the IFSC Depository i.e., India International Depository IFSC Ltd. ("IIDI"),	Will be required	Will be required	Will be required	Will be required

Step No.	Activities (SEBI Regulations) [I]	Remarks			
		First Listing on IFSC Exchange [II]	Subsequent FPOs [Dual listed companies]		
			FPO on Indian Exchanges only [III]	FPO on IFSC Exchanges only [IV]	FPO in both markets [V]
	and the Registrar and Share Transfer Agent of the Company, in addition to the Indian depositories, NSDL and CDSL, for admission of the fresh equity shares of the company into the IIDI system				
11.	Board Meeting to approve the Draft Offer document	Will continue to apply	Will continue to apply	Will continue to apply	Will continue to apply
12.	The Company shall file the DOF with Securities Exchange Board of India ("SEBI"), in accordance with Schedule IV, along with fees as specified in Schedule III of the SEBI ICDR Regulations, through the lead manager(s).	In terms of the Regulation 16 of the IFSCA ILS Regulations DOF will have to be filed with IFSCA. Proportionate fees to be paid to IFSCA	SEBI ICDR Regulations	In terms of the Regulation 16 of the IFSCA ILS Regulations DOF will have to be filed with IFSCA.	DOF filed with SEBI [Copy of DOF may be filed with IFSCA for information]
13.	In terms of Regulation 123 (3) of the SEBI ICDR Regulations, the Company shall also file the DOF with the stock exchange(s) where the equity shares are proposed to be listed, and shall submit to the stock exchange(s), the Permanent Account	In terms of the Regulation 16 (2) of the ILS Regulation, DOF shall be made public, for comments, if any, by hosting it on the websites of IFSCA,	SEBI ICDR Regulations	Same as column II	SEBI ICDR Regulations [Copy of DOF may be filed with IFSC Exchanges as well]

Step No.	Activities (SEBI Regulations) [I]	Remarks			
		First Listing on IFSC Exchange [II]	Subsequent FPOs [Dual listed companies]		
			FPO on Indian Exchanges only [III]	FPO on IFSC Exchanges only [IV]	FPO in both markets [V]
	Number, bank account number and passport number of its promoters where they are individuals, and Permanent Account Number, bank account number, company registration number or equivalent and the address of the Registrar of Companies with which the promoter is registered, where the promoter is a body corporate.	stock exchange(s) and lead manager(s).			
14.	In terms of Regulation 104(1)(a) of the SEBI ICDR Regulations, the Company is required to file an application with the stock exchanges for obtaining in-principal approval from the stock exchanges.	In terms of the Regulation 43 of the IFSCA ILS Regulations, in-principal approval will be required from IFSC Exchange Prior to granting in-principle approval, the IFSC exchange shall take NOCs from Indian Exchanges on which the companies are listed.	SEBI ICDR Regulations Prior to granting in-principle approval, Indian exchanges shall take NOC from IFSC Exchanges on which the companies are listed.	Same as column II	In-Principle approval from exchanges in both jurisdictions
15.	In terms of Regulation 124 of the SEBI ICDR Regulations, the DOF filed with SEBI shall	In terms of the Regulation 16 (2) DOF shall be made public,	SEBI ICDR Regulations	Same as column II	SEBI ICDR Regulations

Step No.	Activities (SEBI Regulations) [I]	Remarks			
		First Listing on IFSC Exchange [II]	Subsequent FPOs [Dual listed companies]		
			FPO on Indian Exchanges only [III]	FPO on IFSC Exchanges only [IV]	FPO in both markets [V]
	be made public for comments, if any, for a period of at least twenty-one days from the date of filing, by hosting it on the websites of the Company, SEBI, stock exchanges where specified securities are proposed to be listed and lead manager(s) associated with the issue.	for comments, if any, by hosting it on the websites of IFSCA, stock exchange(s) and lead manager(s) for a period of not less than fourteen days.			DOF shall be uploaded on websites of IFSC exchanges and IFSCA as well.
16.	In terms of Regulation 123 (4) of the SEBI ICDR Regulations, SEBI may specify changes or issue observations on the DOF within a period of thirty days.	In terms of Regulation 17 of the IFSCA ILS Regulations, IFSCA may specify changes or issue observations on the DOF within a period of thirty days.	SEBI ICDR Regulations	Same as column II	SEBI ICDR Regulations
17.	In terms of Regulation 123 (5) of the SEBI ICDR Regulations, if SEBI specifies changes or issues observations on the DOF, the Company and the lead manager(s) shall carry out such changes in the DOF and shall submit to SEBI an updated DOF complying with the observations issued by SEBI and highlighting all changes made in the DOF	In terms of Regulation 18 of the ILS Regulation, the Company shall carry out changes specified by IFSCA, if any, in the offer document	SEBI ICDR Regulations	Same as column II	SEBI ICDR Regulations

Step No.	Activities (SEBI Regulations) [I]	Remarks			
		First Listing on IFSC Exchange [II]	Subsequent FPOs [Dual listed companies]		
			FPO on Indian Exchanges only [III]	FPO on IFSC Exchanges only [IV]	FPO in both markets [V]
	before filing the offer document (“OD”) with the Registrar of Companies or the appropriate authority, as applicable.				
18.	Board Meeting to approve the Offer document including Bid/Offer Opening and Bid/Offer Closing Dates (including Anchor Investor bid date)	Will continue to apply	Will continue to apply	Will continue to apply	Will continue to apply
19.	In terms of Regulation 123 (6) of the SEBI ICDR Regulations, post incorporation of changes suggested in the DOF, the Company is required to file copy of the OD with SEBI and the stock exchanges through the lead manager(s) simultaneously while filing the OD with Registrar of Companies.	OD required to be filed with IFSCA and IFSC stock exchanges [Regulation 19 of the IFSCA ILS Regulations]	SEBI ICDR Regulations	Same as column II	SEBI ICDR Regulations Copy of OD may be filed with IFSCA and IFSC stock exchanges as well.
20.	In terms of Regulation 123 (9) of the SEBI ICDR Regulations, the lead manager(s) shall submit the following documents to SEBI after issuance of observations by SEBI or after expiry of the period stipulated in sub-	Similar requirements may be specified by IFSCA for the lead manager (s) to submit due diligence certificate (along with other documents) to IFSCA.	SEBI ICDR Regulations	Same as column II	SEBI ICDR Regulations

Step No.	Activities (SEBI Regulations) [I]	Remarks			
		First Listing on IFSC Exchange [II]	Subsequent FPOs [Dual listed companies]		
			FPO on Indian Exchanges only [III]	FPO on IFSC Exchanges only [IV]	FPO in both markets [V]
	<p>regulation (4) of regulation 123 if SEBI has not issued observations:</p> <p>a) a statement certifying that all changes, suggestions and observations made by SEBI have been incorporated in the offer document;</p> <p>b) a due diligence certificate as per Form C of Schedule V, at the time of filing of the offer document;</p> <p>c) a copy of the resolution passed by SEBI of directors of the Company for allotting specified securities to promoters towards amount received against promoters' contribution, before opening of the issue, if applicable;</p> <p>d) a certificate from a Chartered Accountant, before opening of the issue, certifying that promoters' contribution has been received in accordance with these regulations, accompanying therewith the names and addresses of the promoters who have contributed to the promoters' contribution and the amount paid and</p>				

Step No.	Activities (SEBI Regulations) [I]	Remarks			
		First Listing on IFSC Exchange [II]	Subsequent FPOs [Dual listed companies]		
			FPO on Indian Exchanges only [III]	FPO on IFSC Exchanges only [IV]	FPO in both markets [V]
	credited to the bank account of the Company by each of them towards such contribution; e) a due diligence certificate as per Form D of Schedule V, in the event the Company has made a disclosure of any material development by issuing a public notice.				
21.	In terms of Regulation 139(1) of the SEBI ICDR Regulations, the Company shall, after filing the OD with the Registrar of Companies, make a pre-issue advertisement in one English national daily newspaper with wide circulation, Hindi national daily newspaper with wide circulation and one regional language newspaper with wide circulation at the place where the registered office of the Company is situated.	May not be required to be mandated in the case of IFSC. The investors are non-residents and mostly outside of India. OD will be available on the website of the IFSC exchanges.	SEBI ICDR Regulations	Same as column II	SEBI ICDR Regulations
22.	In terms of Regulation 127 (4) of the SEBI ICDR Regulations, the Company shall announce the floor price or the price band	In terms of Regulation 28 of the SEBI ICDR Regulations, the Company shall determine			

Step No.	Activities (SEBI Regulations) [I]	Remarks			
		First Listing on IFSC Exchange [II]	Subsequent FPOs [Dual listed companies]		
			FPO on Indian Exchanges only [III]	FPO on IFSC Exchanges only [IV]	FPO in both markets [V]
	at least one working day before the opening of the bid in the same newspapers in which the pre-issue advertisement was released or together with the pre-issue advertisement in the format prescribed under Part A of Schedule X.	the pricing in consultation with the lead manager(s). The issue may be through a fixed price mechanism or through book building mechanism and the same shall be suitably disclosed in the offer document.			
23.	In terms of Regulation 135 of the SEBI ICDR Regulations, the Company shall, before the opening of the subscription list, deposit with the designated stock exchange, an amount calculated at the rate of one per cent. of the issue size available for subscription to the public in the manner specified by SEBI and/or the stock exchange(s).	May not be required in IFSC	SEBI ICDR Regulations	Same as column II	SEBI ICDR Regulations
24.	In terms of the Schedule XIII (Part A) (10) of the SEBI ICDR Regulations, the bidding for anchor investors shall open one day before	Details regarding participation of anchor investor may be mentioned in the offer document.	SEBI ICDR Regulations	Same as column II	Anchor Investors in India – As per SEBI ICDR Regulations

Step No.	Activities (SEBI Regulations) [I]	Remarks			
		First Listing on IFSC Exchange [II]	Subsequent FPOs [Dual listed companies]		
			FPO on Indian Exchanges only [III]	FPO on IFSC Exchanges only [IV]	FPO in both markets [V]
	the issue opening date. Board resolutions for Anchor Issue Opening and Closing.	IFSCA may take a view on whether a policy may be specified in this regard.			Anchor investors in IFSC [Same as column II]
25.	In terms of Regulation 140 of the SEBI ICDR Regulations, the issue shall be opened after at least three working days from the date of filing the OD with the Registrar of Companies. Board resolution for the opening of the Issue.	IFSCA may consider specifying appropriate timelines in this regard	SEBI ICDR Regulations	Same as column II	SEBI ICDR Regulations
26.	Board resolution for the closing of the Issue.	Will continue to apply	Will continue to apply	Will continue to apply	Will continue to apply
27.	Board resolution for approving the prospectus.	Will continue to apply	Will continue to apply	Will continue to apply	Will continue to apply
28.	In terms of Regulation 123 (6) of the SEBI ICDR Regulations, the Company is required to file copy of the prospectus with SEBI and the stock exchanges through the lead manager(s) simultaneously while filing the prospectus with Registrar of Companies.	Prospectus to be filed with IFSCA and IFSC stock exchanges.	SEBI ICDR Regulations	Same as column II	SEBI ICDR Regulations A copy of the Prospectus may be filed with IFSCA and IFSC exchanges as well.

Step No.	Activities (SEBI Regulations) [I]	Remarks			
		First Listing on IFSC Exchange [II]	Subsequent FPOs [Dual listed companies]		
			FPO on Indian Exchanges only [III]	FPO on IFSC Exchanges only [IV]	FPO in both markets [V]
29.	In terms of Regulation 136 of the SEBI ICDR Regulations, the Company will enter into an Underwriting Agreement with the lead managers and syndicate members	May be underwritten by an underwriter and in such a case, adequate disclosures regarding underwriting arrangements shall be disclosed in the offer document. [Regulation 31 of the IFSCA ILS Regulations]	SEBI ICDR Regulations	Same as column II	SEBI ICDR Regulations – Offer made in India IFSCA ILS Regulations - Offer made in IFSC
30.	Finalisation of Basis of Allotment (post technical rejections) and submission to designated stock exchanges	As per Offer Document	SEBI ICDR Regulations	Same as Column II	SEBI ICDR Regulations – Offer made in India As per Offer Document – Offer made in IFSC
31.	Basis of Allotment to be approved by the Stock Exchange	As per Offer Document	SEBI ICDR Regulations	Same as Column II	SEBI ICDR Regulations – Offer made in India As per Offer Document – Offer made in IFSC

Step No.	Activities (SEBI Regulations) [I]	Remarks			
		First Listing on IFSC Exchange [II]	Subsequent FPOs [Dual listed companies]		
			FPO on Indian Exchanges only [III]	FPO on IFSC Exchanges only [IV]	FPO in both markets [V]
32.	Board Meeting for approving allotment/transfer of Shares	Will continue to apply	Will continue to apply	Will continue to apply	Will continue to apply
33.	Company to initiate lock in of minimum promoter contribution, in terms of the Regulation 112 and 113 of the SEBI ICDR Regulations	No such requirement may be specified for listing on IFSC Exchanges	SEBI ICDR Regulations	Same as Column II	SEBI ICDR Regulations While the calculation shall be on combined basis, the promoter contribution and lock in shall be in India
34.	Receipt of final listing and trading approvals from the stock exchanges	Receipt of final listing and trading approvals from the IFSC Exchanges	Receipt of final listing and trading approvals from the Indian Exchanges	Same as Column II	Receipt of final listing and trading approvals from the exchanges in both jurisdictions

2. Rights Issue of equity shares to be listed on Indian stock exchanges and IFSC stock exchange

Considering that all the equity shares will be *pari-passu*, the provisions of the Companies Act, 2013 shall apply equitably to all shareholders, accordingly, no changes would be required in the Companies Act, 2013 from a Rights Issue perspective.

