

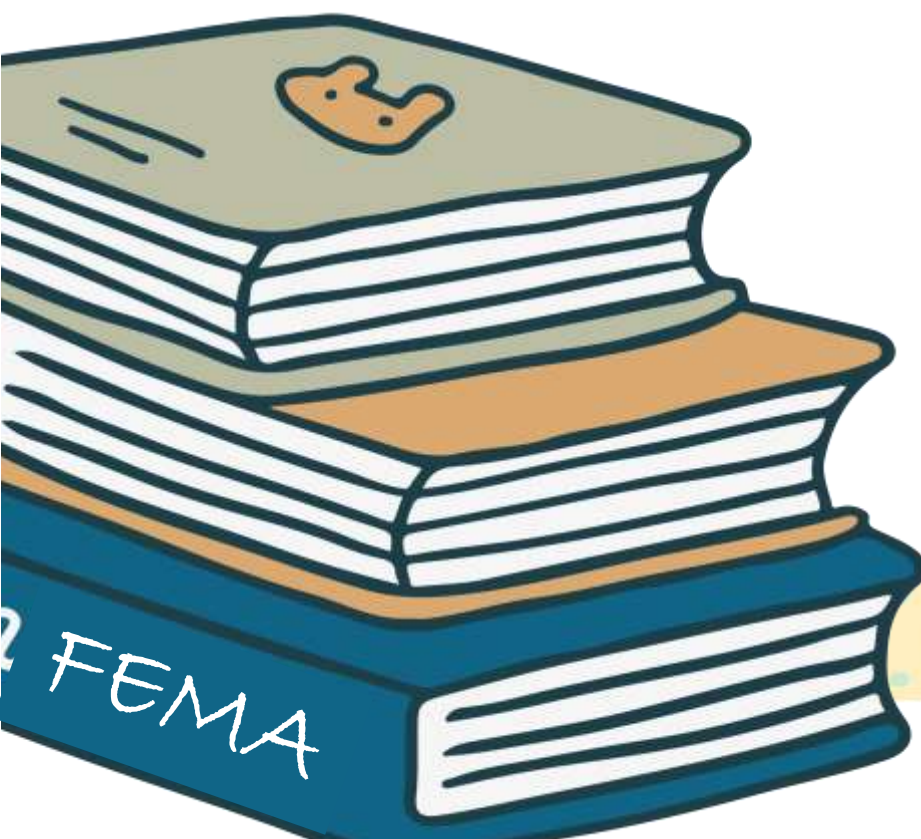
FEMA Ke Fundae

#FamiliarwithFEMA

Global Depository
Receipts

Date: 19.02.2025

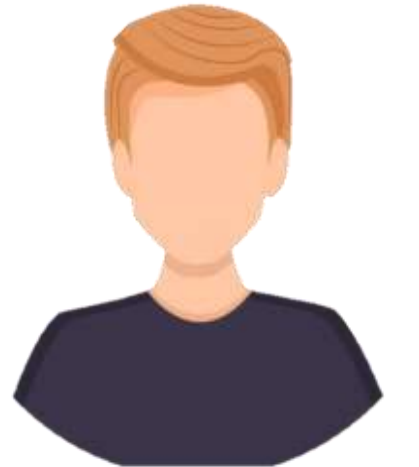
Issue no: 141





Karan
MD of Karan Ltd.

Hello, Mr. FEMA Gyani, I am Karan, the Managing Director of **Karan Ltd.**(an Indian Company). My company is **planning to expand its business** and for this purpose we need funds. One of my friend told me that my company can raise funds from European Market. So, is he correct in saying that?



The FEMA Gyani

Hi Karan, Hope you are doing well! Yes, he is right. Your company **can raise funds** from European Market **through** issue of **Global depository receipts (GDRs)**.

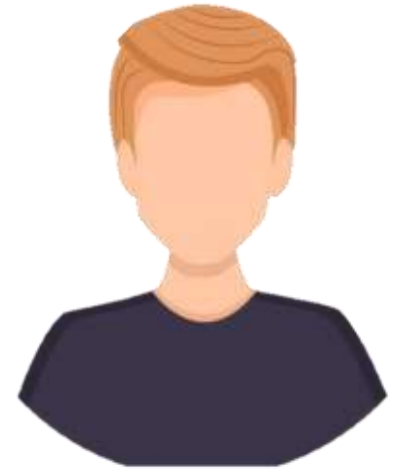


Karan
MD of Karan Ltd.

Okay and what exactly is GDR?



A **Global Depository Receipt** (GDR) is negotiable financial instrument which **allows companies to issue its shares on international stock exchanges**. It a way for companies to raise capital in the global market, while giving foreign investors a chance to invest in shares of their company.

