

SEBI LODR Amendment- Voluntary Delisting of Non-Convertible Securities

Chapter VIA has been inserted under the SEBI LODR for provisions relating to Voluntary Delisting of Non-Convertible Debt Securities and Non-Convertible Redeemable Preference Shares (hereinafter collectively referred as **Non-Convertible Securities**). Given below is a brief summary of the same:

1. **Eligibility to apply for voluntary delisting:** any listed entity can apply for voluntary delisting of its listed Non-Convertible Securities from all or any of the stock exchanges except in the following cases

–

- A listed entity which has outstanding Non-Convertible Securities issued by way of a public issue.
- A listed entity which has more than 200 securities holders excluding QIBs in any ISIN relating to Non-Convertible Securities.
- Where the Non-Convertible Securities have been delisted as a result of any penalty or action initiated against the listed entity or on grounds specified in Rule 21 of the Securities Contracts (Regulation) Rules, 1957.
- Where the Non-Convertible Securities have been delisted pursuant to resolution plan under the Insolvency & Bankruptcy Code, 2016. The details of such delisting are required to be disclosed to the Stock Exchanges within 1 working day of the approval of the resolution plan.

Where the non-convertible debt securities or non-convertible redeemable preference shares are listed on more than one stock exchanges, the listed entity may choose to delist such securities or shares from all stock exchanges except one such stock exchange having nationwide trading terminals. In such cases, the provisions covered below from point no. 2 to 5 will not apply and the conditions mentioned in Regulation 64H (2) will have to be complied with.

2. **In-principle approval of the Stock Exchanges:** Application to be made to the relevant Stock Exchanges for proposed delisting within 15 working days from the date of passing board resolution or receipt of any other statutory or regulatory approval whichever is later. Further, the Stock Exchange(s) shall dispose the application within 15 working days of receipt of such application by considering certain factors specified in the regulations.

3. **Obligations of the listed entity:** Regulation 64C provides for various obligations of the listed entity in the process of voluntary delisting as follows:

- Obtain approval of all Non-Convertible Securities holders within 3 working days of granting in-principle approval by the Stock Exchange.
- All events in respect of the proposal for delisting beginning with the proposal being placed before the listed entity's board till the delisting is completed shall be disclosed to the Stock Exchanges as material information under Regulation 51 of the SEBI LODR.
- Disclosure of certain information on the website within 2 working days from the date of in-principle approval from the stock exchange including objects and reasons for delisting, names of the stock exchanges from which the securities are proposed to be delisted along with details

of all such securities, statement from debenture trustee on adequacy of security cover in case of secured NCDs etc.

4. Notice of delisting and Approval from the holders

- Notice shall be sent to the holders of non-convertible securities within 3 working days from the date of receipt of in-principle approval from the Stock Exchange. The notice shall be displayed on the website and contain all disclosures specified under Regulation 64C.
- Notice shall also contain the provision of e-voting for the holders of non-convertible debt securities or non-convertible preference shares.
- The listed entity shall obtain approval from all the holders of non-convertible debt securities or non- convertible redeemable preference shares within 15 working days from the date of the notice of delisting. Further the listed entity shall obtain a No-Objection Letter from the Debenture Trustee.

5. Final application to Stock Exchange: Within 5 working days from the date of obtaining the requisite approval of holders of non- convertible debt securities or non-convertible redeemable preference shares, the listed entity shall make the final application for delisting to the stock exchange in the form specified by such stock exchange. Further the Stock Exchange shall dispose such application within 15 working days of receipt of application.

6. Failure of delisting proposal: Where the listed entity has failed to obtain approval for delisting proposal by way of in-principle approval from any of the Stock Exchange or from holders of non-convertible debt securities or non-convertible redeemable preference shares or debenture trustees, the listed entity shall intimate the stock exchanges within 1 working day from the date of event of failure.

.....