Rights Issue of equity shares will be offered to investors in both jurisdictions. In respect of Rights Issue, the following approach may be considered:

- a) Since the companies are primarily listed on Indian exchanges, the provisions of SEBI ICDR Regulations may be made applicable for rights issue.
- b) The LOF may be common in accordance with SEBI ICDR Regulations and filed by SEBI registered merchant bankers
- c) The filing of documents may be made to IFSC exchanges as well (in addition to Indian exchanges)
- d) In-Principle approval may be required from exchanges in both jurisdictions
- e) A copy of the LOF may be filed with IFSCA as well for information
- f) The proportionate fees may be paid to IFSCA
- g) The REs will be required to be credited in the demat accounts of the investors in IFSC as well.
- h) The pricing of the Rights Issue shall be same in both jurisdictions [conversion shall be as per exchange rates as on Record Date]
- i) The investors in IFSC will be entitled to participate in the Rights Issue. In this regard, the following process is suggested:
 - Since the companies are primarily listed on Indian exchanges, the recognised stock exchanges in India shall be the primary designated stock exchanges for Rights Issue process.
 - An IFSC Exchange will also be the designated exchange for the Rights issue for investors in IFSC.

- The designated exchange in IFSC shall provide the information regarding application to the designated stock exchange in India enabling participation of non-resident investors in the Rights Issue.
- j) Fast Track Rights Issue: In respect of eligibility criteria for fast track rights issue provided under Regulation 99 (h) and (i) of SEBI ICDR Regulations, the issuer shall be eligible for Rights Issue through fast track route only if there is no corresponding action by IFSCA also (similar to SEBI).

The detailed analysis of the various provisions relating to Rights Issue is as follows:

Step No.	Activity	Remarks
1.	Company to check if it meets the eligibility criteria for rights issue under Section 62 of the Companies Act and Regulations 60, 61 and 62 of the SEBI ICDR Regulations and Regulation 94 of the IFSCA ILS Regulations.	Companies Act, 2013 SEBI ICDR Regulations
2.	In terms of Regulation 29(1)(d) of the SEBI LODR Regulations, the Company is required to give prior intimation to the Stock Exchanges for the board meeting in which the proposal for fund raising by way of rights issue is to be considered, at least 2 working days in advance, excluding the date intimation and date of meeting.	Intimation to stock exchanges in IFSC may also be included
3.	Board resolution to be passed by the Company for approval of the rights issue under section 62(1)(a) of the Companies Act, the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, the Companies (Share Capital and Debentures) Rules, 2014, as amended, and the SEBI ICDR Regulations. Intimation of outcome to Stock Exchanges to be made within 30 minutes as required under the SEBI LODR Regulations	Will continue to apply
4.	In terms of Schedule B of the SEBI PIT Regulations, and code of conduct framed thereunder, the Company shall close the trading window for designated persons.	Will continue to apply
5.	Appointment of lead managers and other Intermediaries in terms of the Regulation 69 of the SEBI ICDR Regulations and enter into agreements with the lead managers and other intermediaries.	SEBI registered merchant bankers
6.	Preparing a draft letter of offer (" DLOF ") in terms of Regulation 70 of the SEBI ICDR Regulations, in terms of: (i) disclosures specified in the Companies Act, 2013; and	SEBI ICDR Regulations

Step No.	Activity	Remarks
	(ii) disclosures specified in Part B or B-1 of Schedule VI, as applicable.	
7.	Board Meeting for approval of DLOF (along with similar steps for prior intimation of the meeting and intimation of outcome as set out above) in terms of the Companies Act, SEBI LODR Regulations and SEBI ICDR Regulations	Will continue to apply
8.	In terms of Regulation 71(1) of the SEBI ICDR Regulations, the Company shall file the DLOF with SEBI, in accordance with Schedule IV of the SEBI ICDR Regulations, along with fees as specified in Schedule III of the SEBI ICDR Regulations, through the lead manager(s).	SEBI ICDR Regulations A copy of DLOF may be filed with IFSCA also for information Proportionate fees may be paid to IFSCA
9.	In terms of Regulation 71 (3) of the SEBI ICDR Regulations, the Company shall also file the DLOF with the stock exchange(s), and shall submit to the stock exchange(s), the Permanent Account Number, bank account number and passport number of its promoters where they are individuals, and Permanent Account Number, bank account number, company registration number or equivalent and the address of the Registrar of Companies with which the promoter is registered, where the promoter is a body corporate.	SEBI ICDR Regulations A copy of DLOF may be filed with IFSC Exchanges as well.
10.	In terms of Regulation 62 of the SEBI ICDR Regulations, the Company is required to file an application with the stock exchanges for obtaining in-principle approval from the stock exchanges.	In-Principle approval may be required from exchanges in both jurisdictions
11.	In terms of Regulation 72 of the SEBI ICDR Regulations, the DLOF filed with SEBI shall be made public for comments, for at least 21 days from the date of filing, by hosting it on the websites of the Company, SEBI, stock exchanges where specified securities are proposed to be listed and lead manager(s) associated with the issue. Further, the Company shall make a public announcement disclosing the fact of filing of DLOF to the public within 2 days of filing.	SEBI ICDR Regulations DLOF shall also be hosted on the websites of the IFSC exchanges and IFSCA
12.	In terms of Regulation 71 (4) of the SEBI ICDR Regulations, SEBI may specify changes or issue observations on the DLOF within a period of thirty days.	SEBI ICDR Regulations
13.	In terms of Regulation 71 (5) of the SEBI ICDR Regulations, if SEBI specifies changes or issues observations on the DLOF, the Company and the lead manager(s) shall carry out such changes in the	SEBI ICDR Regulations

Step No.	Activity	Remarks
	DLOF and shall submit to SEBI an updated DLOF complying with the observations issued by SEBI and highlighting all changes made in the DLOF before filing the letter of offer (“LOF”) with the stock exchanges.	
14.	Board Meetings to approve the Rights Issue price and subsequently the Record Date, entitlement ratio and LOF (along with similar steps for prior intimation of the meetings and intimation of outcome as set out above).	Will continue to apply
15.	In terms of Regulation 71 of the SEBI ICDR Regulations, post incorporation of changes suggested in the DLOF, the Company is required to file copy of the LOF with SEBI and the stock exchanges through the lead manager(s) simultaneously with filing of the LOF with the designated stock exchange.	SEBI ICDR Regulations A copy of the LOF may be filed with IFSC Exchanges and IFSCA as well
16.	In terms of Regulation 71 of the SEBI ICDR Regulations, the lead manager(s) shall submit the following documents to SEBI after issuance of observations by SEBI or after expiry of the period stipulated in Regulation 71(4) if SEBI has not issued observations: a) a statement certifying that all changes, suggestions and observations made by SEBI have been incorporated in the offer document; b) a due diligence certificate as per Form C of Schedule V, at the time of filing of the LOF; c) a due diligence certificate as per Form D of Schedule V, in the event the Company has made a disclosure of any material development by issuing a public notice.	SEBI ICDR Regulations
17.	In terms of Regulation 84 of the SEBI ICDR Regulations, the Company shall, after filing the LOF, make an advertisement in one English national daily newspaper with wide circulation, Hindi national daily newspaper with wide circulation and one regional language newspaper with wide circulation at the place where the registered office of the Company is situated, and also give an intimation to the stock exchanges for dissemination on their websites], at least 2 days before the date of opening of the issue, disclosing, <i>inter alia</i> , the following: <ul style="list-style-type: none"> • date of completion of despatch of abridged letter of offer and the application form • centres other than registered office where duplicate copies of the application form may be obtained 	SEBI ICDR Regulations No separate advertisement may be mandated in IFSC
18.	In terms of Regulation 77A of the SEBI ICDR Regulations, the rights entitlements shall be credited to the demat account of the shareholders before the date of opening of the issue	SEBI ICDR Regulations

Step No.	Activity	Remarks
		The REs shall also be credited to the demat accounts of the investors in IFSC also.
19.	In terms of Regulation 85 of the SEBI ICDR Regulations, the rights issue may be opened within 12 months from the date of issuance of observations by SEBI.	<p>SEBI ICDR Regulations</p> <p>Since the companies are primarily listed on Indian exchanges, the recognised stock exchanges in India will be the primary designated stock exchanges for Rights Issue process.</p> <p>An IFSC Exchange will also be the designated exchange for the Rights issue for investors in IFSC.</p> <p>The designated exchange in IFSC will provide the information regarding application to the designated stock exchange in India enabling participation of non-resident investors in the Rights Issue.</p> <p>The designated stock exchanges in both jurisdictions shall closely coordinate to facilitate rights issue process in both jurisdictions.</p>
20.	In terms of Regulation 87 of the SEBI ICDR Regulations, the rights issue shall be kept open for subscription between 7-30 days.	SEBI ICDR Regulations
21.	In terms of Regulation 84 of the SEBI ICDR Regulations, an announcement regarding closure of issue shall be made only after the lead manager(s) is satisfied that at least 90% of the offer through LOF has been subscribed and a certificate has been obtained to that effect from the registrar to the issue	<p>SEBI ICDR Regulations</p> <p>90% may be computed on combined basis</p>

Step No.	Activity	Remarks
22.	In terms of Regulation 81 of the SEBI ICDR Regulations, if the Company desires to have the rights issue underwritten, it shall appoint merchant bankers or stock brokers, registered with SEBI, to act as underwriters. However, the issue can be underwritten only to the extent of entitlement of shareholders other than the promoters and promoter group.	SEBI ICDR Regulations – [Underwriting to the extent of Rights Issue in India] Underwriting, if any, in the IFSC may be disclosed in the Offer Document
23.	Finalisation of Basis of Allotment	SEBI ICDR Regulations
24.	Basis of Allotment to be approved by the Stock Exchange	SEBI ICDR Regulations Basis of allotment to be approved by Indian stock exchanges
25.	Board Meeting for approving allotment/transfer of Shares and filing of PAS-3 form	Will continue to apply
26.	In terms of Regulation 92 of the SEBI ICDR Regulations, the lead manager(s) shall ensure that a post-issue advertisement with stipulated details in relation to subscription, value and percentage of successful allottees, etc., is released within 10 days from the date of completion of the various activities in at least one English national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one regional language daily newspaper with wide circulation. These details shall also be placed on websites of Stock Exchanges	SEBI ICDR Regulations
27.	Eligibility conditions for Fast Track Rights Issue	Will continue to apply However, as regards (h) and (i), the issuer shall be eligible for fast-track Rights Issue only if there is no corresponding action by IFSCA (similar to SEBI).
28.	Take post allotment approval from the stock exchanges and also ensure Minimum public shareholding is complied with	Will continue to apply Approval from stock exchanges in both jurisdictions may be required.

Step No.	Activity	Remarks
		MPS compliance to be ensured.
29.	Receipt of Filing for the listing and trading approval from the stock exchanges	Approval from stock exchanges in both jurisdictions may be required.
30.	<p>In terms of Regulation 32 of the SEBI LODR Regulations, the Company is required to:</p> <ul style="list-style-type: none"> submit to the Stock Exchanges, the quarterly statement indicating deviations, if any, in the use of proceeds from the objects stated in the offer document or explanatory statement to the notice for the general meeting, as applicable, and category wise variation between projected utilisation of funds made by it therein and the actual utilisation of funds. where it has appointed a monitoring agency: <ul style="list-style-type: none"> submit the agency's report within 45 days from end of each quarter to the Stock Exchanges. place such report before the audit committee on quarterly basis 	<p><i>Disclosures under SEBI LODR Regulations</i></p> <p>In respect of dual listed companies, <u>all disclosures</u> made on Indian stock exchanges shall be disclosed on IFSC Exchanges through appropriate agreements/ arrangements between exchanges.</p>

3. Preferential Issue of equity shares to be listed on Indian stock exchanges and IFSC stock exchange

Considering that all the equity shares will be *pari-passu*, the provisions of the Companies Act, 2013 shall apply equitably to all shareholders, accordingly, no changes would be required in the Companies Act, 2013 from a Preferential Issue perspective.

In respect of preferential Issue, the following approach may be considered:

- Since the companies are primarily listed on Indian exchanges, the provisions of SEBI ICDR Regulations may be made applicable for preferential issue.
- The equity shares pursuant to preferential allotment may be listed in either IFSC or India. In respect of listing on IFSC exchanges, the in-principle and trading approval will be required from exchanges in IFSC. However, the IFSC exchange shall seek NOC from Indian exchanges prior to granting in-principle approval; and vice versa in case of listing on Indian exchanges.

c) As regards pricing, the VWAP shall also take into account trading on IFSC exchanges.

d) In case of preferential allotment in both jurisdictions, the listing shall be simultaneous (same date) in both jurisdictions.

