

DIRECT OVERSEAS LISTING OF INDIAN COMPANIES



Presented By :

CORPORATE CAPITALVENTURES PRIVATE LIMITED

SEBI Registered Category I Merchant Banker

A BRIEF ON OVERSEAS LISTING

At present, Indian companies can access the overseas equity markets only through depository receipts (e.g. American Depository Receipts or Global Depository Receipts regime) or by listing their debt securities (such as, foreign currency convertible bonds, masala bonds, etc.) on foreign markets.

On the stock exchanges of the United States, for instance, a company may list its shares through a public offering, inviting American investors to subscribe to its shares, or through 'direct listing', by merely joining a stock exchange without raising capital.

ADVANTAGES OF OVERSEAS LISTING

Besides the obvious advantage of having access to an abundant alternative source of capital, overseas listing provides other advantages to Indian companies.

Better Valuation

Broader Investor Base

Global Brand Recognition

Alternate Source of Foreign Currency

International Expansion

Better Corporate Governance

INDIAN CO. LISTED OVERSEAS

Company	National Stock Exchange (INR)	NYSE (USD)
Infosys	800	10.47
HDFC	1080.25	47.02
ICICI	353.6	9.43
Dr. Reddy	3898	51.39

INDIAN LAW RELATED TO OVERSEAS LISTING

- Companies Act, 2013
- **COMPANIES (AMENDMENT) BILL, 2020**
- Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004;
- Foreign Exchange Management (Deposit) Regulations, 2016;
- Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017;
- SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Other related SEBI Regulations.

COMPANIES (AMENDMENT) BILL, 2020

Before the bill

1. Indian companies used to list overseas only through depository receipts
2. Companies to get listed overseas had to have at least 10% of the paid-up capital be listed on Indian stock exchanges, the issue size set at a minimum of Rs.1,000 crore, and allotment made to at least 200 investors
3. They were also allowed to list their debt securities on foreign stock exchanges directly through masala bonds and foreign currency convertible bonds.

About the Bill

The Government of India, on 17 March 2020, introduced the Companies (Amendment) Bill, 2020 (Bill) in the Lok Sabha that provide for Indian companies to list securities directly on overseas stock exchanges.

After the bill

1. Indian companies after the bill can get directly listed on the foreign stock exchange.
2. This will help Indian companies get access to multiple jurisdictions for raising capital, with differing costs and listing conditions.
3. This will also help Indian companies to get higher valuation

The corporate affairs ministry and SEBI is yet to announce norms on the types of companies that can list overseas.

JAPAN STOCK EXCHANGE



REQUIREMENTS FOR INDIAN COMPANIES FOR LISTING ON STOCK EXCHANGE IN JAPAN

There are two types of requirements :

Formal
Requirement

Eligibility
Requirements

TSE examines the company, which meets "Formal Requirements" and conducts an examination on in under "Eligibility Requirements."

FORMAL REQUIREMENTS

	Main Market		Mothers	JASDAQ		TOKYO PRO Market
	1st Section	2nd Section		Standard	Growth	
Number of shareholders	2,200 or more	800 or more	200 or more	200 or more		—
Tradable shares Number of tradable shares	20,000 units or more	4,000 units or more	2,000 units or more	—		—
Market capitalization of tradable shares	JPY 1 billion (USD 10m) or more	JPY 1 billion (USD 10m) or more	JPY 500 million (USD 5m) or more	JPY 500 million (USD 5m) or more		—
Ratio of tradable shares to listed shares	35% or more	30% or more	25% or more	—		—
Public offering	—	—	500 trading units or more	10 percent or more or 1,000 trading units		—
Market capitalization of listed shares	JPY 25 billion (USD 250m) or more	JPY 2 billion (USD 20m) or more	JPY 1 billion (USD 10m) or more	—		—
Number of years of business operation	3 years or more		1 year or more	—		—
Shareholders' equity	JPY 1 billion (USD 10m) or more		—	JPY 200 million (USD 2m) or more	Not negative	—
Amount of profits or Market capitalization	[Ordinary profit] Total amount of JPY 500 million (USD 5m) or more in the last 2 fiscal years [Market cap] Market cap: JPY 50 billion (USD 500m) or more Sales: JPY 10 billion (USD 100m) or more		—	[Ordinary profit] JPY100 million (USD 1m) or more [Market cap] JPY5 billion (USD 50m) or more	—	—

