

**General Circular No. 09/2016**

**No. 1/21/2013-CL-V**

**Government of India**

**Ministry of Corporate Affairs**

**August 3, 2016**

To

All Regional Directors,

All Registrars of Companies.

**Subject: Issuance of rupee bonds to overseas investors by Indian companies - Clarification regarding applicability of provisions of Chapter III of the Companies Act, 2013.**

Sir,

The Ministry has received references from stakeholders seeking clarity on applicability of provisions of Chapter III of the Companies Act, 2013 (Act) and rule 18 of Companies (Share Capital and Debenture) Rules, 2014 to the issue of rupee bonds by Indian companies exclusively to persons resident outside India in accordance with applicable sectoral regulatory provisions.

2. The matter has been examined in the Ministry in consultation with Reserve Bank of India. The matter relating to issue of rupee denominated bonds to overseas investors is being regulated by RBI as part of ECB Policy framework. It is, accordingly, clarified that unless otherwise provided in the circular/ directions/ regulations issued by Reserve Bank of India, provisions of Chapter III of the Act and rule 18 of Companies (Share Capital and Debenture) Rules, 2014 would not apply to issue of rupee denominated bonds made exclusively to persons resident outside India in accordance with applicable sectoral regulatory provisions as stated above. Necessary changes in Companies (Share Capital and Debenture) Rules, 2014 in this regard are being made.

3. This issues with the approval of the competent authority.

**Yours faithfully,**

**(K.M.S. Narayanan)**

**Assistant Director (Policy)**