The detailed analysis of the various provisions relating to Preferential Issue is as follows:

Step No.	Activity	Remarks
1.	In terms Regulation 161 of SEBI ICDR Regulation, determination of the “ Relevant Date ” for the purposes of determining the price at which the equity shares shall be issued and allotted to the investor in accordance with the SEBI ICDR Regulations. ⁴⁰	SEBI ICDR Regulations
2.	In terms Regulation 159 of SEBI ICDR Regulation, preferential issue of specified securities shall not be made to any person who has sold or transferred any equity shares of the Company during the 90 trading days preceding the relevant date.	SEBI ICDR Regulations
3.	Check the eligibility criteria mentioned under Regulations 158, 159 and 160 of the SEBI ICDR Regulations.	SEBI ICDR Regulations
4.	Company to notify the stock exchanges under Regulation 29(1)(d) of the SEBI LODR Regulations in relation to the meeting of its Board to be held to consider the preferential issuance.	<i>Disclosures under SEBI LODR Regulations</i> In respect of dual listed companies, <u>all disclosures</u> made on Indian stock exchanges shall be disclosed on IFSC Exchanges through appropriate agreements/ arrangements between exchanges.
5.	As per regulation 166A(2) of SEBI ICDR Regulations, Any preferential issue, which may result in a change in control of the issuer, shall only be made pursuant to a reasoned recommendation from a committee of independent directors of the issuer after considering all the aspects relating to the preferential issue including pricing, and the voting pattern meeting of shareholders.	SEBI ICDR Regulations

⁴⁰ The relevant date in case of preferential issue of equity shares is required to be the date 30 (thirty) days prior to the date on which the meeting of the shareholders is held to consider the preferential issue. Where the relevant date falls on a weekend/holiday, the day preceding the weekend/holiday will be reckoned to be the relevant date.

Step No.	Activity	Remarks
6.	Tenure of the convertible securities shall be in lines with regulations 162(1) of SEBI ICDR Regulations	SEBI ICDR Regulations
7.	Pre as well as Post allotment the company shall be in compliance with the requirements of Minimum Public Shareholding	SEBI ICDR Regulations MPS compliance to be ensured.
8.	<p>Board meeting of the Company ("Board Meeting") to be convened to:</p> <p>(a) approve the preferential issue, subject to approval of the shareholders of the Company;</p> <p>(b) approve the draft of the subscription agreement between the Company and the Investor (if any) ("Agreement") and authorising the relevant person(s) to sign the Agreement;</p> <p>(c) take on record a certificate from a registered valuer setting out the valuation of the equity shares (applicable if –</p> <ul style="list-style-type: none"> - the preferential issuance results in allotment of more than 5% of the post issue fully diluted share capital of the Company) - Articles of association of the company demands for the same, - the consideration is other than cash i.e. Swap of shares. <p>(d) take on record the computation of 90 trading days/10 trading days volume weighted average price;</p> <p>(e) take on record a practicing company secretary certificate certifying that the preferential issue is in accordance with the SEBI ICDR Regulations;</p> <p>(f) appoint a Monitoring Agency, if applicable, for monitoring the use of proceeds from the issue subject to the preferential issue being approved at the extraordinary general meeting of the Company ("EGM"); and</p> <p>(g) convene an EGM to seek approval of shareholders of the Company for the preferential issue and approve the notice convening the EGM of the Company to be dispatched to shareholders of the Company.</p>	Will continue to apply
9.	In terms Regulation 166A and 166A(2) of SEBI ICDR Regulations read with Exchange Circular No. NSE/CML/2022/56 dated December 13, 2022, the valuation report for the valuation of the equity	SEBI ICDR Regulations

Step No.	Activity	Remarks
	shares to be uploaded on the website of the Company and reference of this to be made in the notice convening the EGM, if applicable.	
10.	Outcome of the Board Meeting to be disclosed to the stock exchanges within 30 minutes from the end of the Board Meeting.	In respect of dual listed companies, <u>all disclosures</u> made on Indian stock exchanges shall be disclosed on IFSC Exchanges through appropriate agreements/ arrangements between exchanges.
11.	In terms Regulation 163 of SEBI ICDR Regulations, the Company to prepare and complete the dispatch of email/letters of notice of the EGM to its shareholders and make relevant disclosures to the stock exchanges under Regulation 30 of the SEBI LODR Regulations.	Email / Letters of notice of the EGM to be sent to investors in IFSC as well In respect of dual listed companies, <u>all disclosures</u> made on Indian stock exchanges shall be disclosed on IFSC Exchanges through appropriate agreements/ arrangements between exchanges.
12.	In terms Regulation 164 of SEBI ICDR Regulations, if the equity shares of the Company have been listed on a recognised stock exchange for a period of or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following: a. the 90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or b. the 10 trading days' volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date. In case of scenarios described in regulation 164, 164A, 165, 166 and 166A, the price of the equity shares to be allotted pursuant to the preferential issue shall be in accordance with the said regulations.	As regards pricing, the VWAP shall also take into account trading on IFSC exchanges

Step No.	Activity	Remarks
13.	<p>Entire pre-preferential allotment shareholding of the allottees shall be subject to lock-in, in lines with regulation 167(6) of SEBI ICDR Regulations.</p> <p>In case of pre-preferential allotment shareholding of the allottees is pledged, compliance with regulation 164A of SEBI ICDR Regulations</p>	The lock-in may be made applicable on all investors (including IFSC) on same lines provided under SEBI ICDR Regulations.
14.	Company to file applications in the prescribed format to obtain the in-principle approval of the stock exchanges for the preferential issue.	The equity shares pursuant to preferential allotment may be listed in either IFSC or India. In respect of listing on IFSC exchanges, the in-principle and trading approval will be required from exchanges in IFSC. However, the IFSC exchange shall seek NOC from Indian exchanges prior to granting in-principle approval; and vice versa in case of listing on Indian exchanges
15.	EGM to be held pursuant to which the shareholders of the Company will approve the preferential issue by way of a special resolution.	Will continue to apply
16.	The Company to file Form MGT-14 with the relevant Registrar of Companies in relation to the approval of the shareholders of the Company for the issuance of the equity shares.	Will continue to apply
17.	The Company to circulate private placement offer letter in Form PAS-4 to the Investor and maintaining a record of the same in Form PAS-5.	Will continue to apply
18.	<p>Payment of consideration for the preferential issue from the respective allottees bank account to the designated bank account opened/designated for the preferential issue.</p> <p>Compliance with regulation 169 with respect to receipt of consideration.</p>	Will continue to apply
19.	The Company to convene a meeting of the Board/ committee of the Board to allot the equity shares to the Investor and issue a letter of allotment to the Investor confirming the allotment of the equity shares.	Will continue to apply

Step No.	Activity	Remarks
	<p>In terms of Regulation 169(5) of the SEBI ICDR Regulations, Company to take on record the certificate to be issued by the statutory auditors to the stock exchanges (stating that the Company is in compliance with certain requirements of the SEBI ICDR Regulations.</p> <p>Delivery of intimation to the stock exchanges regarding the Closing Board Meeting – as an update to the Regulation 30 Disclosure filed in relation to the Board Meeting at S. No. 4.</p>	
20.	Allotment of securities shall be in compliance with regulation 152(2) and 170.	SEBI ICDR Regulations
21.	Post allotment the company shall be in compliance with the requirements of Minimum Public Shareholding	MPS compliance to be ensured
22.	Investor to make requisite disclosures under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, if required.	-
23.	Company to file applications in the prescribed format to obtain the in-principle listing approval of the stock exchanges for the preferential issue.	The equity shares pursuant to preferential allotment may be listed in either IFSC or India. In respect of listing on IFSC exchanges, the in-principle and trading approval will be required from exchanges in IFSC. However, the IFSC exchange shall seek NOC from Indian exchanges prior to granting in-principle approval; and vice versa in case of listing on Indian exchanges
24.	<p>Company to deliver instructions to the depository and/or any other relevant authority for credit of the equity shares. The equity shares can be credited to the demat account of the Investor once the ISIN (if required to be generated) is in place.</p> <p>The securities so credited shall be subject to lock-in in lines with regulation 167 of SEBI ICDR Regulations, 2018.</p>	<p>The instructions to the IFSC depository may be given for crediting equity shares in the demat account of investors in IFSC</p> <p>Lock-in may apply in accordance with SEBI ICDR Regulations</p>

Step No.	Activity	Remarks
25.	Company to file applications in the prescribed format to obtain the Trading approval / Final Listing Approval of the stock exchanges for the preferential issue.	Same as above
26.	Company to file with the relevant Registrar of Companies Form PAS-3 regarding the allotment of the equity shares within a period of fifteen days from the date of passing of special resolution.	Will continue to apply
27.	Company to file Form FC-GPR, if applicable	Will continue to apply

4. Dividend Distribution

Considering that all the equity shares will be *pari-passu*, the provisions of the Companies Act, 2013 shall apply equitably to all shareholders, accordingly, no changes would be required in the Companies Act, 2013 from a dividend distribution perspective.

The detailed analysis of the various provisions relating to dividend distribution is as follows:

Step No.	Activity	Remarks
1.	Company to check if it meets the eligibility criteria for payment of dividend under Section 123 of the Companies Act, 2013, as amended (“ Companies Act ”), and Rule 3 of the Companies (Declaration and Payment of Dividend) Rules, 2014, as amended (“ Dividend Rules ”).	Will continue to apply
2.	In terms of Regulation 29(1)(e) of the SEBI LODR Regulations, as amended, and Regulation 134 of the IFSCA ILS Regulations, as amended, the Company is required to give prior intimation to the Indian and IFSC Stock Exchanges for the board meeting in which declaration/ recommendation of dividend is to be considered, at least 2 working days in advance, excluding the date intimation and date of meeting.	Disclosures under SEBI LODR Regulations In respect of dual listed companies, <u>all disclosures</u> made on Indian stock exchanges shall be disclosed on IFSC Exchanges through appropriate agreements/ arrangements between exchanges.
3.	In terms of Schedule B of the SEBI PIT Regulations, as amended, and code of conduct framed thereunder, the Company shall close the trading window for designated persons.	Will continue to apply

Step No.	Activity	Remarks
4.	In terms of Regulation 42 of the SEBI LODR Regulations, the prior intimation specified in Step 2 above shall also contain details of record date fixed for the purpose of declaration of dividend.	Will continue to apply
5.	Board meeting to fix record date, recommend and declare dividend. Such recommendation/declaration shall be at least 5 working days (excluding the date of intimation and the record date) prior to the record date, in terms of Regulation 42(3) of the SEBI LODR Regulations.	Will continue to apply
6.	In terms of Regulation 30 and Part A of Schedule III of the SEBI LODR Regulations and Regulation 134 of the IFSCA ILS Regulations, the Company is required to disclose the outcome of the Board Meeting in which dividend is declared or recommended or any dividend is passed and the date on which dividend shall be paid/dispatched is considered, within 30 minutes of closure of such meeting, to the Indian and IFSC Stock Exchanges.	Disclosures under SEBI LODR Regulations In respect of dual listed companies, <u>all disclosures</u> made on Indian stock exchanges shall be disclosed on IFSC Exchanges through appropriate agreements/ arrangements between exchanges.
7.	Book Closure: In terms of Regulation 42(2) of the SEBI LODR Regulations, the Company shall give notice in advance of at least 7 working days (excluding the date of intimation and the record date) to Stock Exchanges of record date specifying the purpose of the record date. Further, such book closure shall be required to be advertised at least once in a vernacular newspaper in the principal vernacular language of the district and having a wide circulation in the place where the registered office of the Company is situated, and at least once in English language in an English newspaper circulating in that district and having wide circulation in the place where the registered office of the Company is situated and publish the notice on the website as may be notified by the Central Government and on the website, if any, of the Company, in terms of Section 91 of the Companies Act and SEBI LODR Regulations.	Disclosures under SEBI LODR Regulations In respect of dual listed companies, <u>all disclosures</u> made on Indian stock exchanges shall be disclosed on IFSC Exchanges through appropriate agreements/ arrangements between exchanges. No separate advertisement may be mandated in IFSC
8.	AGM to approve and declare dividend	Will continue to apply

Step No.	Activity	Remarks
9.	In terms of Regulation 44(3) of the SEBI LODR Regulations, the Company shall submit the details of the voting results within two working days from the conclusion of the AGM to the Stock Exchanges.	IFSC shareholders are eligible to vote. E-voting facility may be provided As regards Disclosures under SEBI LODR Regulations, same comments as above.
10.	In terms of Section 123 of the Companies Act, the Company is required to open a separate bank account in a Scheduled Bank for payment of dividend and deposit the total amount of dividend in this account.	Will continue to apply
11.	In terms of Regulation 12 of the SEBI LODR Regulations and Section 127 of the Companies Act, the Company shall make payment of dividend by way of cheque or warrant or in any electronic mode of payment facility approved by the RBI, to the shareholder entitled to receive the dividend within 30 days from the date of declaration of dividend	Payment to shareholders in IFSC shall be cross jurisdiction (under FEMA). Therefore, such payments shall be only in electronic mode.
12.	In terms of Sections 124 and 125 of the Companies Act, if dividend has been declared but not been paid or claimed within 30 days from the date of the declaration to any eligible shareholder, the Company shall, within 7 days thereafter, transfer the total amount of dividend which remains unpaid or unclaimed to the Unpaid Dividend Account. Any such amount which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company along with interest accrued, if any, thereon to the Investor Education and Protection Fund.	Will continue to apply

5. Bonus Issue of equity shares to be listed on Indian stock exchanges and IFSC stock exchange

Considering that all the equity shares will be *pari-passu*, the provisions of the Companies Act, 2013 shall apply equitably to all shareholders, accordingly, no changes would be required in the Companies Act, 2013 from a Bonus Issue perspective.

