

Corpsec Hotline

April 22, 2003

AMENDMENT TO THE PUBLIC COMPANIES (TERMS OF ISSUE OF DEBENTURES AND RAISING LOANS WITH OPTION TO CONVERT SUCH DEBENTURES OR LOANS INTO SHARES) RULES, 1977

The Central Government amended the Public Companies (Terms of issue of Debentures and raising Loans with Option to convert such Debentures or Loans into Shares) Rules, 1977 ("Rules") vide notification number G.S.R. 275(E) dated April 1, 2003 ("Amendment") to increase the scope of these Rules. Under Section 81(3)(a) of the Companies Act, 1956 ("Act"), a company is required to obtain the prior approval of the Central Government in order to convert outstanding debentures or loans into shares. However, the Rules exempts companies from the Central Government approval requirement if it fulfils certain requirements such as the debentures or loans are raised either through private subscription or through the issue of a prospectus to the public or if a public financial institution either underwrites or subscribes to such debentures or the raising of loans, as the case may be etc. The Amendment now extends this exemption from the requirements of seeking a prior Central Government approval for conversion to loans or debentures that are underwritten by, subscribed to or sanctioned by scheduled banks. The Amendment goes on to define a scheduled bank as a bank, which is included in the Second Schedule to the Reserve Bank of India Act, 1934 but excluding co-operative, regional rural and foreign banks. However, no financial institution or scheduled bank may convert debentures or loans into shares unless, the company concerned has defaulted in the redemption or repayment of such debentures of loans and the company has been given notice of at least 30 days prior to the intended date of conversion of the debentures or loans into shares.

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

Little International Guide (India) 2024

November 08, 2024

Unmasking Deepfakes

October 25, 2024

Are we ready for Designer Babies

October 24, 2024

Research Articles

The Bitcoin Effect

November 14, 2024

Acquirers Beware: Indian Merger Control Regime Revamped!

September 15, 2024

Navigating the Boom: Rise of M&A in Healthcare

August 23, 2024

Audio

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

Renewable Roadmap: Budget 2024 and Beyond - Part I

August 26, 2024

Renewable Roadmap: Budget 2024 and Beyond - Part II

August 26, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

[Click here to view Hotline archives.](#)

Video

"Investment return is not enough" Nishith Desai with Nikunj Dalmia (ET Now) at FI18 event in Riyadh

October 31, 2024

Analysing SEBI's Consultation Paper on Simplification of registration for FPIs

September 26, 2024