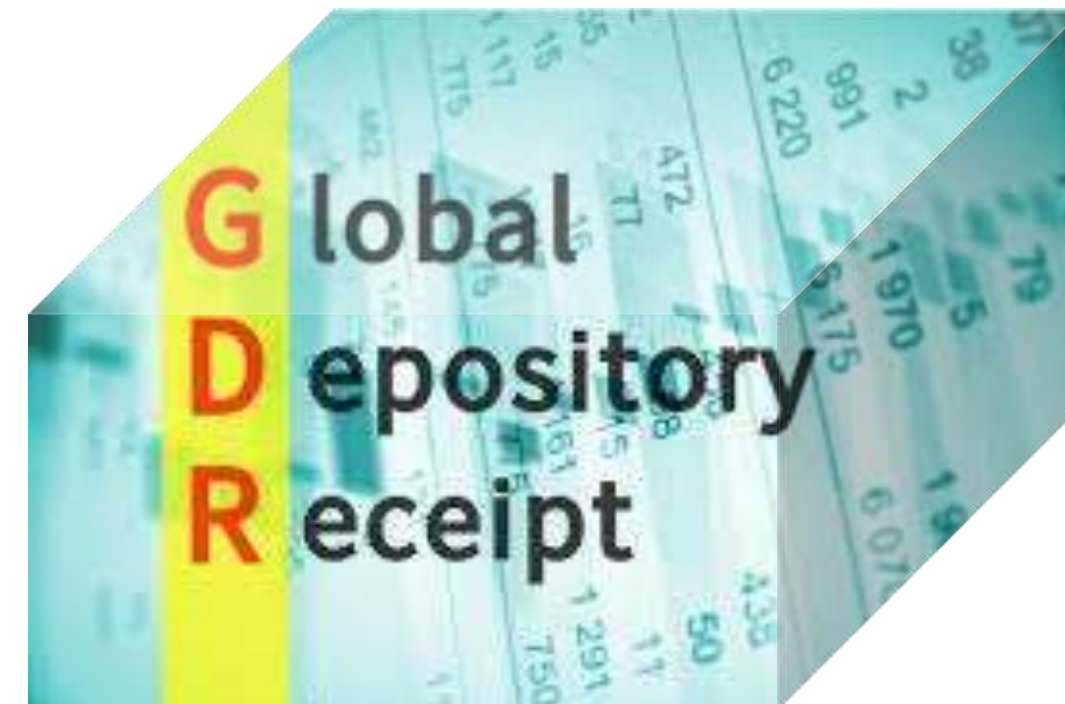


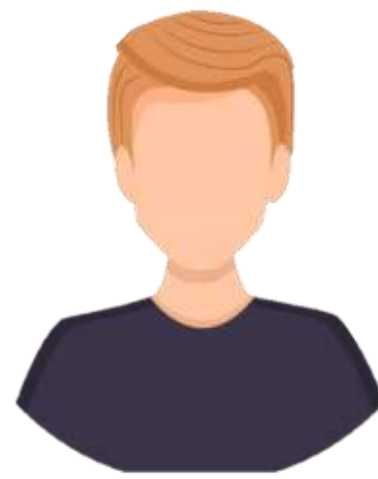
The FEMA Gyani

And what's the **process** for issuing a GDR?



Karan
MD of Karan Ltd.





The FEMA Gyani



Select a depository bank that will issue the GDRs.



Prepare a prospectus that includes details about the company, the shares being offered, and the risk involved.



Get regulatory approvals, both from the home country and from the country in which investment will be made.





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MD of Karan Ltd.

Are there any **conditions** for issuing GDRs?



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Regulatory Approval: The company must obtain approval from the regulatory authorities, such as the **Securities and Exchange Board of India (SEBI)** and the **Reserve Bank of India (RBI)**, for issuing GDRs.

Compliance: The issuance must comply with the **Foreign Exchange Management Act (FEMA)** regulations. This includes adherence to guidelines concerning foreign investment and repatriation of funds.

Pricing Guidelines: The price of the GDRs should comply with **pricing regulations**.

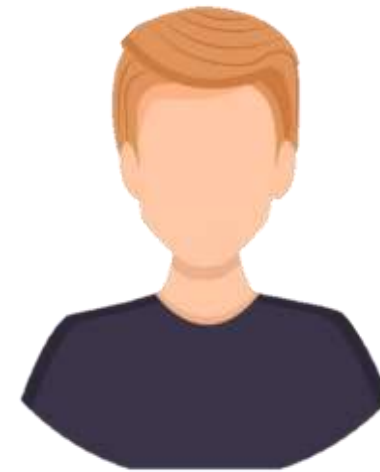




Karan
MD of Karan Ltd.

Got it FEMA Gyani! I am also curious to know , how foreign investors can **transfer and redeem GDRs**, so can you brief me about the same?

A holder of GDR may **transfer** the GDRs or any person may seek reissuance of GDRs **by conversion of underlying shares.**



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In case of redemption of shares, a holder may ask **Foreign Depository** to **redeem** this GDRs.