The detailed analysis of the various provisions relating to bonus issue of equity shares is as follows:

Step No.	Activity	Remarks
1.	Company to check if it meets the eligibility criteria for bonus issuance under Section 63 of the Companies Act and Regulation 293 of the SEBI ICDR Regulations, as amended.	Companies Act, 2013 Since the companies are primarily listed on Indian exchanges, the same eligibility criteria provided under SEBI ICDR Regulations may be made applicable for bonus issuances.
2.	In terms of Regulation 29(1)(f) of the SEBI LODR Regulations, the Company is required to give prior intimation to the Stock Exchanges for the board meeting in which the proposal for declaration of bonus securities is to be considered, at least 2 working days in advance, excluding the date intimation and date of meeting.	Disclosures under SEBI LODR Regulations In respect of dual listed companies, <u>all disclosures</u> made on Indian stock exchanges shall be disclosed on IFSC Exchanges through appropriate agreements/ arrangements between exchanges.
3.	In terms of Schedule B of the SEBI PIT Regulations, and code of conduct framed thereunder, the Company shall close the trading window for designated persons.	Will continue to apply
4.	In terms of Regulation 42 of the SEBI LODR Regulations, the prior intimation specified in Step 2 above shall also contain details of record date fixed for the purpose of bonus issue.	Disclosures under SEBI LODR Regulations [Same comment as above]
5.	Board meeting to fix record date and to approve bonus issue.	Will continue to apply
6.	In terms of Regulation 30 and Part A of Schedule III of the SEBI LODR Regulations, the Company is required to disclose the outcome of the Board Meeting in which the proposal for bonus issue, including the date on which such bonus shares shall be credited/dispatched, is considered, within 30 minutes of closure of such meeting, to the Indian and IFSC Stock Exchanges.	Disclosures under SEBI LODR Regulations [Same comment as above]
7.	Book Closure: In terms of Regulation 42(2) of the SEBI LODR Regulations, the Company shall give notice in advance of at least 7 working days (excluding the date of intimation and the record date) to Stock Exchanges of record date specifying the purpose of the record date. Further, such book closure shall be required to be advertised at least once in a vernacular newspaper in the principal vernacular language of the district and having a wide circulation in the place where the registered office of the Company is situated, and at least once in English language in an English	Disclosures under SEBI LODR Regulations [Same comment as above]

Step No.	Activity	Remarks
	newspaper circulating in that district and having wide circulation in the place where the registered office of the Company is situated and publish the notice on the website as may be notified by the Central Government and on the website, if any, of the Company, in terms of Section 91 of the Companies Act and SEBI LODR Regulations.	
8.	AGM/EGM to approve and declare bonus issue	Will continue to apply
9.	In terms of Regulation 44(3) of the SEBI LODR Regulations, the Company shall submit the details of the voting results within two working days from the conclusion of the AGM/EGM to the Stock Exchanges.	Disclosures under SEBI LODR Regulations [Same comment as above]
10.	Board meeting for allotment of bonus shares (which shall be made only in demat form in terms of Regulation 294(6) of the SEBI ICDR Regulations)	Will continue to apply
11.	Filing of PAS-3 form for allotment of bonus shares within 30 days from date of the Board resolution for allotment in terms of Section 39 of the Companies Act and Rule 12 of the Companies (Prospectus and Allotment of Securities) Rules, 2014	Will continue to apply
12.	The Company is required to implement the bonus issue within 15 days from Board approval, where shareholders' approval is not required for capitalisation of profits or reserves for making the bonus issue; else it has to be implemented within 2 months from the date of the Board approval, where such approval is required from shareholders, in terms of Regulation 295 of the SEBI LODR Regulations.	Will continue to apply

6. Open Offer to all the equity shareholders of the Company

An open offer process is the course of action that requires the acquirer to make an open offer to the existing shareholders of the target to accomplish a takeover in accordance with the SEBI SAST Regulations. Please note that the steps set out below are solely for a direct open offer and does not contemplate other scenarios including competing offer, indirect open offer etc.

Open offer will be required to be offered to investors in both jurisdictions. In respect of open offers, the following approach may be considered:

- a) Since the companies are primarily listed on Indian exchanges, the provisions of SEBI SAST Regulations may be made applicable for open offers.

- b) The LOF may be common in accordance with the SEBI SAST Regulations and filed by SEBI registered merchant bankers
- c) The filing of documents may be made to IFSC exchanges as well (in addition to Indian exchanges)
- d) A copy of the Public Announcement, DPS, DLOF, LOF and other relevant documents may be filed with IFSCA and IFSC Exchanges also
- e) The proportionate fees may be paid to IFSCA
- f) The pricing of the Open Offer shall be same in both jurisdictions [conversion shall be as per exchange rates as on Record Date]
- g) As regards calculation of pricing for open offers, the VWAP shall also take into account trading on IFSC exchanges
- h) The investors in IFSC will be entitled to participate in the Open Offer. In this regard, the following process is suggested:
 - Since the companies are primarily listed on Indian exchanges, the recognised stock exchanges in India shall be the primary designated stock exchanges for tendering in Open Offers.
 - An IFSC Exchange will also be the designated exchange for facilitating tendering in the open offers by investors in IFSC.
 - The designated exchange in IFSC shall provide the information regarding tendering to the designated stock exchange in India enabling participation of non-resident investors in the Open Offers.
 - A depository account may be opened in IFSC as well. The investors in IFSC participating in the open offer shall transfer the shares to this depository account in IFSC first and subsequently the accepted shares may be transferred to the depository account in India.
 - A separate special escrow account may be opened by the Acquirer in IFSC as well to facilitate payments to investors in IFSC.

The detailed analysis of the various provisions relating to Open Offers is as follows:

Step No.	Activity	Remarks
1.	Appointment of Merchant Banker [Regulation 12(1) of Takeover Regulations] The first and foremost obligation of an Acquiring company with the PAC (Persons acting in concert) is to appoint a Merchant banker who would look after the shares tendered in the open offer. This has to be made before the making of a public announcement. The merchant banker assumes all responsibility associated with the transaction. The merchant banker in no way should be related to the acquirer as well as with the Company.	SEBI SAST Regulations SEBI registered merchant banker
2.	Opening of a depository account for tendered shares This can be done before or on the day of the public announcement. The Depository account acts as a bank and holds the securities in de-materialised or electronic form. In this case, the securities are the shares that the acquiring company might obtain through the open offer process.	A depository account may be opened in IFSC as well. The investors in IFSC participating in the open offer shall transfer the shares to this depository account in IFSC first and subsequently the accepted shares may be transferred to the depository account in India.
3.	Computation of Offer Price [Regulation 8(2) of Takeover Regulations] In the case of direct acquisition of shares or voting rights in, or control over the Company, and indirect acquisition of shares or voting rights in, or control over the Company where the parameters referred to in sub-regulation (2) of regulation 5 of the Takeover Regulations are met, the offer price shall be the highest of,— (a) the highest negotiated price per share of the Company for any acquisition under the agreement attracting the obligation to make a public announcement of an open offer; (b) the volume-weighted average price paid or payable for acquisitions, whether by the acquirer or by any person acting in concert with him, during the fifty-two weeks immediately preceding the date of the public announcement;	As regards calculation of pricing for open offers, the VWAP shall also take into account trading on IFSC exchanges.

Step No.	Activity	Remarks
	<p>(c) the highest price paid or payable for any acquisition, whether by the acquirer or by any person acting in concert with him, during the twenty-six weeks immediately preceding the date of the public announcement;</p> <p>(d) the volume-weighted average market price of such shares for a period of sixty trading days immediately preceding the date of the public announcement as traded on the stock exchange where the maximum volume of trading in the shares of the Company are recorded during such period, provided such shares are frequently traded;</p>	
4.	<p>Public Announcement [Regulation 13 of Takeover Regulations]</p> <p>The public announcement is the first announcement made by the acquirer disclosing the details of the transaction and the intention to acquire the shares of the Company by the means of an open offer. The Public announcement has to be made on the date of agreeing to acquire the shares or voting rights or the control over the Company.</p>	SEBI SAST Regulations
5.	<p>Contents of public announcement [Regulation 15 of Takeover Regulations]</p> <p>The public announcement should contains basic information like:</p> <ol style="list-style-type: none"> 1. Identity of the PAC. 2. Nature of the proposed acquisition. 3. Consideration and price per share, and mode of payment of consideration. 4. Offer price and minimum level of acceptance if mentioned by an acquirer. 	SEBI SAST Regulations
6.	<p>Submission of the Public Announcement: [Regulation 14 (1) & 14 (2) of Takeover Regulations]</p> <p>The Public Announcement that had been made has to be sent to:</p> <ol style="list-style-type: none"> 1. The Stock Exchanges. 2. SEBI, through the merchant banker. 3. The Company at their registered office. <p>Within one working day of the public announcement.</p>	<p>SEBI SAST Regulations</p> <p>A copy of the Public Announcement may also be required to be filed with IFSCA and the IFSC Exchanges as well.</p>
7.	Opening of an escrow account (Regulation 17 of Takeover Regulations)	SEBI SAST Regulations

Step No.	Activity	Remarks
	<p>The Acquirer along with the PAC must open an escrow account, at least 2 days before making the public statement. An amount equal to 25% of the consideration payable has to be deposited for the first ₹500 crores and an additional 10% for any amount over ₹500 crores in the escrow account. Such amount can be kept in the form of cash, bank guarantee, or deposit of freely and frequently traded shares. The bank guarantee will be in favour of the manager to the open offer and he/she will have the power to sell the shares to manage the payment of consideration. A minimum of 1% of the consideration has to be kept in the form of cash with any scheduled commercial bank which the manager to the open offer would use to make payments out of.</p> <p>An Escrow Account acts as a security deposit for the Acquiring company with its PAC and a guarantee towards the shareholders of the Company in case of non-compliance or withdrawal on the part of Acquiring company. In case of forfeiture or non-compliance to the obligations under the takeover code after the deduction of expenses, 1/3rd of the amount would be moved to the Company, 1/3rd will go to the IEPF and 1/3rd will be distributed pro-rata among the shareholders who have accepted the offer.</p> <p>The escrow cannot be released 30 days before the completion of the payment to shareholders who have accepted the offer. In case of withdrawal, the money would be returned to the Acquirer. Upon payment of all the considerations, the money would be returned to the acquirer within 30 days</p>	
8.	<p>Detailed Public Statement (DPS) [Regulation 16(1) of the Takeover Regulations]</p> <p>The DPS has to be made within 5 days of the Public Announcement disclosing all the relevant information to the Open Offer enabling the shareholders to make an informed decision about the order. The detailed public statement has to be published in English, Hindi, and regional language daily with wide circulation where the registered office of the Company is situated and in a regional language daily in the place where the stock exchange having maximum trading of the Company's share in the preceding 60 days.</p>	<p>SEBI SAST Regulations</p> <p>No separate advertisement may be mandated in IFSC</p>
9.	<p>Detailed Public Statement (DPS) [Regulation 14(4) of the Takeover Regulations]</p> <p>Simultaneously with publication of such detailed public statement in the newspapers, a copy of the same shall be sent to, -</p> <p>(i) SEBI through the manager to the open offer,</p> <p>(ii) all the stock exchanges on which the shares of the Company are listed, and the stock exchanges shall forthwith disseminate such information to the public,</p>	<p>A copy of the DPS may also be required to be filed with IFSCA and the IFSC Exchanges as well.</p>

Step No.	Activity	Remarks
	(iii) the Company at its registered office, and the Company shall forthwith circulate it to the members of its board.	
10.	<p>Recommendations by the Board [Regulation 26 (6) of the Takeover Regulations]</p> <p>Upon receipt of the DPS, the board of directors of the Company shall constitute a committee of independent directors to provide reasoned recommendations on such open offer, and the Company shall publish such recommendations:</p> <p>Provided that such committee shall be entitled to seek external professional advice at the expense of the Company.</p> <p>Provided further that while providing reasoned recommendations on the open offer proposal, the committee shall disclose the voting pattern of the meeting in which the open offer proposal was discussed.</p>	SEBI SAST Regulations
11.	<p>[Regulation 26 (7) of the Takeover Regulations]</p> <p>The committee of independent directors shall provide its written reasoned recommendations on the open offer to the shareholders of the Company and such recommendations shall be published in such form as may be specified, at least two working days before the commencement of the tendering period, in the same newspapers where the public announcement of the open offer was published, and simultaneously, a copy of the same shall be sent to,—</p> <p>(i) SEBI;</p> <p>(ii) all the stock exchanges on which the shares of the Company are listed, and the stock exchanges shall forthwith disseminate such information to the public; and</p>	<p>SEBI SAST Regulations</p> <p>A copy of the recommendation of the Committee of Independent Directors may also be required to be filed with IFSCA and the IFSC Exchanges as well.</p>
12.	<p>Filing of draft Letter of Open Offer (LOF) [Regulation 16(1) of Takeover Regulations]</p> <p>Within 5 working days from the date of the detailed public statement, due diligence certificate along with the non-refundable fee, a draft Letter of Open Offer (LOF) has to be filed with SEBI, and on the same day, the LOO has to be sent to the Company and the custodian of shares if any of the Company.</p> <p>The open offer draft letter contains:</p> <ol style="list-style-type: none"> 1. Identity of the PAC 	<p>SEBI SAST Regulations</p> <p>A copy of the DLOF may be filed with IFSCA as well</p>

