

COURSE TITLE**SHARES AND DEBENTURES: LAW AND PRACTICE**

Responsible Faculty Instructor: Sudhanshu Goil

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Designation: *Sudhanshu Goil* – Associate Professor of Practice / *Ashwin Mathew* – Associate Professor, Jindal Global Law School, OP Jindal Global University, Sonapat, Haryana

Credits: 4

Credits Type: Law

Cross-registration: Yes

Pre-requisites: NA

COURSE DESCRIPTION (COURSE VISION): This course seeks to help the students understand the law and practice governing shares and debentures under Indian corporate law. To this end, this course will look at the Companies Act, 2013 along with the relevant and applicable Rules, the Securities (Contract) Regulation Act, 1956, the Securities and Exchange Board of India Act, 1992 and relevant regulations, the Depositories Act, 1996 and the Depositories Bye-Laws of NSDL and CDSL, the Indian Contract Act, 1872 and the Indian Trusts Act, 1882. All relevant case law will also be examined. In addition to the law, the process of issuing and transferring shares and debentures will be examined. This will encompass initial public offerings, private placement and preferential allotment. The acquisition and transfer of shares will also be looked at from the perspective of a listed company, unlisted public company and private company. The course will also examine the foreign exchange implications of the issue and transfer of shares and debentures under the Foreign Exchange Management Act, 1999, Foreign Exchange Management (Permissible Capital Account Transactions) Rules, 2000 and the relevant regulations applicable to debt instruments and non-debt instruments. The manner in which the course will be presented, which can be seen in the weekly outline given below, is to deal with the common areas governing the law and practice of shares and debentures. Finally, certain sample agreements will be reviewed. At the end of the course, the students should have a clear understanding of the law and practice surrounding shares and debentures in India.

TEACHING METHODOLOGY: The teaching methodology for this course would include classroom lectures (with questions to test the basic understanding of students), classroom engagement between the lecturers and the students, review of case studies and an assessment of the student's absorption of the presented materials through periodic quizzes. Attendance and class participation will also be marked separately. The relevant material for a class will be identified / circulated to the students before the class, to facilitate

preparation for the class. Internal assessments comprising 70% of the total marks will include a quiz at the end of 4 (four) weeks from the start of the course, a mid-term examination at the end of 7 (seven) weeks from the start of the course, attendance and class participation. The remaining 30% will be determined in an end-term examination at the end of the course period.

INTENDED LEARNING OUTCOMES:

Course Intended Learning Outcomes	Weightage in %	Teaching and Learning Activities	Assessment Tasks/ Activities
Understanding the relevant basic principles (including legal principles) applicable to the subject matter of the course	20%	Lectures / Class presentations / Classroom discussions / Q&A sessions	Class participation / student response to quiz / mid-term examination / end-term examination
Understanding the law governing shares and debentures including statutory provisions, regulations and relevant case law.	40%	Lectures / Class presentations / Classroom discussions / Q&A sessions	Class participation / student response to quiz / mid-term examination / end-term examination
Understanding the practical aspects surrounding the issue and transfer of shares and debentures including foreign investment related concerns and sample agreements.	40%	Lectures / Class presentations / Classroom discussions / Q&A sessions	Class participation / student response to quiz / mid-term examination / end-term examination

READING LIST (up to 10 select readings):

1. Relevant provisions of the Companies Act, 2013 (the “**Act**”) and the relevant Rules (including the Share Capital and Debenture Rules, 2014 and the Prospectus and Allotment of Securities Rules, 2014)
2. Siddharth Raja *et al*, Avtar Singh’s Company Law, 18th ed., EBC, 2025 – Chapters 4 and 5;
3. Arvind Datar *et al* (eds.), A. Ramaiya, Guide to the Companies Act, 19th ed., Lexis-Nexis, 2020, Vols. 1 and 2;
4. SEBI (ICDR) Regulations, 2018 and SEBI (LODR) Regulations, 2015 as amended;
5. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended;
6. FEMA, 1999, FEM (Permissible Capital Account Transactions) Rules, 2000 and FEM (Non-Debt Instruments) Rules, 2019 (as amended);

