VARUN KUMAR S K
skvkskvk@gmail.com

Depositary Receipts — ADR | GDR

On Issue

→ It is a Negotiable Securities

Indian Company $\xrightarrow{\text{Shares}}$ Indian Custodian Bank $\xrightarrow{\text{Shares}}$ Foreign Cust Bank $\xrightarrow{\text{D.P}}$ Foreign Investor

in $

On conversion into shares

Since Indian co. is issuing shares against D.P. It has issue shares denominated in "Rs"

IDR ... Reverse

On Issue

Foreign Co $\xrightarrow{\text{Shares}}$ Foreign Cust Bank $\xrightarrow{\text{Shares}}$ [Merchant Bank] Indian Cust Bank (Domestic depositary) $\xrightarrow{\text{IDR}}$ Indian Investors

in "Rs"

On conversion

Since Foreign co. is issuing "$"

	Till Conversion	After
ADR / GDR	Dividend in $ (*)	Rs
IDR	Rs	$

Thinking!

(*) Bcoz D.P was issued in foreign country. So Dividend in $. after conversion, it acquires Indian co. shares. So, in "Rs" after conversion.