Step No.	Activity	Remarks
	2. Nature of the proposed acquisition 3. Consideration and price per share 4. Offer price and mode of payment of consideration 5. Minimum level of acceptance if mentioned by the acquirer	
13.	Simultaneously with the filing of the draft letter of offer with SEBI the acquirer shall send a copy of the draft letter of offer to the Company at its registered office address and to all stock exchanges where the shares of the Company are listed	SEBI SAST Regulations A copy of the DLOF may be filed with IFSC Exchanges as well.
14.	Within 15 days the SEBI has to submit a receipt on the open offer. If no comments have been made by SEBI on the draft it would be assumed that SEBI has no comments.	SEBI SAST Regulations
15.	Comments from SEBI [Regulation 16(4) of Takeover Regulations] Within 7 working days of the receipt of the SEBI comments on the open offer, the final open offer has to be given to the shareholders to decide on the front of what they want to do. If no comments are received not later than 15 days, it has to be deemed that SEBI has no comments.	SEBI SAST Regulations
16.	Advertisements [Regulation 18(7) of Takeover Regulations] have to be given 1 day preceding the commencement of the tendering period which should consist of the scheduled activities for the Open Offer, status of the approvals, and procedure for tendering acceptance. Such advertisement has to be published in the same newspaper where the detailed public statement was published.	SEBI SAST Regulations No separate advertisement may be mandated in IFSC
17.	Commencement of tendering period [Regulation 18(8) of Takeover Regulations] As the name suggests during the tendering period the shareholders who want to accept the offer can tender their shares in the open offer. The tendering period has to commence within 12 days from the receipt of the comments from the board and SEBI on the draft letter offer.	Since the companies are primarily listed on Indian exchanges, the recognised stock exchanges in India shall be the primary designated stock exchanges for tendering in Open Offers. An IFSC Exchange will also be the designated exchange for facilitating tendering in the open offers by investors in IFSC.

Step No.	Activity	Remarks
		The designated exchange in IFSC shall provide the information regarding tendering to the designated stock exchange in India enabling participation of non-resident investors in the Open Offers.
18.	Cessation of Tendering Period [Regulation 18(8) of Takeover Regulations] The tendering period has to be kept open for a period of 10 working days.	SEBI SAST Regulations
19.	Post-offer Advertisement [Regulation 18(12) of Takeover Regulations] The acquirer has to issue a post-offer advertisement within 5 working days after the offer stating the number of shares tendered, accepted, and their dates of consideration. The advertisement has to be published in the newspaper or media where the DPS (Detailed Public Statement) was published and simultaneously sent to SEBI, all the stock exchanges on which the shares of the Company are listed, and the Company at its registered office	SEBI SAST Regulations. A copy of the post-offer advertisement may be filed with IFSCA and IFSC exchanges as well.
20.	Opening of Special Escrow Account [Regulation 21(1) of Takeover Regulations] For the payment of the amount to the shareholders, a special escrow account has to be opened by the acquirer. Acquirer has to deposit the requisite amount and make the entire sum due and payable to the shareholders and empower the manager to the open offer to operate the special escrow account. The payment of consideration can be in the form of cash, exchange, or transfer of securities and has to be completed within ten (10) working days of the expiry of tendering period.	SEBI SAST Regulations A separate special escrow account may be opened by the Acquirer in IFSC as well to facilitate payments to investors in IFSC.
21.	Release of Escrow Funds [Regulation 17(10)(d) of Takeover Regulations]	SEBI SAST Regulations

Step No.	Activity	Remarks
	The merchant banker will release the remaining escrow fund and the amount in the escrow account would be returned to the acquirer within 30 days from the payment of the consideration.	

7. Buy-back of equity shares listed on Indian stock exchanges and IFSC stock exchange

Considering that all the equity shares will be *pari-passu*, the provisions of the Companies Act, 2013 shall apply equitably to all shareholders, accordingly, no changes would be required in the Companies Act, 2013 from a Buy-back perspective.

A. Buy-back through tender offer route

Buy-back offers will be required to be made to investors in both jurisdictions. In respect of buy-back offers through tender offer, the following approach may be considered:

- a) Since the companies are primarily listed on Indian exchanges, the provisions of SEBI Buy-back Regulations may be made applicable for buy-back offers.
- b) The LOF may be common in accordance with SEBI Buy-Back Regulations and filed by SEBI registered merchant bankers
- c) The filing of documents may be made to IFSC exchanges as well (in addition to Indian exchanges)
- d) A copy of the DLOF, LOF and other relevant documents may be filed with IFSCA and IFSC Exchanges also
- e) The proportionate fees may be paid to IFSCA
- f) The pricing of the Buyback Offer shall be same in both jurisdictions [conversion shall be as per exchange rates as on Record Date]
- g) The investors in IFSC will be entitled to participate in the Buy-back Offers. In this regard, the following process is suggested:
 - Since the companies are primarily listed on Indian exchanges, the recognised stock exchanges in India shall be the primary designated stock exchanges for tendering in buy-back Offers.

- An IFSC Exchange will also be the designated exchange for facilitating tendering in the buy-backs offers by investors in IFSC.
- The designated exchange in IFSC shall provide the information regarding tendering to the designated stock exchange in India enabling participation of non-resident investors in the Buy-back Offers.
- A depository account may be opened in IFSC. The investors in IFSC participating in the buy-back offer shall transfer the shares to this depository account in IFSC first and subsequently this may be transferred to the depository account in India.
- A special bank account in IFSC may also be considered to facilitate payments to investors in IFSC.

The detailed analysis of the various provisions relating to Buy-back Offers is as follows:

Step No.	Activity	Remarks
1.	Company to check if it meets the eligibility criteria for buyback under Section 68 of the Companies Act, Rule 17 of the Companies (Share Capital and Debentures) Rules, 2014 (" 2014 Rules ") and Regulations 3, 4 and 5 of the SEBI Buy-back Regulations.	<p>No amendment will be required under the Companies Act in this regard, given the <i>pari-passu</i> nature of the equity shares listed and traded on IFSC exchanges, and the provisions of the Companies Act, 2013 and the SEBI Buy-back Regulations shall apply to all the equity shares, irrespective of where these equity shares are listed.</p> <p>Accordingly, the SEBI Buy-back Regulations shall be required to amended to permit participation of the equity shareholders in IFSC in the buy-back offers by the listed companies.</p>

Step No.	Activity	Remarks
2.	In terms of Regulation 29(1)(f) of the SEBI LODR Regulations, the Company is required to give prior intimation to the Stock Exchanges for the board meeting in which the proposal for declaration of bonus securities is to be considered, at least 2 working days in advance, excluding the date intimation and date of meeting.	Disclosures under SEBI LODR Regulations In respect of dual listed companies, <u>all disclosures</u> made on Indian stock exchanges shall be disclosed on IFSC Exchanges through appropriate agreements/ arrangements between exchanges.
3.	In terms of Schedule B of the SEBI PIT Regulations, and code of conduct framed thereunder, the Company shall close the trading window for designated persons.	Will continue to apply
4.	In terms of Regulation 42 of the SEBI LODR Regulations, the prior intimation specified in Step 2 above shall also contain details of record date fixed for the purpose of buyback.	Disclosures under SEBI LODR Regulations [Same as above]
5.	Board meeting to approve the buy-back and record date	Will continue to apply
6.	In terms of Regulation 30 and Part A of Schedule III of the SEBI LODR Regulations, the Company is required to disclose the outcome of the Board Meeting in which the proposal for buyback is considered, within 30 minutes of closure of such meeting, to the Indian and IFSC Stock Exchanges.	Disclosures under SEBI LODR Regulations [Same as above]
7.	In terms of Regulation 5(vii) of the SEBI Buy-back Regulations, a copy of the Board resolution is required to be filed with SEBI and the Stock Exchanges within 2 working days from the date of passing the resolution.	SEBI Buy-back Regulations A copy of the Board Resolution may be filed with IFSCA and IFSC Exchanges as well.
8.	Book Closure: In terms of Regulation 42(2) of the SEBI LODR Regulations, the Company shall give notice in advance of at least 7 working days (excluding the date of intimation and the record date) to Stock Exchanges of record date specifying the purpose of the record date.	Disclosures under SEBI LODR Regulations [Same as above] No separate advertisement may be mandated in IFSC

Step No.	Activity	Remarks
	Further, such book closure shall be required to be advertised at least once in a vernacular newspaper in the principal vernacular language of the district and having a wide circulation in the place where the registered office of the Company is situated, and at least once in English language in an English newspaper circulating in that district and having wide circulation in the place where the registered office of the Company is situated and publish the notice on the website as may be notified by the Central Government and on the website, if any, of the Company, in terms of Section 91 of the Companies Act and SEBI LODR Regulations.	
9.	AGM/EGM to approve and declare buyback (however, in terms of the Companies Act and SEBI Buy-back Regulations, approval of shareholders is not required if the buy-back is 10% or less of the total paid-up equity capital and free reserves of the Company)	Will continue to apply
10.	In terms of Regulation 44(3) of the SEBI LODR Regulations, the Company shall submit the details of the voting results within two working days from the conclusion of the AGM/EGM to the Stock Exchanges.	Disclosures under SEBI LODR Regulations [Same as above]
11.	In terms of Regulation 5(v) of the SEBI Buy-back Regulations, a copy of the Shareholders' resolution is required to be filed with SEBI and the Stock Exchanges within 7 working days from the date of passing the resolution.	SEBI Buy-back Regulations A copy of the Shareholders' resolution may be filed with IFSCA and IFSC Exchanges as well.
12.	In terms of Regulation 7(i) and Schedule II and Regulation 9 of the SEBI Buy-back Regulations, the Company is required to make a public announcement within 2 working days from the date of declaration of results of the postal ballot for special resolution/board of directors resolution in at least one English National Daily, one Hindi National Daily and one Regional language daily, all with wide circulation at the place where the Registered Office of the Company is situated, and such public announcement shall include the record date.	SEBI Buy-back Regulations No separate advertisement may be mandated in IFSC
13.	In terms of Regulation 7 of the SEBI Buy-back Regulations, the Company is required to pay the fees specified in Schedule V and file a copy of the public announcement in electronic mode with SEBI and Stock Exchanges, which shall also be placed on the websites of the Company, Stock Exchanges and merchant banker.	SEBI Buy-back Regulations A copy of the public announcement may be filed with IFSCA and IFSC Exchanges as well.

Step No.	Activity	Remarks
		Proportionate fees may be paid to IFSCA
14.	In terms of Regulation 9(xi) of the SEBI Buy-back Regulations, the Company is required to deposit following amount in an escrow account, within 2 working days of the public announcement: (i) 25% of the consideration, if it does not exceed INR 100 crores; or (ii) if the consideration exceeds INR 100 crores, 25% up to INR 100 crores and 10% thereafter.	SEBI Buy-back Regulations
15.	<p>In terms of Regulation 8 of the SEBI Buy-back Regulations and Section 68 of the Companies Act, the Company is required to file the following within 2 working days of the Record Date:</p> <ul style="list-style-type: none"> • a letter of offer (“LOF”), containing disclosures as specified in Schedule III of the SEBI Buy-back Regulations, through a merchant banker (this is also required to be dispatched to securities holders within 2 working days from Record Date, and to be filed with the RoC in terms of Rule 17 of the 2014 Rules). • a certificate from a merchant banker certifying compliance with the SEBI Buy-back Regulations and that the LOF contains the information required thereunder, • A declaration of solvency as required under Section 68(6) of the Companies Act (this is also required to be filed with the RoC in terms of Rule 17 of the 2014 Rules). 	<p>SEBI Buy-back Regulations</p> <p>A copy of the LOF may be filed with IFSCA as well.</p>
16.	In terms of Regulation 9 of the SEBI Buy-back Regulations, the tender offer is required to be opened within 4 working days from Record Date, and shall remain open for a period of 5 working days	<ul style="list-style-type: none"> ▪ Since the companies are primarily listed on Indian exchanges, the recognised stock exchanges in India shall be the primary designated stock exchanges for tendering in buy-back Offers. ▪ An IFSC Exchange will also be the designated exchange for facilitating tendering in the buy-backs offers by investors in IFSC. ▪ The designated exchange in IFSC shall provide the information