Note: 1US\$ = 100JPY

ELIGIBILITY REQUIREMENTS

Main Markets (1 st and 2 nd Section)	Mothers	JASDAQ Standard	JASDAQ Growth
1. Corporate continuity and profitability	1. Appropriateness of the disclosure of corporate information, risk information, etc.	1. Business continuity	1. Corporate growth potential
A business is operated continuously and a stable revenue base is present	The company is able to make disclosure of the corporate information, risk information, etc. may be carried out in an appropriate manner	There are no obstacles to continuity of business activities	The company has growth potential
2. Soundness of corporate management	2. Soundness of corporate management	2. Establishment of sound corporate governance and internal management system	2. Establishment of sound corporate governance and internal management systems in accordance with the stage of growth
A business is carried out fairly and faithfully	The company is carrying out business in a fair and faithful manner	Corporate governance and internal management system have been established in accordance with corporate scale and function effectively	Corporate governance and internal management system have been established in accordance with the company's stage of growth and function effectively
3. Effectiveness of corporate governance and internal management system of an enterprise	3. Effectiveness of corporate governance and internal management system of an enterprise	3. Reliability of Corporate Actions	3. Reliability of Corporate Actions
Corporate governance and internal management system are properly prepared and functioning	Corporate governance and internal management system are developed in accordance with the size, corporate maturity, etc. of the enterprise, and functioning properly	Corporate actions which cause market disorder are not expected	Corporate actions which cause market disorder are not expected
4. Appropriateness of disclosure of corporate information, etc.	4. Reasonableness of the business plan	4. Appropriateness of disclosure of corporate details, etc.	4. Appropriateness of disclosure of corporate details, etc.
The applicant is in a status where disclosure of the corporate information, etc. may be carried out in an appropriate manner	The listing applicant has developed reasonable and suitable business plans, and has developed the operating base necessary for executing such business plans, or there is reasonable expectation that it will develop such operating base	The company is capable of appropriately disclosing corporate details, etc.	The company is capable of appropriately disclosing corporate details, etc.
5. Other matters deemed necessary by TSE from the viewpoint of the public interest or the protection of investors.	5. Other matters deemed necessary by TSE from the viewpoint of the public interest or the protection of investors.	5. Other matters deemed necessary by TSE from the viewpoint of the public interest or investors protection.	5. Other matters deemed necessary by TSE from the viewpoint of the public interest or investor protection.

LISTING FEES FOR FIRST AND SECOND SECTION

Listing examination fee: JPY 4 million

Initial listing fee:

- JPY 15 million (First Section);
- JPY 12 million (Second Section).

Public offering / sales fee:

- Number of offered shares x the offering price of new shares x 0.0009;
- Number of existing shares offered x offering price x 0.0001.

Annual listing fee:

- JPY 0.96 to 4.56 million (First Section);
- JPY 0.72 to 4.32 million (Second Section).

TAXATION POLICY

Taxes	Rate
Corporate income tax rate	23.2% (30%-34% including local taxes)
Capital gains tax rate	23.2% (30%-34% including local taxes)
Dividend Distribution tax	20% (20.42% including surtax)

LISTING FEES FOR MOTHERS OR TSE

Listing examination fee: JPY 2 million

Initial listing fee: JPY 1 million;

Public offering / sales fee:

- o Number of offered shares x the offering price of new shares x 0.0009;
- o Number of existing shares offered x offering price x 0.0001;

Annual listing fee: JPY 0.48 to 4.08 million (half for the first 3 years after listing).

WHY TO REGISTER ON TOKYO STOCK EXCHANGE?

1

**Smooth and
Diversified Fundraising**

2

**Enhance Corporate
Value**

3

**Improve its Internal Management
System and Enhance the
Employees' Motivation**

FOREIGN COMPANIES LISTED IN JAPAN

Company	Industry	Country	Stock Exchange
Tech point Inc	Electric Appliances	California, United States	Mothers
Beat Holdings Limited	Information & Communication	CAYMAN ISLANDS	JASDAQ
MediciNova,Inc.	Pharmaceutical	UNITED STATES	2nd Section
YTL Corporation Berhad	Construction	MALAYSIA	1st Section

SHANGHAI STOCK EXCHANGE



上海證券交易所
SHANGHAI STOCK EXCHANGE

REQUIREMENTS FOR INDIAN COMPANIES FOR LISTING ON STOCK EXCHANGE IN CHINA

1. **China has previously not allowed** foreign companies to get listed on its stock exchanges. **But In June 2017, China came with a decision** to allow the overseas companies to be listed on a Chinese stock exchange.
2. UK and China formed an alliance and It's all part of an unprecedented investment link between the two countries' stock exchanges that they proceed to form a stock connect Known as the London-Shanghai Stock Connect, a connectivity mechanism between SSE and LSE at the initial stage.
3. The Shanghai-London Stock Connect **allows eligible companies listed in each market to issue depository receipts (DRs)** on the other exchange.

