

IFSC Gateway to Global Access for Indian unlisted companies

1. Regulatory Framework

- [International Financial Services Centres Authority \(Listing\) Regulations, 2024. \(IFSC Regulations\)](#)
 - [Effective from August 29, 2024](#)
- Companies Act, 2013 (CA, 2013) [Section 23(3) permitting Indian companies]
- [FEM \(Non-Debt Instruments\) Rules, 2019 \(NDI Rules\)](#)
- [Companies \(Listing of equity shares in permissible jurisdictions\) Rules, 2024 \(LEAP Rules\)](#)
- [FAQs on Direct Listing Scheme](#)

2. Companies eligible to list equity shares in IFSC

- Unlisted Public Company
- Listed Public Company (*subject to SEBI regulations/ directions issued*)
- Meeting eligibility requirements given in Q. 4 and not disqualified as per Q. 2.

3. Companies ineligible to list equity shares in IFSC as per Regulatory Framework?

- Companies with partly paid up shares
- Section 8 Company
- Company limited by guarantee and having share capital
- Companies with outstanding public deposits
- Companies with negative net worth ¹
- Companies which have defaulted in payment of dues to Banks/PFIs/NCDs/other secured creditors (*eligible after 2 years of making good the default*)
- Companies defaulted in filing annual return u/s 92 or financial statements u/s 137
- Company/ promoters/ directors/ controlling shareholders (*in case of OFS - existing shareholders offering shares*) are fugitive economic offender/wilful defaulters
- Company/ promoter/ promoter group/ existing shareholders offering shares/ controlling shareholders/ directors debarred from accessing capital market (*till the debarment period only*)
- Companies having common promoters/directors with other company that are debarred from accessing securities market (*Till the debarment period only*)
- Companies under inspection/investigation pending under CA, 2013
- Companies having winding up/resolution proceedings pending under CA, 2013 or IBC, 2016
- Companies engaged in sectors prohibited for FDI
 - Lottery business, gambling and betting including casinos
 - foreign technology collaborations in any form including licensing for franchise, trademark, brand name, management contract is also prohibited for lottery business and gambling and betting activities.
 - Chit funds
 - Nidhi company

¹“net worth” means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation

- Trading in transferable development rights
- Real estate business² or construction of farm houses
- manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes
- Activities or sectors not open to private sector investment e.g. (I) Atomic energy and (II) Railway operations (*other than permitted activities mentioned in paragraph (3) of Schedule I*)

4. Eligibility criteria under IFSC Regulations

- Consolidated operating revenue (Gross Revenue/Topline) - atleast USD 20 Mn in the preceding FY or averaged over the last 3 FYs
- Consolidated PBT (pre-tax profit) - at least USD 1 Mn in the preceding FY or averaged over the last 3 FYs
- Post issue market capitalization - at least USD 25 Mn
- Issuer should qualify under any of above

5. Mode of IPO?

- Fresh issue by Company
- Offer For Sale (OFS) by selling shareholder

6. Shares eligible to be offered by existing shareholders

The existing shareholders offering shares must have held shares for at least 1 year prior to the date of filing of the draft offer document. (*Holding period of convertible securities will also be considered for the above purpose*).

Exemption:

- **Merger:** Shares were acquired pursuant to any scheme of merger or amalgamation in lieu of business and invested capital which had been in existence for a period of more than one year prior to approval of such scheme.
- **Bonus Issue:** Bonus issuance on securities held for a period of at least one year prior to the filing of the draft offer document with IFSCA and:
 - Issued out of free reserves and share premium existing as at the end of the FY preceding the FY in which the draft offer document is filed with IFSCA; and
 - Issuance not out of revaluation reserves or unrealized profits

If the equity shares offered are pursuant to conversion then it should have been converted prior to filing of offer documents and the details should be disclosed in offer document.

7. Currency of issuance

The securities can be issued in specified foreign currencies³ i.e.

