I N D I A N D E P O S I T O R Y R E C E I P T S

Introduction:
Foreign company can access Indian securities market for raising funds through issue of Indian Depository Receipts (IDRs)

An IDR is an instrument:
1. denominated in Indian Rupees in the form of a depository receipt
2. created by a Domestic Depository (Custodian of the issue - regd. With SEBI)
3. against the underlying equity of issuing company
4. to enable foreign companies to raise funds from the Indian securities Markets.

The foreign issuing company shall have - :

a Pre - issue, paid - up capital and free reserves of at least US$ 100 million
b Average Turnover during the last 3 years preceding to issue is US$ 500 million
c Making profit for preceding five years and has declared dividend for 10% or more
d Debt equity Ratio is not more that 2:1
e Complied other regulatory criteria as prescribed by SEBI

Other Conditions of IDR:
1. Issuing Co. is listed in home country
2. No prohibition to issue – by any regulatory authority
3. Good Track Record
4. The size of an IDR issue shall not be less than Rs. 50 crores
5. It is not redeemable within one year from date of issue
6. Total IDR issue shall not exceed 15% of paid up and free reserves of issuing company
7. IDR - Shall list with Stock Exchanges in India
8. NRI/FII – can not purchase unless permitted by RBI
9. Indian Co.s can invest in IDR, subject to applicable law
10. Automatic fungibility / interchangeability is not permitted
11. 50% of total IDR shall subscribed by QIB's
12. Balance 50% by non Institutional Investor
13. Minimum application amount is Rs. 20,000/-
14. Basis of allocation shall disclose
15. Minimum Subscription is 90% of Total Issue

Procedural Part

Merchant Banker shall submit following information with SEBI:
1. Constitution , Applicability of the provisions of the Act
2. Place of Business of Issuing company, if not then address for communication
3. Certificate of incorporation
4. Copies of Agreement with MD/WTD/RTA/MB etc

DISCLOSURE OR CONTENTS OF OFFER DOCUMENTS:

(This part will applicable to all issues – IPO/PO/RI/BI/FO)

1. **On Cover Page- word Prospectus**
   a. The name of the issuer company
   b. Nature, number, price and amount of the instruments offered
   c. clause on 'Risks in relation to the first issue
   d. clause on 'Issuer's Absolute Responsibility
   e. names, logos and addresses of all the Lead Merchant Bankers
   f. name, logo and address of the Registrar to the Issue
   g. Issue Schedule: Opening /Closing date
   h. Credit Rating, if applicable

2. **General Information**
   a. The name, address of registered office and the registration number
   b. The Board of Directors
   c. Brief details of the Chairman, M D, WTD
   d. The names, addresses, telephone numbers, fax numbers and e-mail
   e. IPO Grading

3. **Capital Structure**
   a. Authorised, issued, subscribed and paid up capital
   b. Size of the present issue, giving separately promoters' contribution

4. **Objects of the Offering**
   a. Funds Requirement
   b. Funding Plan (Means of Finance)
   c. Funds Deployed

5. **About the Issuer Company**
   a. Industry Overview/Business Overview /Business Details of the Issuer company
   b. History and Corporate Structure of the issuer company
   c. Management/ Promoters/ Principal Shareholders
   d. Board of Directors/ Compensation/ Interest of directors
   e. Corporate Governance/ Key Management Personnel

6. **Financial Statements**
   a. Financial Information of issuer company / Group Companies
   b. Management's Discussion and Analysis

7. **Legal and Other Information**
8. **Other Regulatory and Statutory Disclosures**
9. **Offering Information/Terms of the Issue**
10. **Application by ASBA investors**: The Lead Merchant Banker shall ensure disclosures regarding details of Application Supported by Blocked Amount process including specific instructions for submitting Application Supported by Blocked Amount.

11. **Other Information**

Winners Never Quit ; Quitters Never Win