REQUIREMENTS FOR INDIAN COMPANIES FOR LISTING ON STOCK EXCHANGE IN CHINA

4. Eligible brokers in both China and UK may apply for the license to conduct cross-border conversion in accordance with the relevant regulations.
5. The issuance and listing of Shanghai-London Stock Connect DRs are subject to local regulatory requirements, and issuers are required to fulfil their information disclosure obligations.
6. Presently no foreign company is listed on this stock exchange. No specific requirements for listing are being communicated so far.

OTC Markets

INTRODUCTION OF OTC MARKET

Definition: A decentralized market where participants trade securities directly between two parties without a central exchange or broker electronically

Features:

1. Dealers act as market-makers by quoting prices at which they will buy and sell a security
2. Companies which are too small to be registered with NASDAQ OR NYSE register them here and regulations here are much less than stock exchanges.
3. Companies on the OTC Markets Group platform don't have to file with the SEC to be listed
4. All securities traded over-the-counter are, in reality, traded by a web of market makers who input different quotes and trades through a secure computer network that can only be accessed by those who subscribe.

OTC MARKETS GROUP: It is the owner and operator of the most substantial U.S. inter-dealer electronic quotation and trading system for OTC securities and is publicly traded on the OTCQX marketplace. It has 3 divisions:

1. **Trading Services:** connects broker-dealers together which provides the liquidity and infrastructure for executing trades on the OTC market.
2. **Market Data:** provides data and quote services for the more than 10,000 OTC securities.
3. **Corporate Services:** helps companies go public and gain greater visibility through listing in one of OTC Markets Group's three OTC tiers.

WHY OTC USA?

1

Greater Visibility In USA and marketing benefits

2

Fund Raising will be very easy in USA from Theme based Institutional investors

3

Greater liquidity through larger trade volume

4

No disclosure of financial statements on OTC Pink. Most Indian companies are also listed .

5

Getting customer feedback by showing product of the company in a foreign market

6

Companies like Nestle are also listed on OTC USA, testimony to its increasing credibility

TYPES

OTCQX

- Top tier of the three marketplaces for the OTC trading of stocks and stocks that trade on this forum must comply with US security laws.
- They also must hold sponsorship from a third-party financial adviser.
- Penny stocks, shell companies, and companies in bankruptcy cannot qualify for a listing on the OTCQX.

OTCQB

- Middle Tier- Venture Market- Early staged companies are listed here.
- To be listed, all companies must meet a minimum of a \$0.01 bid price test. They also must undergo yearly verification to ensure legitimacy
- A certain degree of company information must be available. And these companies report to a US regulator like SEC or FDIC

OTC PINK

Lowest ,most speculative tier. No disclosure of financial statements is mandatory in this segment

It is further divided into 3 parts:

Current Information Companies those follow IRS and make filings publicly available through the OTC Disclosure & News Service.

Limited Information Include troubled firms in financial distress, bankruptcy, or those with accounting issues.

No Information companies are those businesses that do not provide any disclosure at all.



Eligibility Criteria:

- Have **U.S. \$2 million in Total Assets** as of the most recent annual or quarter end;
- As of the most recent fiscal year end, **have at least one of the following:**
 - (i) U.S. \$2 million in revenues;
 - (ii) U.S. \$1 million in net tangible assets;
 - (iii) U.S. \$500,000 in net income; or (iv) U.S. \$5 million in global market capitalization;
- Be quoted by a market maker on the OTC Link.
- Have its securities listed on a Qualifying Foreign Stock Exchange for a minimum of the preceding 40 calendar days.
- Not be in bankruptcy or reorganization proceedings.



Eligibility Criteria:

- Meet minimum bid price test of \$0.01 for each of the last 30 calendar days;
- Companies may not be subject to bankruptcy or reorganization proceedings the Company's application;
- Have at least 50 Beneficial Shareholders, each owning at least 100 shares
- Have a freely traded Public Float of at least 10% of the total issued and outstanding of that security.
- International companies must be listed on a Qualified Foreign Exchange (or SEC Reporting)



There are no qualitative standards beyond disclosure for OTC Pink companies,

1. Current Information:

- <http://www.legalandcompliance.com/securities-law/otc-market-compliance/otc-markets-listing-requirements/>
- A company must subscribe to the OTC Disclosure & News Service
- **One- Time set up fee:** \$ 500
- **Annual fee:** \$ 4200

2. No Information:

Companies with No Information status on OTC Markets are delineated by a “stop” sign and do not provide any current or updated reliable public disclosure.