² 'real estate business' means dealing in land and immovable property with a view to earning profit from there and does not include development of townships, construction of residential or commercial premises, roads or bridges, educational institutions, recreational facilities, city and regional level infrastructure, townships, real estate broking services and REITs registered and regulated under the SEBI (REITs) Regulations 2014 and earning of rent or income on lease of the property, not amounting to transfer

³Specified foreign currency shall mean the currency specified in the First Schedule of the International Financial Services Centres Authority (Banking) Regulations, 2020 or any other regulation notified by the Authority

- US Dollar (USD)
- Euro (EUR)
- Japanese Yen (JPY)
- UK Pound Sterling (GBP)
- Canadian Dollar (CAD)
- Australian Dollar (AUD)
- Swiss Franc (CHF)
- Hong Kong Dollar (HKD)
- Singapore Dollar (SGD)
- UAE Dirham (AED)
- Russian Rouble (RUB)

8. Maximum amount that can be raised from IFSC

Upto sectoral cap as prescribed in Schedule I to NDI Rules read with [FDI Policy](#).

9. Minimum subscription

- Applicable only to fresh issuance and not to offer for sale.
- In case of a fresh issue, minimum subscription will be as disclosed in the offer document should be received.

10. Eligible investors

- Persons Resident Outside India.
 - With prior approval of Central Government, in case holder or the beneficial owner (where holder is an entity) is from a land border sharing country
- Resident Indians are prohibited from investing.

11. Minimum offer and allotment to public

Atleast 10% of the post issue capital

12. Maximum limit per investor

- Less than 10% of post-issue paid up share capital.
 - Limit specified for foreign portfolio investment under NDI Rules.

13. Voting rights

- To be exercised directly by the PROI (permissible holder) or through their custodian.

14. Pricing norms for IPO

- Determined in consultation with lead manager(s) through book-building method
- As per Schedule XI of NDI Rules
 - a. Rule 21 of NDI rules provides for the valuation as per any internationally accepted pricing methodology for valuation on an arm's length basis duly certified by a Chartered Accountant or a Merchant Banker registered with the Securities and Exchange Board of India or a practising Cost Accountant, in case of an unlisted Indian Company.

15. Lock-up requirement for pre-issue shareholding of promoters and controlling shareholders

- 180 days from the date of allotment in IPO.
 - Not applicable for shares lent to stabilising agent for the purpose of green shoe option u/r 28.
- Locked-up securities may be pledged as collateral. However, post invocation of pledge, lock in restrictions shall also be applicable to transferee.

16. Status of the Company after IFSC Listing, will the company be considered as a “listed company/entity” from Companies Act and SEBI LODR perspective?

- The company listed only on IFSC will not be considered as a ‘listed entity’ for the purpose of CA, 2013.
 - The Companies (Specification of Definitions Details) Rules, 2014 provides a carve-out.
- Compliance with post listing norms under IFSC Regulations to be adhered to.
 - Extending SEBI LODR obligations to unlisted public companies getting listed on IFSC will be unreasonable.

17. Listing Obligations and Disclosure Requirements under IFSC Regulations

Major compliances under **Chapter XII of IFSCA Regulations** are highlighted below:

- Appointment of Compliance Officer
- Disclosure of material or price sensitive information within 24 hours & framing of materiality policy
- Prior intimation of board meeting for certain agenda items
- Disclosure of encumbrances created/invoked/released within 2 working days by promoter and controlling shareholders
- Periodic submission: Submission of quarterly financial statements, shareholding patterns, statement of deviations or variation, annual report
- Sustainability report within 6 months after the end of FY if market cap \geq USD 50 Mn
- Facility of E-voting to shareholders for all resolutions & submit the voting results within 2 working days of conclusion of the exchange.
- One way live webcast of AGM
- Establish a whistle-blower mechanism for directors, employees and others to report genuine concerns while ensuring adequate safeguards against victimisation of persons who use such mechanism
- Maintain and update website on immediate basis