Step No.	Activity	Remarks
		regarding tendering to the designated stock exchange in India enabling participation of non-resident investors in the Buy-back Offers.
17.	<p>In terms of Regulation 10 of the SEBI Buy-back Regulations, the Company is required to, immediately after the date of closure of the offer, open a special account with a banker to an issue, and deposit therein, such sum as would, together with 90% of the amount lying in the escrow account, make-up the entire sum due and payable as consideration and for this purpose, may transfer the funds from the escrow account.</p> <p>It is also required to pay the consideration to those holders of securities whose offer has been accepted and return the remaining securities to the holders within 5 working days of the closure of the offer.</p>	<p>SEBI Buy-back Regulations</p> <ul style="list-style-type: none"> ▪ A depository account may be opened in IFSC. The investors in IFSC participating in the buy-back offer shall transfer the shares to this depository account in IFSC first and subsequently this may be transferred to the depository account in India. ▪ A special back account in IFSC may also be considered to facilitate payments to investors in IFSC.
18.	In terms of Regulation 24 of the SEBI Buy-back Regulations, the Company is required to, within 2 working days of expiry of the buy-back period, issue a public advertisement in a national daily, <i>inter alia</i> , disclosing number of securities bought, buy-back price, consequent changes in capital structure and the shareholding pattern before and after the buy-back.	<p>SEBI Buy-back Regulations</p> <p>No separate advertisement may be mandated in IFSC</p>
19.	In terms of Regulation 11 of the SEBI Buy-back Regulations, the Company is required to, within 15 days of acceptance of securities and 7 days of expiry of buy-back period, extinguish and physically destroy the securities certificates so bought back in the presence of a registrar to an issue or the Merchant Banker and the secretarial auditor; and shall submit a certificate to SEBI on such compliance which is certified by the registrar, secretarial auditor and 2 directors, within 7 working days of extinguishment.	<p>SEBI Buy-back Regulations</p> <p>A copy of the certificate may be filed with IFSCA also.</p>

Step No.	Activity	Remarks
20.	In terms of Regulation 9(xi) of the SEBI Buy-back Regulations, on payment of consideration to all the securities holders who have accepted the offer and after completion of all formalities of buy-back, the amount, guarantee and securities in the escrow, if any, shall be released to the Company. Further, it shall be required to maintain a register of securities in Form SH-10 so bought and other details as required under Regulation 11 of the SEBI Buy-back Regulations and Section 68 of the Companies Act and Rule 17 of the 2014 Rules.	SEBI Buy-back Regulations
21.	In terms of Regulation 25 of the SEBI Buy-Back Regulations, final report in the electronic mode is required to be submitted by the merchant Banker to SEBI within 15 working days from the date of expiry of the buy-back period.	SEBI Buy-back Regulations A copy of the report may be filed with IFSCA as well.
22.	In terms of Rule 17 of the 2014 Rules, the Company shall file the return in Form SH-11 with RoC and SEBI within 30 days of completion of the buy-back.	SEBI Buy-back Regulations

B. Buy-back from the open market (through stock exchange or book building process)

[Open market may not be required in IFSC at this stage]

Step No.	Activity	Remarks
1.	Steps 1-11 as enlisted above in Point A, to be followed	Same as Steps 1-11 above in Point A
(I) Buy-back through stock exchanges (option available till March 31, 2025)		
2.	In terms of Regulation 16(iv) of the SEBI Buy-back Regulations, the Company is required to appoint a merchant banker and make a public announcement, and follow Steps 12 and 13 enlisted above	Same as Steps 12-13 above in Point A
3.	In terms of Regulation 17 of the SEBI Buy-back Regulations, the offer is required to be opened no later than 4 working days from the Record Date and to be closed within the period as specified in this Regulation.	SEBI Buy-back Regulations
4.	In terms of Regulation 18 of the SEBI Buy-back Regulations, the Company is required to submit the information regarding the securities bought-back, to the Stock Exchanges, and upload this information on its website, on a daily basis	SEBI Buy-back Regulations

Step No.	Activity	Remarks
5.	In terms of Regulation 20 of the SEBI Buy-back Regulations, the Company is required to deposit 25% of the amount earmarked for the buy-back in an escrow account, within 2 working days of the public announcement. The escrow amount may subsequently be released for making payment to the shareholders subject to at least 2.5 % of the amount earmarked for buy-back, remaining in the escrow account at all points of time.	SEBI Buy-back Regulations
6.	In terms of Regulation 21 of the SEBI Buy-back Regulations, the Company is required to, within the 15 th day of the succeeding month and 7 days of expiry of buy-back period, extinguish and physically destroy the securities certificates so bought back in the presence of a registrar to an issue or the Merchant Banker and the secretarial auditor; and shall submit a certificate to SEBI on such compliance which is certified by the registrar, secretarial auditor and 2 directors, within 7 working days of extinguishment.	SEBI Buy-back Regulations
7.	In terms of Regulation 20 of the SEBI Buy-back Regulations, subject to compliance with Regulation 15 on utilization funds, the amount and the guarantee remaining in the escrow account, if any, shall be released to the Company. Further, it shall be required to maintain a register of securities in Form SH-10 so bought and other details as required under Regulation 11 of the SEBI Buy-back Regulations and Section 68 of the Companies Act and Rule 17 of the 2014 Rules.	SEBI Buy-back Regulations
8.	Steps 18, 21 and 22 as enlisted above in Point A, to be followed	Same as Steps 18, 21 and 22 in Point A
II. Buy-back through book-building mechanism (option available till March 31, 2025)		
9.	In terms of Regulation 22A(i) of the SEBI Buy-back Regulations, the Company is required to appoint a merchant banker and make a public announcement, and follow Steps 12 and 13 enlisted above. The public announcement shall contain the detailed methodology pertaining to intimation required to be made prior to the opening of the buy-back offer as specified in Schedule VI of the SEBI Buy-back Regulations	Same as Steps 12-13 above in Point A
10.	In terms of Regulation 22A of the SEBI Buy-back Regulations, the book building process is required to be commenced within 7 working days from the date of the public announcement.	SEBI Buy-back Regulations

Step No.	Activity	Remarks
11.	In terms of Regulation 22B of the SEBI Buy-back Regulations, the Company shall publish the offer opening announcement on the date of commencement of the buy-back	SEBI Buy-back Regulations
12.	In terms of Regulation 22E of the SEBI Buy-back Regulations, the buy-back offer shall be kept open for a minimum of two trading days.	SEBI Buy-back Regulations
13.	In terms of Regulation 22C of the SEBI Buy-back Regulations, the payment of consideration to holders of shares or other specified securities shall be completed within a period of 5 working days from the date of closure of the buy-back offer	SEBI Buy-back Regulations
14.	Steps enlisted above in relation to extinguishment of securities, maintaining a register of securities, post issue advertisement, final report to be submitted by merchant banker and filing of Form SH-11 to be followed	SEBI Buy-back Regulations

8. Scheme of arrangement under Sections 230 to 234, 66 of the Companies Act, 2013 (“Scheme”) by a company incorporated in India which is listed on BSE, NSE and on the IFSC Stock Exchanges (the “Company”).

Considering that all the equity shares will be *pari-passu*, the provisions of the Companies Act, 2013 shall apply equitably to all shareholders, accordingly, no changes would be required in the Companies Act, 2013 from a scheme of arrangement perspective. However, NOCs may be required from IFSCA / IFSC Exchanges as well, wherever applicable.

Step	Activity	Remarks
1.	The Board of Directors of Company to inform BSE and NSE, within 30 minutes of their meeting, regarding their approval to the Scheme. Regulation 30(2) read with Para A of Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“ LODR ”)	<i>Disclosures under SEBI LODR Regulations</i> In respect of dual listed companies, <u>all disclosures</u> made on Indian stock exchanges shall be disclosed on IFSC

Step	Activity	Remarks
		Exchanges through appropriate agreements/ arrangements between exchanges.
2.	<p>Company to submit Scheme and requisite documents to BSE and NSE (collectively “stock exchanges”) as per their checklists, and within prescribed timeline under the standard operating procedures issued by stock exchanges, for seeking no objection letter of stock exchanges under Regulation 37 of LODR read with Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 issued by SEBI on schemes of arrangement (“SEBI Scheme Circular”).</p> <p>If Company has listed NCDs/ NCRPS, no objection letter of stock exchanges is also required under Regulation 59A of LODR read with Chapter XII of SEBI Circular dated July 29, 2022 bearing no. SSEBI/HI/DDHS_Div1/P/CIR/2022/0000000103 (“SEBI Debt Circular”).</p> <p>Company to upload the Scheme and the specified documents on its website immediately upon filing with stock exchanges.</p>	<p>A copy of such documents may also be required to be sent to IFSC Stock Exchanges for no-objection letters for the Scheme</p> <p>[IFSCA may issue a circular in this regard]</p>
3.	<p>Per Regulation 94(1)/94A(1) of LODR, the designated stock exchange, upon receipt of draft Scheme and the documents prescribed by SEBI, as per Regulation 37(1)/59A of LODR, shall forward the same to SEBI, in the manner prescribed by SEBI.</p> <p>Pursuant to SEBI Scheme Circular and the SEBI Debt Circular, Company to choose one of the stock exchanges as the designated stock exchange for the purpose of coordinating with SEBI.</p>	IFSC Stock Exchanges may be required to send the Scheme and requisite documents to IFSCA
4.	<p>Per Regulation 94(2)/94A(2) of LODR, the stock exchanges to submit to SEBI their no objection letter on the draft Scheme after inter-alia ascertaining whether the Scheme is in compliance with securities laws within 30 days of receipt of draft scheme or within 7 days of date of receipt of satisfactory reply on clarifications from the listed entity and/or opinion from independent CA, if any, sought by stock exchange(s), as applicable / or such timeline specified by SEBI.</p> <p>Per Para (C)(1) of Part I of the SEBI Scheme Circular, SEBI is required to provide comments on the draft Scheme to the stock exchanges.</p>	IFSC Stock Exchanges to submit their no objection letter to IFSCA. IFSCA to provide comments on the draft Scheme to IFSC Stock Exchanges

Step	Activity	Remarks
5.	Per Regulation 94(3)/94A(3) of LODR, stock exchanges to send no-objection letter within 7 days of receipt of comments from SEBI / such timelines specified by SEBI.	IFSC Stock Exchanges to send their no-objection letter upon receipt of comments from IFSCA
6.	Per SEBI Scheme Circular and SEBI Debt Circular, Company is required to submit a complaints report (consisting of complaints / comments written directly to the Company or forwarded to it by the stock exchanges or SEBI) to the stock exchanges, and the Scheme and specified documents must be hosted on the websites of the stock exchanges.	A copy of such report to be provided to IFSC Stock Exchanges
7.	Stock exchanges are required to thereafter issue their no objection letter to the Company, post which the Scheme may be filed with NCLT within 6 months from date of issuance (Regulation 94(3)/94A(3) of LODR).	IFSC Stock Exchanges to also issue their no-objection letters to the Scheme
8.	Per SEBI Scheme Circular/ SEBI Debt Circular, Company to disclose the no-objection letters i.e. Observation Letters of both the stock exchanges on its website within 24 hours of receiving the same. Company can file the Scheme with jurisdictional National Company Law Tribunal (“NCLT”) only after receipt of no objection letters from stock exchanges.	Company to also disclose no objection letters of IFSC Stock Exchanges also. Disclosures on exchanges in both jurisdictions.
9.	Companies to apply to relevant benches of NCLT, as applicable, and obtain directions for (i) holding shareholders’ meeting; and (ii) holding / dispensation of secured and unsecured creditors’ meetings. Upon the application by the Company or its members and as per the directions of the respective NCLT, a meeting of the creditors or class of creditors, or of the members, as the case may be called upon.	Companies Act, 2013 [The shareholders’ in IFSC will also be considered]
10.	Company to dispatch notice of the NCLT convened meetings to each class of shareholders and creditors (as directed by NCLT). Company to also publish advertisement of notice of NCLT convened meetings in newspapers. Company to send intimation to stock exchanges regarding issuance of notice within 12 hours.	A similar intimation will be required to be made to the IFSC Stock Exchanges as well No separate advertisement may be mandated in IFSC
11.	Company to dispatch notice to Central Government, Registrar of Companies, Official Liquidator, Income Tax authorities, stock exchanges, SEBI, Reserve Bank of India, Competition Commission of India and any	Notice may also be sent to IFSCA and IFSC Exchanges as well.

