

CONVERSION OF LOAN TO EQUITY

FEW REASONS FOR CONVERTING A LOAN TO EQUITY:

- Need to maintain certain target debt/equity ratio so that the Company can get good terms on credit/debt if needed
- No cash exchange occurs in the debt-to-equity swap.
- Increasing cash flow by decreasing liabilities.

PROVISION RELATED TO CONVERSION OF LOAN TO EQUITY IN THE COMPANIES ACT, 2013:

Section 62(3) of the Companies Act, 2013 specifies about non-applicability and conditions for conversion of a loan to equity.

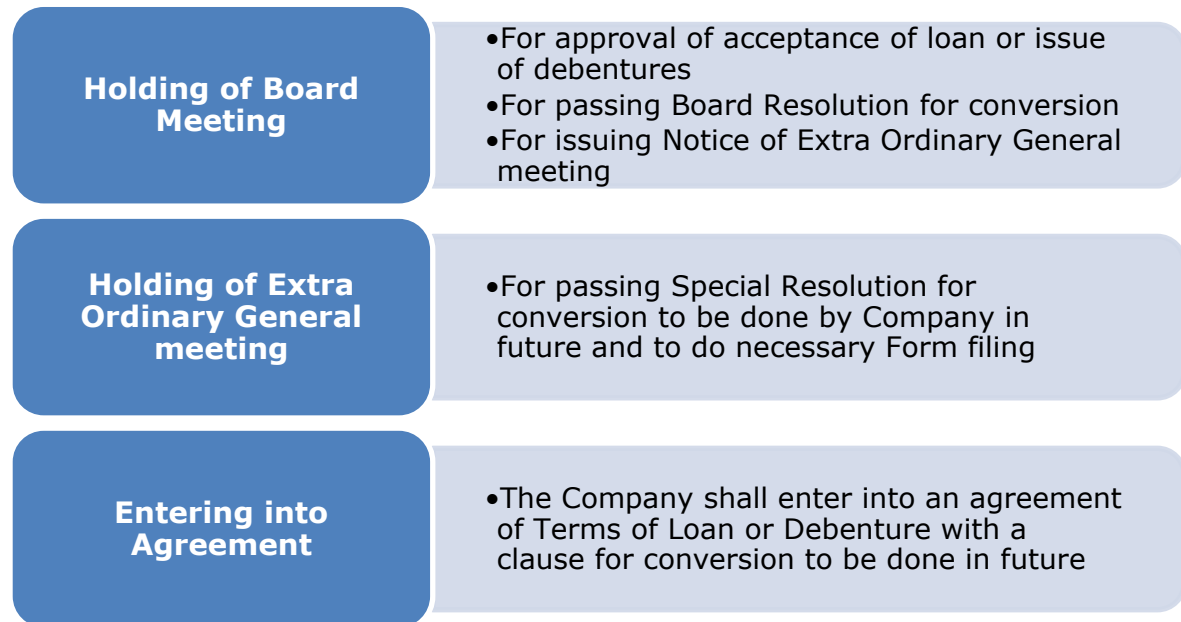
NON-APPLICABILITY- Provisions related to conversion of loan to equity shall not apply to the increase of the subscribed capital of a company caused by the exercise of an option as a term attached to the debentures issued or loan raised by the company to convert such debentures or loans into shares in the company.

CONDITION FOR CONVERSION OF LOAN INTO EQUITY-

1. The term of conversion at future dated must be mentioned in letter/Agreement of Debenture or Loan
2. Approval of shareholders by passing of special resolution in general meeting obtained at the time of issue of debenture or loan (i.e. prior approval in General Meeting by Special Resolution)
3. Filing of Form MGT-14 within 30 days of passing of Special Resolution

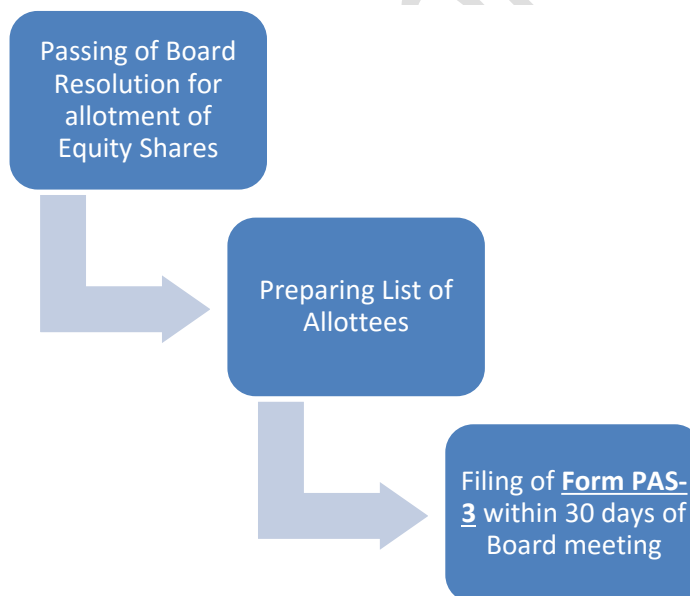
PROCESS FOR CONVERSION OF LOAN INTO EQUITY UNDER COMPANIES ACT, 2013-

STAGE 1- Steps before Issue of Debenture or Acceptance of Loan



STAGE 2- Steps at the time of conversion of Debenture / Loan into share capital

HOLDING OF BOARD MEETING



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