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SEBI Clarifies Scope of Regulation 62A: Transfer of Unlisted NCDs Under a Business Transfer Arrangement Does Not Circumvent Listing Requirements

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Securities and Exchange Board of India (SEBI) in its recent informal guidance dated 20 July 2026 (Informal Guidance), has clarified that Regulation 62A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (LODR Regulations), applies to outstanding unlisted non-convertible debentures, which was are transferred to a debt listed entity pursuant to any corporate restructuring or business transfer.

The Informal Guidance was issued as a response to the queries raised by Ananya Finance for Inclusive Growth Private Limited (Ananya), a debt listed company, which acquired all the assets and the liabilities of Prayas Financial Services Private Limited (Prayas) in terms of the business transfer agreement dated 28 February 2026 entered into between Prayas and Ananya (Business Transfer Arrangement). As a result of the Business Transfer Arrangement, the unlisted and unsecured non-convertible debentures (NCDs) issued by Prayas (being a debt unlisted entity) were also transferred to Ananya and the debenture obligations under the NCDs were assumed by Annaya. The transferred NCDs were issued on 4 July 2024 post the cut-off date i.e. 1 January 2024 as mentioned in the regulation 62A of LODR Regulations.

On 18 May 2026, Ananya submitted a request letter to SEBI (Request Letter) for an informal guidance under SEBI (Informal Guidance) Scheme, 2025, and raised the following queries in connection with the applicability of Regulation 62A of LODR Regulations:

Query 1: *Does the transfer of unlisted NCDs from a subsidiary under Regulation 62A mandatorily require listing on a recognized stock exchange, or would it be treated as a transfer (rather than a "new issuance") and therefore not necessitate a fresh listing application?*

Query 2: *If listing is compulsory, could SEBI provide detailed guidance on the process and procedural requirements for listing these debentures?*

In response to the Request Letter, SEBI issued the Informal Guidance and cleared the ambiguity surrounding the applicability of Regulation 62A of LODR Regulations by stating that:

- Regulation 62A of LODR Regulations, provides that a listed entity whose non-convertible debt securities are listed on a recognised stock exchange in India, shall list all its non-convertible debt securities issued or proposed to be issued on or after 1 January 2024 under Regulation 62A(1) of LODR Regulations. SEBI further clarified that the aim of Regulation 62A of LODR Regulations is to bring the unlisted non-convertible debt securities of listed debt entity (issued on or after 1 January 2024) under the purview of regulatory framework, thereby subjecting such unlisted non-convertible debt securities to the applicable disclosure and investor protection requirements.
- SEBI further clarified that "the applicability of Regulation 62A of LODR Regulations cannot be determined solely on the basis of the structure of a transaction." In the event of a corporate restructuring transaction including but not limited to a business transfer arrangement, the listed entity effectively undertakes and assumes all the outstanding liabilities associated with such outstanding non-convertible debt securities, together with all the obligations and compliance responsibilities, arising therefrom, effectively stepping into the shoes of the transferor issuer.

Therefore, in cases where the obligations of the outstanding non-convertible debt securities continue with the debt listed entity, the debt listed entity must comply 'holistically' with the requirements under Regulation 62A of LODR Regulations.

Further, while responding to the Query 2, SEBI advised that the listing of the NCDs should be undertaken in compliance with the regulatory operational framework prescribed by the recognised stock exchanges and the depositories. SEBI emphasised that, in relation to listing of non-convertible debt securities, Ananya must follow and comply with the (i) listing requirements of the relevant recognized stock exchange(s), (ii) procedural requirements of depositories including those pertaining to modification, activation, mapping and consequential changes to the ISIN and depository records.

SEBI's response to the queries specified under the Request Letter shows that SEBI's focus is not limited to whether there has been a fresh issue non-convertible debt securities by a debt listed entity. In this present scenario, there was no fresh issuance of non-convertible debt securities are issued by Ananya, the NCDs issued by Prayas are continuing with the same ISIN and it was merely a "*transfer*" of existing obligations in connection with the NCDs by Prayas to Ananya, pursuant to the Business Transfer Arrangement.

However, SEBI viewed such transfer of the NCDs as resulting in Ananya assuming the issuer obligations attached to such NCDs pursuant to the Business Transfer Arrangement brought such non-convertible debt securities within the scope of Regulation 62A of the LODR Regulations.

Key Takeaways

1. **Substance over form:** The legal form of the transaction is the focal point for SEBI. It gives emphasis that terming a structured transaction merely as '*transfer*' or '*assumption of obligations*' rather than a '*fresh issue*' doesn't allow a debt listed entity to do away with the compliance requirement under Regulation 62A of LODR Regulations. The main objective of the SEBI under Regulation 62A of LODR Regulations is to bring the unlisted non-convertible debt securities of a debt listed entity issued post 1 January 2024 under the ambit and purview of Regulation 62A of LODR Regulations.

2. **Corporate restructurings will need closer scrutiny:** Any intra-group restructuring including mergers, demergers, business transfers, slump sales that involves the transfer of unlisted non-convertible debt securities (issued after January 1, 2024) to a listed entity will trigger Regulation 62A of LODR Regulations. The debt listed entities planning to undertake such transaction will have to plan accordingly considering the impact on the transaction timelines, costs and structure of the deal.

3. **Impact on NBFCs and financial services groups:** The NBFC space wherein companies like Ananya operate frequently issue unlisted NCDs for on-lending purposes and working capital requirements. If the parent entity with listed debt, plans to absorb a subsidiary's business, listing obligations will be applicable on all such NCDs issued post 1 January 2024.

4. **AIF and private credit considerations:** Category II AIFs which invests primarily in unlisted non-convertible debt securities have started to raise concerns over the shrinking universe of unlisted non-convertible debt securities following the applicability of Regulation 62A of LODR Regulations. The Request Letter reiterates their concerns that even non-convertible debt securities that started as unlisted debt instruments at a subsidiary level shall fall within the ambit and purview of mandatory listing requirement of LODR Regulations once the obligations in relation to such unlisted debt instruments are transferred to a listed entity which may in turn affect their exit plan and structure of their investment.

Conclusion

The Request Letter settled the air around the applicability of Regulation 62A of LODR Regulations, and the market position has become clearer on the treatment of the unlisted non-convertible debt securities issued post 1 January 2024. SEBI finally settled the question: '*Does the mandatory listing requirement extend to unlisted non-convertible debt securities, which are transferred to or assumed by, listed entity pursuant to a corporate restructuring rather than a fresh issuance.*' The response provided by SEBI in the Informal Guidance is affirmative and the reasoning is given by SEBI hard to argue with. If a debt listed entity assumes the liabilities of another entity (including being an unlisted entity) pursuant to any corporate restructuring, then the obligations associated with the unlisted non-convertible debt securities issued after 1 January 2024 will continue with such debt listed entity and the unlisted non-convertible debt securities are required to be listed.

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