Step	Activity	Remarks
	other regulators (as may be directed by NCLT), asking them to make representations on the Scheme if any to be made within 30 (thirty) days of receipt of notice	
12.	Company to hold meetings of the shareholders and creditors (as directed by NCLT) for approval of the Scheme. Company to send intimation to the stock exchanges about the proceedings of the meetings within 12 hours as required under Regulation 30 read with Schedule III, LODR	Disclosures under SEBI LODR Regulations [Same as above]
13.	Per Regulation 44 of LODR, the Company is required to inform the stock exchanges regarding the voting result of the abovementioned shareholder and creditor meetings.	Disclosures under SEBI LODR Regulations [Same as above]
14.	Filing and admission of company scheme petition with NCLT and fixing of final hearing date.	Will continue to apply
15.	Notice of hearing of petition to be served by the NCLT on the objectors, Central Government, Official Liquidator and other authorities who made representations and have desired to be heard in their representation and publish advertisement (for notice of final hearing). Company to inform the stock exchanges regarding the publication of advertisement under Regulation 30 of LODR read with Schedule III, within 12 hours.	Disclosures under SEBI LODR Regulations [Same as above]
16.	Final hearing before NCLT for sanctioning the Scheme.	Will continue to apply
17.	Receipt of certified copy of NCLT order and scheme from NCLT registry	Will continue to apply
18.	Company to conduct a board meeting taking the Scheme on record and to fix the Record Date in accordance with Regulation 42 of LODR for determining the list of eligible shareholders, and inform the stock exchanges. The Company is required to provide 7 (seven) working days of prior notice to the stock exchanges for fixing the Record Date.	Disclosures under SEBI LODR Regulations [Same as above]

Step	Activity	Remarks
19.	<p>The Company is required to file an application with the stock exchanges for listing of new shares with the stock exchanges.</p> <p>The Company is required to make applications for: (i) in principle listing and trading approvals; (ii) relaxation of Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957; and subsequently, (iii) final listing and trading approvals to the stock exchanges for the new shares of the Company to the stock exchanges.</p>	<p>Similar applications will be required be made to the IFSC Stock Exchanges (in respect of listing in IFSC). The stock exchanges in IFSC shall seek NOC of Indian exchanges prior to granting in-principle approval; and vice versa in case of listing on Indian exchanges.</p>
20.	Company to file Form FC-GPR within statutory timelines, if applicable.	Will continue to apply

Corporate Actions

[Information received from Exchanges in the Sub-Group]

Background

As shares of any listed entity is freely tradable on the Exchange, it keeps changing hands from one person to the other. Thus, if a company wishes to declare any corporate benefit it first needs to ascertain which shareholders shall be entitled to the benefits. For the purpose company set Record Date/Book Closure Date to ascertain the shareholders, and after intimation of the above date Exchange take the same on record and provide the data to concern department like clearing for the purpose of setting of Ex-Date. Ex-Date being the date on which actual adjustment of corporate action will be given. Record Date and Book Closure is files as per the Regulation 42 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Types of Corporate Action

1. Dividend (Final Dividend/Interim Dividend/Special Dividend)
2. Distribution (Return on Capital/Interest Payment)
3. Split/Sub-Division of Shares
4. Consolidation
5. Capital Reduction
6. Interest Payment
7. Redemption on account of Maturity
8. Part Redemption (X no. of debenture getting redeemed/Face value getting redeemed)
9. Rights
10. Bonus
11. Merger/Demerger
12. Buyback
13. Calls on Securities.
14. Meetings.

The following process is followed by company with respect to above Corporate Actions:

1. Companies filed the record date w.r.t. above corporate action with exchange through our electronic filing portal – NEAPS.

2. Entries on verification is take on record and approved.
3. Corporate Action which are taken on record is fetched by clearing department for the purpose of setting of the Ex-Date
4. After setting of Ex-Date at Clearing department end the same is fetched by our system and disseminated on exchange website.
5. On date prior to Ex-Date the corporate action is sent to Trade Ops Team through interface path.
6. The price with respect to concern corporate action will get adjusted on the Ex-Date as per the file provided.

Corporate Action in which circulars are issued

1. Sub-Division of Equity Shares/Consolidation of Equity Shares

- Exchange hosts a checklist on website for what all documents are required for the purpose of above corporate action.
- On receipt of documents, exchange officer verifies and issue circular w.r.t sub-division of equity shares or Consolidation.
- Company in turn apply for new ISIN with Depositories and provide the same to exchange for necessary change in Listing and Trading system.

2. Capital Reduction - Circular issued w.r.t. suspension of trading on receipt of documents as per the checklist hosted on website and set up is sent to trade for necessary change in there system.

3. Redemption - Circular issued w.r.t. suspension of trading on account of maturity on exchange website and set up is sent to trade for necessary change in there system.

4. Call on Securities – Exchange issued circular w.r.t. suspension of partly paid securities.

- Company in turn provide time to shareholder to pay the remaining call amount.
- Company after completion of above period file for In-principle application for no. of shares on which call money is received. On verification Exchange provide In-Principle approval.
- After In-Principle Approval company apply for corporate action on depositories and after receiving approval, the company apply for Listing and trading approval.
- On receipt of documents exchange issue circular for trading approval effective next day.

5. Merger - Circular issued w.r.t suspension of trading in securities on exchange website and set up is sent to trade for necessary change in their system.

- 6. Demerger** - Circular issued w.r.t. movement of securities from rolling segment to Trade for Trade for purpose of price discovery.
- 7. Rights** – Company set a record date to ascertain the shareholders. On receipt of record date exchange sent file to trade a day prior to Ex-Date for price adjustment on the basis of rights ratio and premium.
- 8. Bonus** -
- a. Intimation of Board Meeting pursuant to Bonus issue by Company to Exchanges.
 - b. Company seeks shareholder approval. On Receipt of shareholders approval company sets a Record Date as Regulation 42 of SEBI (LODR) Regulations, 2015.
 - c. Price Adjustment w.r.t Bonus Ratio on Ex Date.
- 9. Dividend** –
- a. Company Intimate exchange regarding Board Meeting pursuant to dividend by Company to Exchanges as per Regulation 29 of SEBI (LODR) Regulations, 2015.
 - b. Intimation of Outcome of Board Meeting in which Company discloses Dividend amount and percentage.
 - c. Fixing of Record date as per Regulation 42 of SEBI (LODR), 2015 to ascertain the shareholders to whom the dividend will be distributed.
 - d. Price Adjustment w.r.t Amount of Dividend on Ex Date.
 - e. Dividend needs to be distributed within 30 days from the date of declaration.
- 10. Part Redemption** – On Receipt of Record date, Exchange passes upto the part redemption a system entry and informed Trade Ops through service now request.

OFS Allocation Process: NSE being Designated Stock Exchange

[Information received from exchanges in the sub-group]

The bidding process in an OFS is for two trading days, on first day (T day) Non-Retail buyers can place the bids, Retail buyers can place bids on second day (T+1), also non-retail buyer can carry forward the bid on T+1 day. Buyers cannot bid at a price below the floor price i.e. a minimum price at which the seller intends to sell the shares.

T-1 day

1. Receipt of OFS Notice from the Company
2. Send security setup to the IT team on T-1 or T day

T Day (IS day):

1. Receipt of bid files from NSE MSD team and the other exchange (if other stock exchanges are also involved in the bidding process)
2. Share the requisite bid files to IT team for allocation process
3. Confirmation to IT team for minimum reservation to Mutual Funds and Insurance companies.
4. Confirmation to IT team on allotment price/cut off price
5. Receive final allocation files from IT team
6. Send the final allocation files to MSD team and Other Exchanges
7. Prepare multiple seller allocation file in case there are multiple sellers in an OFS
8. Prepare website file
9. Sending the above to website team for updating of details on website
10. In case of OFS of an PSU Company, prepare and share MIS of allocation details

T-1 Day (Retail Day):

1. Receipt of bid files from NSE MSD team and the other exchange (if other stock exchanges are also involved in the bidding process)
2. Share the requisite bid files to IT team for allocation process
3. Receive final allocation files from IT team
4. Send the final allocation files/rejection files to MSD team and Other Exchanges

5. Prepare multiple seller allocation file in case there are multiple sellers in an OFS
6. Prepare website file
7. Sending the above to website team for updating of details on website
8. In case of OFS of an PSU Company, prepare and share MIS of allocation details

OFS Allocation process

This has reference to the SEBI Circular SEBI/HO/MRD/MRD-PoD-3/P/CIR/2023/10 dated January 10, 2023 with regards to Comprehensive Framework on Offer for Sale (OFS) of Shares through Stock Exchange Mechanism. Where in SEBI has change the allocation process of OFS. The unsubscribed portion of non-retail category shall be eligible for allocation in the retail category and vice versa.

Example: Total OFS is of 100 Share from which 90 is available to non-retail category and 10 shares are available to retail category, from which on Tday 80 shares are allocated and remaining 10 shares remain unsubscribed, the unsubscribed portion i.e. 10 shares of non-retail category shall be eligible for allocation to the retail category. Therefore, for retail category now the allocation is available for 20 Shares. (10 + 10).

OFS (Offer for Sale) Secondary Market

[Information received from exchanges in the sub-group]

Background

OFS (offer for sale) is an easier way to sell shares through the exchange platform for listed companies. SEBI first introduced the OFS mechanism in 2012. On January 10, 2023, SEBI has come out with comprehensive framework on OFS, which allows Promoters as well as non-promoters to sell share through Stock Exchange Mechanism.

Regulatory Provision

1. All promoter(s) or promoter group entities of such companies that are eligible for trading and are required to increase public shareholding to meet the minimum public shareholding requirements.
2. OFS mechanism shall also be available to companies with market capitalization of INR 1,000 Cr. and above.
3. In case a non-promoter shareholder offers shares through the OFS mechanism, promoter(s) or promoter group entities of such companies may participate in the OFS to purchase shares subject to compliance with applicable provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and Regulation 38 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
4. Promoters of eligible companies shall be permitted to sell shares within a period of 2 (two) weeks from the OFS transaction to the employees.
5. Size of OFS should be minimum Rs. 25 Cr. However, If OFS is for MPS requirement the same can be less than 25 Cr.
6. Green Shoe Option: The maximum number of shares that the seller may choose to sell over and above the Base offer.

Operational Checks at Exchange End

If the company is Jointly Listed on all the Exchange – Exchange Received the Notice on T-1 Day.

1. Seller decides the Designated Stock Exchange and Clearing Corporation.
2. Designated Stock Exchange along with other exchanges checks the notice – Check Points:
 - a. Seller Name and PAN No. as per the notice and Seller details which are additionally sort.
 - b. No. of Shares whether the seller has that much no. of shares as per the latest shareholding patterns.

- c.** We received the undertaking as per the circular in which the seller entity confirms that they had not purchased and sold shares as per the cooling off period.
 - i. For most liquid shares: +2 weeks
 - ii. For liquid shares: +4 weeks and
 - iii. For illiquid shares: +12 weeks
 - d.** Lastly the allocation methodology that the minimum 10% is to be reserved for Retail Investor and in Non-Retail Category minimum 25% is reserved for mutual funds.
 - e.** Lastly, the allocation shall be at or above the Floor Price.
- 3. On T Day the offer is opened for Non-Retail Category and on T+1 Day the offer is open for Retail Category.
- 4. If on T Day, there is an over subscription the Seller can go with the Green Shoe Option and the notice for the same is to be submitted to all the exchanges and the same is disseminated on the exchange website.

DEPOSITORIES

[Information received from Depositories in the Sub-Group]

1. BENEFICIAL OWNERS REPORTING

India International Depository IFSC Limited (“IIDI”) shall provide the information relating to changes in holding pattern periodically in specified data format.

The following changes in beneficial owners will be provided on a pre-determined schedule:

- a) Change in Address
- b) Change in the Holding of existing beneficial owners.
- c) New beneficial owners.

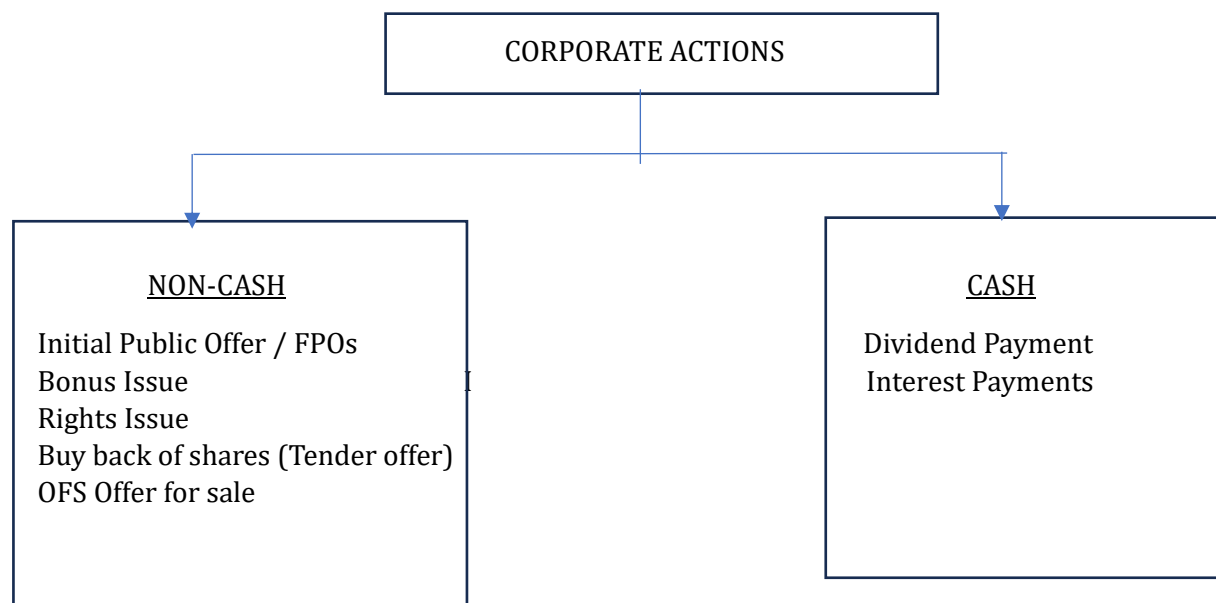
The Issuer/R&T Agent shall request the IIDI, to provide the details of the Beneficial Owners before any corporate action. The beneficial owner report shall contain the following details: ISIN, Client ID, Beneficial Owner, Beneficial Owner Holdings, Beneficial Owner Address, Lock -in- details, Amount paid -up on security, Effective date of holdings etc. (Benpos sample file format attached). In case of any holdings in the suspense account, IIDI shall download the quantity held in suspense account to enable reconciliation of total holdings.