3. Limited Information:

- Maintain quarterly and annual reports that are no older than 6 months and that include a balance sheet, income statement and total number of issued and outstanding shares;
- Financial statements must be prepared in accordance with GAAP; and
- The company profile page on OTC Markets must be current and accurate.
- a company must subscribe to the OTC Disclosure & News Service
- **One- Time set up fee:** \$ 500
- **Annual fee:** \$ 4200

INDIAN COMPANIES LISTED ON OTC USA

COMPANY NAME	INDUSTRY
Mahanagar Telephone Ltd	Telephone Comm.
Yatra Online.Inc	Transportation Services

OTCQX

COMPANY NAME	INDUSTRY
Axis Bank Ltd	Banking
Farm Lands Of Africa Inc	Prepackaged Software
Larsen & Toubro Ltd	Engineering & Construction
Tripborn Inc	Transportation Services
Rediff.com India Ltd	Data Processing & Preparation
Reliance Ltd	Conglomerate
Mahindra & Mahindra Ltd	Vehicle Manufacturing

OTC PINK- NO INFORMATION

COMPANY NAME	INDUSTRY
Groupe Athena Inc	Services, Misc.
State Bank Of India	Banking

OTC PINK- CURRENT INFORMATION

SINGAPORE STOCK EXCHANGE



WHY SINGAPORE?

1

Political stability and excellent business environment

2

Asian gateway of clusters and business opportunities

3

Access to institutional investors - the biggest international stock exchange in Asia whereby 40% of listed companies are foreign

4

Quick and efficient fund-raising process with certainty of timing

5

Sector strengths that are well tracked and understood by investors

6

International disclosure and corporate governance standards

TAXATION IN SINGAPORE

Income	Tax Rate
Tax Rate on corporate profits for upto 300000 SGD	Effective Tax Rate at 8.5%
Tax Rate on corporate profits for above 300000 SGD	17%
Tax Rate on Capital Gain accrued by the company	0%
Tax Rate on dividend distribution to shareholders	0%

TYPES

MAINBOARD

- In Mainboard Listing, companies are required to meet certain quantitative requirements to get listed
- Mainboard-listed companies enjoy the prestige of an established market place and access to the widest range of institutional and retail investors.

CATALIST

- In Catalist Listing, companies do not require to have quantitative requirements but needs to appoint a sponsor, who will assess its suitability to list and will advise and guide the company through the listing process. The company must maintain the sponsor at all times after listing.

REQUIREMENTS FOR MAINBOARD & CATALIST LISTING

	Mainboard			Catalist ¹
	Alternative 1	Alternative 2	Alternative 3	
Pre-tax profits	At least S\$30 million for the latest financial year	Profitable in latest financial year	Positive operating revenue in the latest completed financial year	NA
Market capitalisation	NA	At least S\$150 million	At least S\$300 million ³	NA
Operating track record	3 years	3 years	At least 1 year	NA
Continuity of management	3 years	3 years	At least 1 year	NA
Issue price of the equity securities	At least S\$0.50 each			At least S\$0.20 each
Requirements for independent directors	At least 3 independent directors. For foreign companies, at least 2 of these independent directors must be resident in Singapore			At least 2 independent directors. For foreign companies, at least 1 of these independent directors must be resident in Singapore
Sponsorship	NA			All Catalist companies must retain a Sponsor for as long as they are listed
Working capital statement requirement	NA			Sufficient working capital for the present requirements and for at least 12 months after IPO

CONTINUED.....

Moratorium period	Restriction on promoters ² sale of shares and lock-up period for pre-IPO investors and promoters
Accounting standard	Singapore Financial Reporting Standards (FRS) or International Financial Reporting Standards (IFRS) or US Generally Accepted Accounting Practices (US GAAP)
Financial information post listing	<ul style="list-style-type: none">• Full year unaudited announcement must be made 60 days after year end. Annual reports must be approved by shareholders in annual general meeting within four months of the year end• Half year unaudited announcement must be made 45 days after period end if the market capitalisation is below S\$75 million• Quarterly unaudited announcement must be made 45 days after quarter end if the market capitalisation is above S\$75 million
Trading and reporting currency	At the discretion of the issuer
Business operations	No requirement for operations in Singapore
Continuing listing obligations	Yes
	Waived from having to comply with continuing listing obligations if listed on another foreign stock exchange

