



CIRCULAR

CIR/CFD/CMD/9/2015

November 04, 2015

To

**The Managing Director/Executive Director,
All recognised Stock Exchanges.**

**The Managing Director/Executive Director,
All Depositories.**

Dear Sir/Madam,

Sub: Format for quarterly holding pattern, disclosure norms for corporate governance report and manner for compliance with two-way fungibility of Indian Depository Receipts (IDRs)

1. In terms of sub regulation (1) of regulation 69 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), listed entity shall file with the stock exchange the Indian Depository Receipt (IDR) holding pattern on a quarterly basis within fifteen days of end of the quarter in the format specified by SEBI. Accordingly, the listed entity that has issued IDRs shall file the holding pattern with the stock exchanges as per **Annexure I**.
2. Further, sub regulation (1) of regulation 72 of Listing Regulations requires the listed entity to comply with the corporate governance provisions as applicable in its home country and other jurisdictions in which its equity shares are listed and sub regulation (2) of regulation 72 requires such a listed entity to submit to the stock exchange, a comparative analysis of the corporate governance provisions that are applicable in its home country and in the other jurisdictions in which its equity shares are listed along with the compliance of the same vis-à-vis the corporate governance requirements applicable under regulation 17 to regulation 27, to other listed entities.
3. To give effect to sub regulation (2) of regulation 72, listed entities shall be guided by the formats prescribed under SEBI Circular CIR/ CFD/ CMD/ 5 /2015 dated September 24, 2015. The listed entity shall include an additional column confirming whether the requirement in the row item, originating from the Listing Regulations, is applicable in its home country and other jurisdictions in which its equity shares are listed. Such reports shall follow the periodicity applicable in its home country and other jurisdictions in which its equity shares are listed.



4. Such information furnished by the listed entity to the stock exchanges in terms of sub regulation (1) of regulation 69 and sub regulation (2) of regulation 72 shall also be disclosed on the website of the such listed entity.
5. Further, sub regulation (3) of regulation 76 of Listing Regulations specifies that IDRs shall have two-way fungibility in the manner specified by the Board from time to time. Accordingly, the listed entity shall be guided by the procedure for partial two-way fungibility within the available headroom as per **Annexure II**.
6. The Stock Exchanges are advised to bring the provisions of this circular to the notice of Listed Entity and also to disseminate the same on its website. This circular shall come into force with effect from 90 days of notifications of regulations i.e. September 02, 2015.
7. This circular is issued under regulations 69, 72 and 76 read with regulation 101(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
8. This circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework” and “Continuous Disclosure Requirements”.

Yours faithfully,

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ANNEXURE I
FORMAT FOR HOLDING PATTERN OF IDRs

[See Regulation 69(1)]

Distribution of IDR holding as on quarter ending [●] :

Category of IDR holders	No: of IDR holders	No of IDRs held	Percentage of IDRs Held
Promoter's holding			
Promoters*			
Non-Promoters Holding			
Institutional Investors			
Mutual Funds			
Banks/ Financial Institutions/ Insurance Companies			
Sub-Total			
Others			
Private Corporate Bodies			
Persons resident outside India			
- Individuals			
- Others			
Indian Public			
Any other (please specify)			
Sub-Total			
GRAND TOTAL			

* as may be applicable.

Note 1: The name, number of IDRs held and percentage holding of entities / persons holding more than 1 percent of the IDRs issued by the listed entity shall be given under each head.

Note 2: The listed entity shall provide the following details: (i) number of underlying equity shares of the listed entity represented by the total IDRs and (ii) percentage of equity shares underlying the IDRs as a proportion of the total equity share capital of the listed entity.



ANNEXURE II
PROCEDURE FOR TWO-WAY FUNGIBILITY OF IDRs

[See Regulation 76(3)]

1. The procedure for partial two-way fungibility prescribed herein shall be applicable to future IDR issuances as well as for the existing listed IDRs.
2. The partial two-way fungibility means that the IDRs can be converted into underlying equity shares and the underlying equity shares can be converted into IDRs within the available headroom. The headroom for this purpose shall be the number of IDRs originally issued minus the number of IDRs outstanding, which is further adjusted for IDRs redeemed into underlying equity shares (“Headroom”)

A. GUIDELINES FOR FUNGIBILITY OF FUTURE IDR ISSUANCE

3. IDRs shall not be redeemable into underlying equity shares before the expiry of one year period from the date of listing of IDRs.
4. After completion of one year period from the date of listing of IDRs, the issuer shall, provide two-way fungibility of IDRs.
5. IDR fungibility shall be provided on a continuous basis.
6. The issuer shall provide said fungibility to IDR holders in any of the following ways:
 - (a) converting IDRs into underlying shares; or
 - (b) converting IDRs into underlying shares and selling the underlying shares in the foreign market where the shares of the issuer are listed and providing the sale proceeds to the IDR holders; or
 - (c) both the above options may be provided to IDR holders.