2. RECONCILIATION

Reconciliation shall be done on a daily basis between IIDI and Issuer/RTA through system driven process of EOD where IIDI holding in system with the holdings in Register of Members (ROM) maintained by Issuer/RTA.

3. CORPORATE ACTIONS PROCESS:

From the operational point of view, corporate actions have been classified into the following categories:



Initial Public Offer Procedure:

An agreement has to be entered into as given:

Where the issuer has an in-house Registry, then the issuer should enter into a Bipartite Agreement with IIDI.

Where the issuer has appointed a Registrar for the transfer work, the issuer and the transfer agent will enter into a Tripartite Agreement with IIDI.

The Issuer/R&T Agent shall seek confirmation from IIDI on whether electronic download of allotment details can be made for the security under process. Assuming ISIN will be of domestic segment and *pari passu* in all respects.

The Issuer / RTA processing of application form, allotment statement and refund of application money for unsuccessful applicants will be made as per the existing procedure.

The Issuer / R&T Agent shall download the allocation statement containing details of the Beneficial Owners to IIDI as given below (indicative):

ISIN
 Depository where the Dematerialised security is to be kept
 Participant
 Client a/c no.
 Beneficial Owner(s) name(s)
 Beneficial Owner(s) address
 Age
 IT PAN No: (For IFSC jurisdiction related ID no.)
 Bank Account details
 Nominee Name
 Allotted quantity
 Lock-in period (if applicable)
 Lock-in release date (in case of blocking)
 Lock-in reason
 Amount paid-up per security

In case the securities are locked-in, then the Issuer/ R&T Agent has to inform IIDI about those holdings & the lock-in period along with the reason code and the lock-in release date.

The following are the reason codes:

- 1 Lock in period for minimum contribution
- 2 Lock in period for excess contribution by promoters
- 3 Lock in period for contributions not reckoned for minimum specified percentage.

4 Lock in period where promoters' contribution includes holdings prior to issue.

5 Lock in period for firm allotments and preferential allotments.

In case of partial allotment, the allocation statement containing the details of the securities allotted in the electronic form shall be downloaded to the IIDI. The refunds may be effected as per the existing procedure i.e. the refunds will be sent to the investors by way of refund orders. The refunds will be handled outside the IIDI system. Simultaneously, the Issuer/R&T Agent shall also inform the investor of the allotment, payment schedule and allotment money details, refunds, etc. as per the existing procedures. IIDI shall validate the allocation statement and electronically acknowledge the receipt of the allocation statement to the Issuer/R&T Agent. The allotment schedules prepared for listing of the security on the stock exchange shall contain the details of allotment in both the electronic form as well as in the physical form. In case of mismatch of Client data between the data downloaded from Issuer/ R&T Agent and the data with the Participants, the mismatched quantity will be kept in a suspense account and resolved through the collective action from IIDI and R&T Agent/ Issuer.

Documents to be provided for various corporate actions are as follows:

Initial Public Issue of shares

1. Certified true copy of the Shareholders' Resolution approving the issue of shares.
2. Certified true copy of the Board Resolution for allotment of shares
3. Copy of the approval of stock exchange for basis of allotment
4. Corporate Action Information Form (*for shares*) duly filled. (Separate forms for Debit / Credit (as applicable)) [Download](#)
5. Confirmation stating that the new shares are *pari-passu* in all respects with the existing shares. (*As per SEBI circular No. SMDRP/NSDL/3254/00 dated February 18, 2000, shares issued by companies should be pari-passu in all respects and the same ISIN number should be allotted*).
6. Offer Document for the issue.
7. Certificate from the Lead Manager confirming that the relevant IFSC/SEBI guidelines for the public issue have been complied with.
8. Bendem Validation letter
9. Corporate action and Document processing fees
10. Name confirmation letter from RTA

Bonus Issue

1. Certified true copy of the Shareholders' Resolution approving the issue of shares.
2. Certified true copy of the Board Resolution for allotment of shares.
3. Copies of the letters of "in-principle" listing approvals of the stock exchanges obtained after completion of all listing formalities except credit of shares directly in dematerialised form and / or despatch of physical certificates (*Ref. SEBI Circular No. SMDRP/Policy/Cir-15/2001 dated March 8, 2001 and MRD/Policy/Cir – 35/2003/29/09 dated September 29, 2003, in terms of which, the company agrees to obtain 'in-principle' approval for listing from the exchanges having nationwide trading terminals where it is listed, before issuing further shares or securities. Where the company is not listed on any exchange having nationwide trading terminals, it agrees to obtain such 'in-principle' approval from all the exchanges in which it is listed before issuing further shares or securities*).

In case the company is unlisted, a copy of PAS-3/Form No. 2 (return of allotment) filed by the company with the Registrar of Companies along with copy of ROC counter receipt.

4. Corporate Action Information Form (*for shares*) duly filled [Download](#)
5. Confirmation stating that the new shares are *pari-passu* in all respects with the existing shares. (*As per SEBI circular No. SMDRP/NSDL/3254/00 dated February 18, 2000, shares issued by companies should be pari-passu in all respects and the same ISIN number should be allotted*).
6. Copy of the letter / circular of the stock exchange confirming / notifying the record date.
In case the company is unlisted, copy of letter / notice sent to the shareholders informing them about the record date
7. Corporate action and Document processing fees.
8. Name confirmation letter from RTA

Rights Issue

1. Certified true copy of the Shareholders' Resolution approving the issue of shares.
2. Certified true copy of the Board Resolution for allotment of shares.
3. Copies of the letters of "in-principle" listing approvals of the stock exchanges obtained after completion of all listing formalities except credit of shares directly in dematerialised form and / or despatch of physical certificates (*Ref. SEBI Circular No. SMDRP/Policy/Cir-15 /2001 dated March 8, 2001 and MRD/Policy/Cir – 35/2003/29/09 dated September 29, 2003, in terms of which, the company agrees to obtain 'in-principle' approval for listing from the exchanges having nationwide*

trading terminals where it is listed, before issuing further shares or securities. Where the company is not listed on any exchange having nationwide trading terminals, it agrees to obtain such 'in-principle' approval from all the exchanges in which it is listed before issuing further shares or securities).

In case the company is unlisted, copy of PAS-3/Form No. 2 (return of allotment) filed by the company with the Registrar of Companies along with copy of ROC counter receipt.

4. Corporate Action Information Form (for shares) duly filled. (Separate forms for Debit / Credit (as applicable)) [Download](#)
5. Confirmation stating that the new shares are *pari-passu* in all respects with the existing shares. *(As per SEBI circular No. SMDRP/NSDL/3254/00 dated February 18, 2000, shares issued by companies should be pari-passu in all respects and the same ISIN number should be allotted).*
6. Offer Document for the issue.
7. Corporate action and Document processing fees
8. Name confirmation letter from RTA

Rejected Cases

1. CA form (in attached format) (being digitally signed by Managing Director/ Company Secretary) [Download](#)
2. Corporate action fees
3. Name confirmation letter from RTA
4. Rejection Report

Buy back of shares (Tender offer)

1. Certified true copies of Shareholders' and Board Resolution approving the buyback of shares.
2. Copy of offer document\terms of offer
3. Transaction statement from the Depository Participant for the buy-back account.
4. Corporate Action Information Form (for extinguishment) as per the format enclosed. [Download](#)
5. Capital of the company, pre and post extinguishment in amount (this should include details of shares extinguished in the physical form as well).
6. Stamp Duty - In case of Demat buyback of shares Stamp duty should be paid through DPID Client ID of escrow demat account opened by the Issuer

7. Corporate action and Document processing fees
8. Name confirmation letter from RTA

Buy-back of shares (open market)

1. Certified true copies of Shareholders' and Board Resolution approving the buyback of shares
2. Copy of the Public Announcement. (Can be downloaded from IFSC/SEBI Site.)
3. For extinguishing the shares bought back in the demat mode, Issuer/R&T Agent will have to execute a debit corporate action. For each extinguishment, submit the following documents to IIDI:
 1. Transaction statement from the Depository Participant for the buy-back account.
 2. Capital of the company, pre and post extinguishment in amount (this should include details of shares extinguished in the physical form as well)
 3. Corporate Action Information Form (for extinguishment) as per the format enclosed [Download](#)
4. Corporate action and Document processing fees
5. Name confirmation letter from RTA

RIGHTS ISSUE

In the case of a rights issue, the rights application form shall contain a provision for the shareholder to receive the rights either in the Physical or in the Dematerialised form.

The Issuer/ R&T Agent shall seek the details of beneficial owner's details from IIDI informing the following:

ISIN

Issuer /R&T Agent id

Book Closure Period / Record Date

IIDI shall send the details of beneficiary owners to Issuer/R&T Agents.

The rights entitlements are calculated by the Issuer/ R&T Agent as per the usual procedure for both securities held in electronic and physical form.

The Issuer / R&T Agent shall send rights application forms to the existing shareholders including the Beneficial Owners. The rights advise shall contain the client-id and the DP-id.

The Beneficial Owners / Renouncees will apply for the Rights through the Collection Banks as usual. However, the investor may indicate the mode in which he desires to receive the shares.

The allotment process is as per the usual procedure. If the shareholder/ beneficial owner has not clearly indicated choice of delivery (electronic/physical) or if the information is inadequate, the allotment shall be in physical form.

Refund process takes place outside the IIDI system as per the existing procedures.

The allotted entitlement to beneficial owners/ Renouncee shall be credited to IIDI account in the Register of Members.

Issuer / R&T Agent shall intimate the Beneficial Owner about the quantity allotted as per the existing procedure.

The Issuer/ R&T Agent may validate on the front-end machine the DP -id and the Client-id of the allottees who opted for the electronic shares before sending the information to the IIDI. In case of errors detected during the validations the Issuer/ R&T Agent shall process the allotment for the physical certificates.

The IIDI would be informed of the rights allotted to those who opted for electronic holdings through the corporate allocation statement containing the following details:

Client account no.

DP-id

ISIN

Quantity allotted

IIDI shall validate the allocation statement and electronically acknowledge the receipt of allocation statement to the Issuer/R&T Agent. This acknowledgment will serve as a proof of dispatch of the certificates in Dematerialised form. In case of mismatch of client data between the data downloaded from Issuer/ R&T Agent and the data with the Participants, the mismatched quantity will be kept in a

suspense account and resolved as per regular procedure. The IIDI downloads the details of the rights allotments to the respective DPs who in turn intimate their client's. The allotment schedules prepared for listing of the security on the stock exchange shall contain the details of allotment both in the electronic form as well as in the Physical form.

BONUS ISSUE:

The Issuer/ R&T Agent shall intimate a book closure or record date to IIDI once bonus issue is announced.

The Issuer/R&T Agent seeks downloading of Beneficial owner data from IIDI. IIDI shall send the details of Beneficial owners.

The bonus entitlements are calculated by the Issuer/ R&T Agent for the Beneficial Owner on par with the shareholders.

Beneficial owners shall be informed of the bonus entitlements by the Issuer/R&T Agent.

IIDI shall allot new ISIN code for the bonus shares if they are non-pari passu with the original securities.

The details of bonus allotted is downloaded by the Issuer/ R&T Agent to the IIDI through a Corporate Allocation report. IIDI shall validate and acknowledge the download. This acknowledgment is proof of dispatch of share certificates to Beneficial Owners in the electronic form.

Listing of Bonus shares and treatment of fractional allotments shall be as per the normal procedures.

CASH BENEFITS:

The following are the cash benefits the beneficial owners are entitled to:

1 Dividends

2 Interest payments

The process for the payment of dividends and interest shall be as follows:

The Issuer/ R&T Agent announces a record date or a book closure prior to the declaration of dividend or interest due date.

a) The Issuer/ R&T Agent shall seek from IIDI, the list of beneficial owners as on the record date.

b) The DPs shall be required to advise the beneficial owners to intimate, the changes in tax status, bank mandates etc. to the Issuer/R&T Agent.

The dividend / interest are calculated by the Issuer/ R&T Agent based on the holdings of the beneficial owners.

The dividend / interest warrants are printed and dispatched to the beneficial owners by Issuer/RTA.

The intimation regarding this is given to the Participants.

Foreign Investment Limit Monitoring

Foreign Investment Limit monitoring of specified clients is undertaken by depository designated by the Issuer in domestic segment and accordingly data is shared by one depository to designated depository of Issuer for monitoring of foreign investment limits and information dissemination. On similar lines IIDI shall provide required data of clients to respective designated depository for monitoring mechanism.

IIDI shall provide required data of FPI and NRI clients to domestic designated depository in agreed format for monitoring of foreign investment limits by the designated depository