MAINBOARD LISTING FEES

LISTING FEES			
Initial Fees		Annual Fees	
Minimum	S\$100000	Minimum	S\$35000
Maximum	S\$200000	Maximum	S\$150000
Variable Rate per S\$million	S\$100	Variable Rate per S\$million	S\$30
Basis	Market Value	Basis	Market Value
Processing Fees (Non-Refundable)	S\$20000		

CATALIST LISTING FEES

Listing Fees			
Initial Fees		Annual Fees	
Minimum	S\$30000	Minimum	S\$15000
Maximum	S\$100000	Maximum	S\$50000
Variable Rate Per S\$ million	S\$100	Variable Rate Per S\$ million	S\$25
Basis	Market Value	Basis	Market Value
Processing Fees	S\$2000		

SPONSORS & COMPANIES IN CATALIST LISTING

- Sponsors are authorised and regulated by SGX through strict admission criteria and subject to continuing obligation under the Catalist Rules.
- Sponsors assess the suitability of companies to list on Catalist and ensure that the listed companies comply with their continuous listing obligations. A Sponsor may be authorised by SGX to act as a Full Sponsor or as a Continuing Sponsor
- Full Sponsors may engage in:
 - Pre-listing Activities:** i.e. activities related to bringing an applicant to list on Catalist.
 - Continuing Activities:** i.e. activities relating to sponsorship of issuers who are already listed on Catalist.
- Continuing Sponsors will only be authorised to undertake Continuing Activities.

ELIGIBILITY CRITERIA FOR SPONSORS

Minimum Eligibility Criteria for Sponsors	
Full Sponsors	Continuing Sponsors
Be a corporate with minimum base capital requirement of S\$500,000 and sufficient professional indemnity insurance to cover its proposed Sponsor activities	Be a corporate with minimum base capital requirement of S\$250,000 and sufficient professional indemnity insurance to cover its proposed Sponsor activities
Have experience as a Lead Issue Manager	Have experience in corporate finance or compliance advisory work
Establish and operate out of a physical office in Singapore	
Have substantial shareholders, key officers and directors who are fit and proper	
Have a satisfactory reputation and work record in all places	
Not be in breach of any relevant rule or law	

LONDON STOCK EXCHANGE



WHY LONDON?

1

Provide access to capital for growth

2

Exchange is the largest stock exchange in Europe and the world's most internationally focused

3

London is well known for its high standards of regulation

4

Obtain an objective market value

5

Increase a company's ability to make acquisitions

6

Enhance status with customers and suppliers

TAXATION IN LONDON

Tax Rates	
Corporate Taxes	19% w.e.f 1st April 2020
Capital Gain Tax	28%
Dividend Distribution Tax	7.5%, 32.5% or 38.1% as per slab income

TYPES

Main Market-High Growth Segment

- The High Growth Segment (HGS) is a segment of London Stock Exchange's Main Market. It is a transitional segment designed to attract high growth, mid-sized UK and European companies aspiring to an Official Listing on the Premium Segment over time.

Standard Main Market

- Standard listings cover issuance of shares, Global Depositary Receipts (GDRs), debt and securitised derivatives that are required to comply with EU minimum requirements

Premium Main Market

- Only available to equity shares and closed- and open-ended investment entities
- Issuers with a premium listing are required to meet the UK's Listing Rules, which are more onerous than the EU minimum requirements

AIM

- AIM offers smaller growing companies from all countries and all sectors all the benefits of being traded on a world-class public market within a regulatory environment designed specifically for them

REQUIREMENTS FOR ALL TYPES OF MARKET

Criteria	Main Market			AIM
	Premium	Standard	High Growth Segment	
Domicile	Any	Usually EEA incorporated	Any	Any
Advisor/Sponsor	Listing Sponsor at admission and for transactions	Not Required	Key Adviser at admission and to seek advice for certain events	Nominated Adviser at all times
Minimum Free Float	25% of shares in public hands		10% with a minimum value of £30m	Not required
Minimum Market Cap	£700,000		£300,000	Not required
Revenue Criteria	75% of business supported by revenue earning record of 3 years	Not required	20% CAGR in revenues over 3 year period	Not required

LISTING FEES

Market Capitalisation (£m)		Increment per £m	Cumulative maximum fee (£)
Greater than or equal to (a)	Less than	(b)	(c)
0	5	Minimum fee	12,500
5	50	1,635	86,075
50	250	615	209,075
250	500	205	260,325
500	And above	190	625,000
		Maximum fee	625,000



REGISTERED AND CORPORATE OFFICE

160, (BASEMENT) VINOBA PURI, LAJPAT NAGAR II,
New Delhi- 110024

Phone : 9212650228 / 9315705507

Email : info@ccvindia.com
Website: www.ccvindia.com