Provided that the option once exercised and disclosed by the issuer at the time of offering the IDRs to public cannot be changed without the specific approval of SEBI.

7. All the IDRs that have been applied for fungibility by the holder shall be transferred to IDR redemption account at the time of application. The issuer shall take necessary steps to provide underlying shares or sale proceeds as per the choice made under clause 6 above.
8. The Issuer may receive requests from the holders of underlying shares and convert these into IDRs subject to the Headroom available with respect to the number of IDRs



originally issued subject to the guidelines prescribed by SEBI & Reserve Bank of India (“RBI”) from time to time.

B. GUIDELINES FOR FUNGIBILITY OF EXISTING LISTED IDRs

9. After completion of one year period from the date of issue of IDRs, the issuer shall, every year provide redemption/conversion of IDRs into underlying equity shares of the issuer of up to 25% of the IDRs originally issued. The Issuer shall invite expression of interest from IDR holders by giving advertisements in leading English and Hindi national daily newspapers with wide circulation as well as notification to the stock exchanges giving the operating guidelines for redemption/ conversion of IDRs at least one month before the implementation.
10. The issuer shall exercise the option specified in sub-clause 11 below provided that the same is disclosed in accordance with sub-clause 20 below.
11. The mode of fungibility: The issuer shall provide the said fungibility to IDR holders in any of the following ways:
 - (a) converting IDRs into underlying shares; or
 - (b) converting IDRs into underlying shares and selling the underlying shares in the foreign market where the shares of the Issuer are listed and providing the sale proceeds to the IDR holders; or
 - (c) both the above options may be provided to IDR holders.
12. The periodicity for IDR fungibility shall be at least once every quarter. The fungibility window shall remain open for the period of at least seven days.
13. Provided that the option once exercised and disclosed by the issuer to public cannot be changed without the specific approval of SEBI. However, the issuer may decide to exercise the option provided in sub-clause 21 below without specific approval from SEBI.
14. Total number of IDRs available for fungibility during one fungibility window shall be fixed before the opening of the window. Re-issuances of IDRs during the fungibility window, if any, shall be considered for computation of Headroom only at the time of next cycle of fungibility. Fungibility window for this purpose shall mean the time period during which IDR holders can apply for conversion of IDRs into underlying equity shares.



15. In case of requests for conversion in excess of the limit available, the manner of accepting IDRs for conversion/ redemption or shares for re-issuance shall be on proportionate basis.
16. A reservation of 20% of the IDRs made available for redemption/conversion into underlying equity shares in the fungibility window shall be provided to Retail Investors. Within this reserved window:
 - (a) in case of higher demand for fungibility, the demand shall be satisfied on proportionate basis. Further, the excess unsatisfied demand from the retail investors shall be included in the unreserved portion.
 - (b) in case of lower demand for fungibility from retail investors, the unallocated portion shall be added to the unreserved portion.
17. All the IDRs applied for fungibility shall be transferred to IDR redemption account at the time of application and in case of unsuccessful bids the balance IDRs shall be transferred back to the account of applicant. The issuer shall take necessary steps to provide underlying shares or cash as per the choice made under sub-clause 11 above.
18. The Issuer may receive requests from the holders of underlying shares and convert these into IDRs subject to the Headroom available with respect to the number of IDRs originally issued subject to the guidelines prescribed by RBI from time to time.
19. In case of option of converting IDRs into underlying shares and providing the sale proceeds to the IDR holders, the issuer shall disclose the range of fixed/variable costs in percentage terms upfront and all the cost together shall not exceed 5% of the sale proceeds.
20. Available Headroom and significant conversion/ reconversion transactions shall be disclosed by the issuer on a continuous basis.
21. Existing issuers shall provide the option of redemption/ conversion within three months of notification of these guidelines.
22. The existing issuer of IDR may exercise the option of using the guidelines available for the new issuers as referred above from the anniversary of the date of listing of their IDRs after the issuance of this circular or from any of the subsequent quarters thereafter. For this purpose, the issuer shall disclose the exercising of the said option by giving advertisements in leading English and Hindi national daily newspapers with wide circulation as well as notification to the stock exchanges giving the operating



guidelines for redemption/ conversion of IDRs at least one month before exercising the option. The said option, once exercised, cannot be reversed.

23. The issuer shall lay down the detailed procedures while taking into consideration the above broad guidelines in addition to other norms specified by SEBI and RBI, from time to time.