7. RBI (Commercial Paper and Non-Convertible Debentures of original or initial maturity up to one year) Directions, 2024
8. SEBI (Issue and Listing of Non-Convertible Debentures) Regulations;
9. Master Direction – Foreign Investment in India,
10. Master Direction ECBs, Trade Credits and Structured Obligations and Master Direction RBI (Non-resident Investment in Debt Instruments) Directions, 2025; and
11. Master Direction – Borrowing and Lending transactions in Indian Rupee between Persons Resident in India and Non-Resident Indians/ Persons of Indian Origin

WEEKLY READING PLAN (WEEKLY OUTLINE):

A weekly plan is provided below:

MODULES	WEEK(S)
<p>▪ MODULE 1: BASICS</p> <ul style="list-style-type: none"> ▪ Understanding the meaning and import of shares, debentures and securities as defined under the relevant regulatory statutes; ▪ Sale of Goods Act, 1908 – transferable shares as an essential feature of the corporate form; ▪ Understanding other important terms like bonds, commercial paper, money market instruments? ▪ What are deposits? – The provisions of the Act and The Companies (Acceptance of Deposits) Rules, 2014; ▪ What are the different types of share capital and what are the characteristics of each type of share capital? Section 44 of the Act, distinction between private limited company and public limited company, thresholds of ownership under the Act and rights linked to each threshold level; ▪ Distinction between a private limited company and a public limited company – Section 2(68) of the Act and Section 58 of the Act – genesis of issues from the Companies Act, 1956 (Section 111 and Section 111A) – relevant case law. 	Week 1-2
<p>MODULE 2: ISSUE OF DEBENTURES</p> <p><u>Issuance of Debentures</u></p> <ul style="list-style-type: none"> ▪ Section 71 of the Act read with Rule 18 of the Companies (Share Capital and Debenture) Rules, 2014; ▪ Debenture Trustee – Roles and Responsibilities. 	Week 3
MODULE 3: DEMATERIALISATION OF SHARES	

Depositories Act, 1996, structure and impact of dematerialisation of shares – private companies (consent letter).	Week 4
MODULE 4: ISSUE OF SHARES & DEBENTURES	
<u>Public issue – key players in a public issue – process</u>	Week 5-6
<ul style="list-style-type: none"> ▪ provisions of the Act and relevant Rules; ▪ SEBI (ICDR) Regulations, 2018 (as amended); ▪ SEBI (LODR) Regulations, 2015 (as amended); ▪ SEBI (Issue and Listing of Non-Convertible Debentures) Regulations. 	
<ul style="list-style-type: none"> ▪ <u>Rights issue</u> – Section 62(1)(a) of the Act and the Companies (Share Capital and Debenture) Rules, 2014; ▪ <u>Preferential Allotment</u> – Section 62(1)(c) of the Act and the Companies (Share Capital and Debenture) Rules, 2014; ▪ <u>Private Placement</u> – Section 42 of the Act and the Companies (Prospectus and Allotment of Securities) Rules, 2014; ▪ <u>ESOPs</u> – Section 62(1)(b) of the Act v. sweat equity shares. 	Week 7-8
MODULE 5: SAMPLE AGREEMENTS	
<ul style="list-style-type: none"> ▪ Shareholders Agreement and Articles of Association (Call option, Put option, Tag and Drag Rights etc.); ▪ Examination of a sample share sale and purchase agreement; ▪ Examination of a Debenture Trust Deed. 	Week 9-10
MODULE 6: SECURITY FOR DEBENTURES	
<ul style="list-style-type: none"> ▪ Types of Securities – Mortgage, Hypothecation, Pledge, Assignment, PDCs, NACH; ▪ Creation and perfection of Security – Important fillings; ▪ Stamp Duty and Registration. 	Week 11
MODULE 7: TAKEOVER CODE	
Acquisition of control of 25% or more of a listed company, directly or in concert – open offer and process.	Week 12
MODULE 8: FOREIGN INVESTMENT IN SHARES & DEBENTURES	

<ul style="list-style-type: none">▪ Issue and transfer of shares to a foreign investor – implications under Foreign Exchange Management Act, 1999 and the relevant rules and regulations;▪ Issue and transfer of Debentures to a foreign investor – implications under Foreign Exchange Management Act, 1999, and the relevant rules and regulations.	Week 13-14
REVISION WEEK	Week 15