

## **Issue of FCCBs and Ordinary shares (through Depository Receipt Mechanism) scheme, 1993 amended**

A scheme for issue of Foreign Currency Convertible Bonds and Ordinary shares (through Depository Receipts Mechanism) was notified in 1993 to allow the Indian Corporate sector to access global capital markets through issue of Foreign currency Convertible Bonds (FCCBs) / Equity Shares under the Global Depository Receipt Mechanism (GDR) and American Depository Receipt Mechanism (ADR). The scheme has been amended from time to time since then.

In order to bring the pricing norm under the scheme in alignment with the pricing norms for qualified institutions placements (QIP) issued by Securities and Exchange Board of India (SEBI) the Government amended the pricing norms under the scheme; vide Press Note dated 27th November, 2008.

Government has received representations from companies seeking permission to revise the conversion price of FCCBs issued prior to 27th November, 2008 (i.e. the date when the new pricing norms came into effect) to the conversion price as per new pricing norms. The matter was examined by the Government in consultation with RBI and SEBI. In view of the problems being faced by companies, it has now been decided by the Government to provide a window of 6 months under the scheme to interested companies to revise their conversion price as per new pricing norms. This will be effective from the date of issue of this Press Note. The revision of conversion price of FCCBs would be subject to the following conditions:

- (i) The issuing company shall ensure that the revision of price and consequent issue of shares may not breach FDI limit;
- (ii) The issuing company shall take approval from its Board as well as from its shareholders;
- (iii) The issuing company shall enter into a fresh agreement with the FCCB holders in terms of renegotiation of the conversion price.

The company will be permitted to revise its conversion price after getting the approval of the Reserve Bank of India.

The above amendments in FCCBs policy will come into force immediately.

**Source: Press Release issued by Ministry of Finance on 15.02.2010**