



## LATEST STATUTORY SNAPSHOT

THURSDAY, 05 SEPTEMBER 2019



### Amendments relating to Debenture Redemption Reserve and Maintenance of Liquid Assets

*Companies (Share Capital and Debentures) Amendment Rules, 2019 dated 16<sup>th</sup> August, 2019*

#### **DRR done away for certain companies / entities:**

Creation of Debenture Redemption Reserve (DRR) **is not required** in respect of public issue or private placement of debentures by the following companies:

- All India Financial Institutions regulated by Reserve Bank of India [EXIM Bank, NABARD, NHB and SIDBI]
- Financial Institutions within the meaning of Section 2(72) of the Companies Act, 2013 [LIC, IDFC, UTI and institutions notified under Section 4A of Companies Act, 1956]
- Non-Banking Finance Companies registered with Reserve Bank of India
- Housing Finance Companies registered with National Housing Bank
- Listed companies

#### **Reduced DRR for Unlisted Companies**

Debentures issued by unlisted companies will require creation of DRR of 10% (as against the earlier requirement of 25%) of the value of outstanding debentures. In case of partly convertible debentures, DRR is required to be created only in respect of non-convertible portion. DRR should be used only for the purpose of redemption of debentures.

**Copyright © 2019 KSR & Co. Company Secretaries LLP. All rights reserved. You are receiving this email because you opted in via our website.**

Mailing Address: KSR & Co Company secretaries LLP, 101, Indus Chambers, Govt. Arts College Road, Coimbatore 641018.



## LATEST STATUTORY SNAPSHOT

THURSDAY, 05 SEPTEMBER 2019

### Maintenance of Liquid Assets

In respect of all all companies, a sum equivalent to 15% of the amount of its debentures maturing during the year ending 31<sup>st</sup> March of the succeeding year needs to be invested in specified deposits or investments a described below, on or before 30<sup>th</sup> April of the current financial year:

- a) in deposits with any scheduled bank, free from any charge or lien;
- b) in unencumbered securities of the Central Government or any State Government;
- c) in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
- d) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882

The amount so invested shall be used only for redemption of debentures maturing during the year in which they fall due and not for any other purpose.

As a result of this aforesaid amendment, the requirement for appointment of debenture trustees for listed companies under SEBI (Issue and Listing of Debt Securities) Regulations, 2008 to supervise DRB requirements has also been done away with.

\*\*\*\*\*

CENTRAL OFFICE	BRANCH OFFICE	BRANCH OFFICE
Indus Chamber No.101, Govt Arts College Road, Coimbatore – 641018. Tel No: - (0422)2302868, 4952868 Email: <a href="mailto:info@ksrandco.in">info@ksrandco.in</a> Linked in: <a href="mailto:gene@ksrandco.in">gene@ksrandco.in</a>	Flat No.1, 26/27, Venkatesham Flat, Gopal Street, T-Nagar, Chennai – 600 017. Tel No: - (044)24337620, Email: <a href="mailto:chennai@ksrandco.in">chennai@ksrandco.in</a>	S-311, 3 <sup>rd</sup> Floor, South Block, Manipal Centre, No.47, Dickenson Road. Bangalore – 560042, Tel No: - (080)25323232 Email: <a href="mailto:bangalore@ksrandco.in">bangalore@ksrandco.in</a>

Copyright © 2019 KSR & Co. Company Secretaries LLP. All rights reserved. You are receiving this email because you opted in via our website.

Mailing Address: KSR & Co Company secretaries LLP, 101, Indus Chambers, Govt. Arts College Road, Coimbatore 641018.