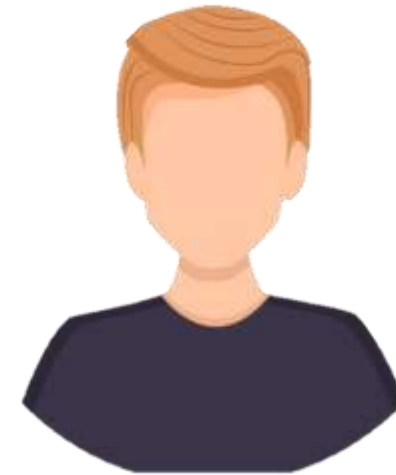
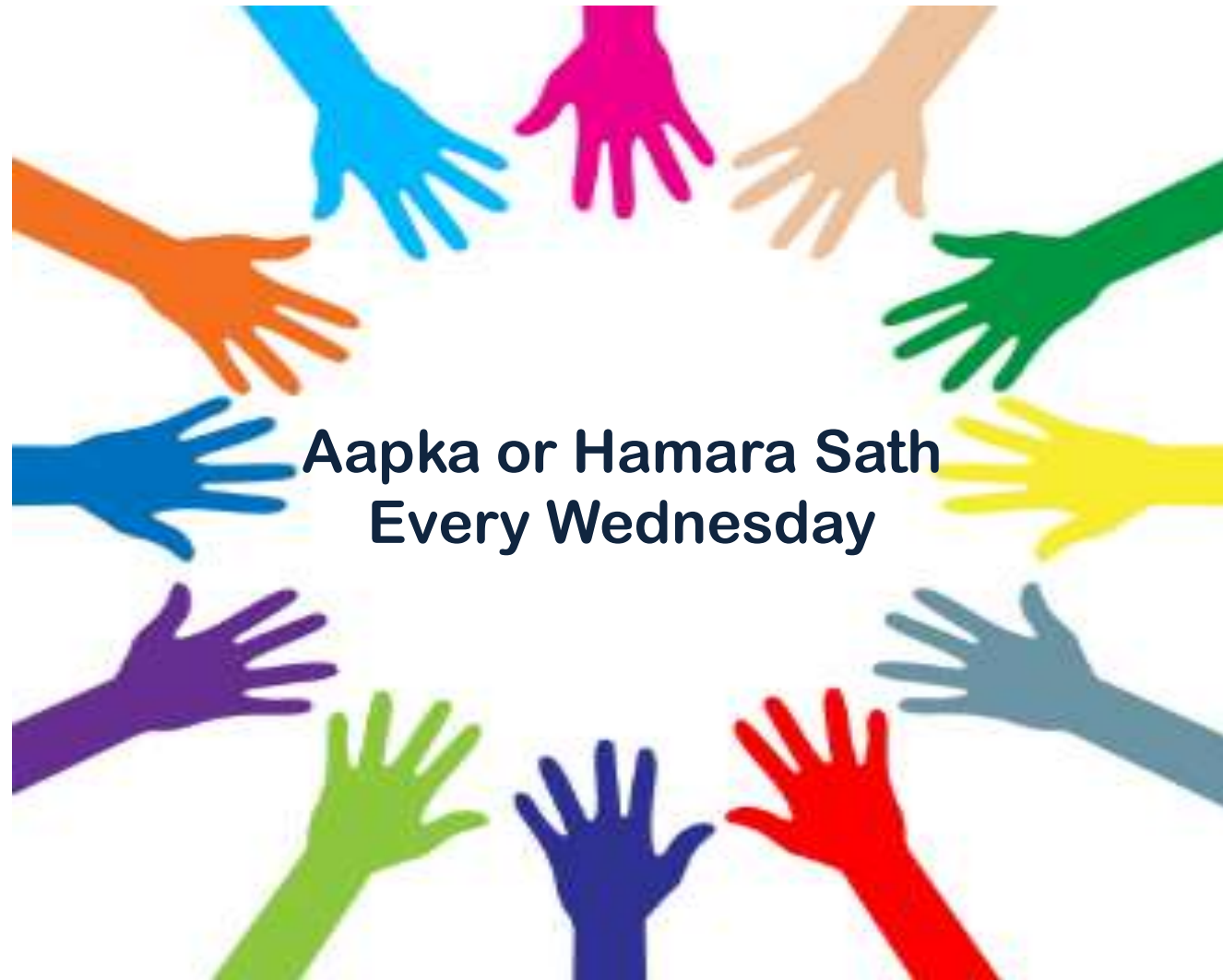


Karan
MD of Karan Ltd.

I understood everything FEMA Gyani. Thank you!



Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



<https://in.linkedin.com/company/jsoca>

WEBSITE

<https://jainshrimal.com/>



International Tax Gyan
WhatsApp group



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