



MANDATORY DISCLOSURES IN DRAFT SCHEME OF ARRANGEMENT:

The listed entity shall disclose the following information in the draft scheme of arrangement including but not limited to:

- Face Value
- Dividend/Coupon: The terms of payment of dividends/ coupon including frequency, etc.
- Credit Rating
- Tenure/ Maturity
- Redemption: terms of redemption, amount, date, redemption premium/discount, & early redemption scenarios, if any.
- Safeguards for the protection of holders of NCDs/ NCRPS
- Exit offer to the dissenting holders of NCDs/ NCRPS, if any
- Other embedded features (put option, call option, dates, notification times, etc.
- Other terms of instruments
- Latest audited financials along with notes to accounts and any audit qualifications. (Financial statements should not be later than six months prior to the date of listing);
- An auditors' certificate certifying the payment/ repayment capability of the resultant entity.
- Fairness report as mentioned in para 2(c) above
- Any other information/details pertinent for holders of NCDs/NCRPS.

Once draft is filed no changes other than those mandated by authorities to be carried out

ADDITIONAL REQUIREMENTS IN CASE OF CONDITIONS FOR SCHEMES OF ARRANGEMENT INVOLVING UNLISTED ENTITIES

- LE to include information pertaining to the unlisted entity involved in the scheme in the format specified for abridged prospectus as provided in Part B of Schedule I of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021
- **Unlisted entities can merge with only those LEs which are listed only who are listed on exchanges having nation wide trading terminal**

POST APPROVAL COMPLIANCE BY LISTED ENTITY:

Within 60 days of approval of Scheme by Tribunal –

- LE/RE to make newspaper advertisements an English national daily and a regional daily having wide circulation at the place where the registered office of the transferee entity is situated, disclosing the following:
 - Name, address, capital structure (pre-post), debt structure (Pre-post);
 - Details of promoters, education qualification, experience, address)
 - Details of BoD;
 - Business Overview;
 - Latest restated audited financials - should not be older than 6 months
 - Outstanding material litigation and defaults of the transferee entity, promoters, directors or any of the group companies;
 - Regulatory Action, if any - disciplinary action taken by SEBI or Stock Exchange(s) against the Promoters in last five financial years;
 - Brief details of outstanding criminal proceedings against the Promoters;
 - Any material development after the date of the balance sheet
- LE/RE to ensure that NCDs/NCRPS issued pursuant to approval of scheme get listed and trading commences



LIST OF DOCUMENTS TO BE SUBMITTED TO SEs (prior to filing of application with NCLT):

- Draft scheme of arrangement/ amalgamation/ merger/ reconstruction, etc.
- Valuation Report (including an undertaking that no material event impacting the valuation has occurred during intervening period)
- Fairness opinion on the valuation of assets from SEBI registered Merchant Banker.
- Report from the BOD of the listed entity, recommending the draft scheme along with the valuation report, while ensuring it is not detrimental to the securities holders. The report to contain the following points
 - Impact of the scheme on the holders of NCDs/ NCRPS.
 - Safeguards for the protection of holders of NCDs/ NCRPS.
 - Exit offer to the dissenting holders of NCDs/ NCRPS, if any.
- Audited Financials (not older than 6 months) for the last 3 years
- Auditors certificate certifying that-
 - the resultant entity is capable of payment of interest/ repayment of principal
 - Accounting treatment proposed in the scheme is in conformity with the applicable accounting standards. **[Format of the certificate provided vide Annexure II to the Circular]**
- Detailed Compliance Report - certified by CS, CFO and MD confirming compliance with regulatory requirements provided in the scheme and accounting standards.
- Declaration on past defaults of obligations out of listed debt obligations (entities forming part of the scheme) if any.
- Declaration stating whether the listed entity or any of its promoters or directors is a wilful defaulter
- NOC from DT (to be submitted to SE before the receipt of NOC from SEs)

ADDITIONAL REQUIREMENTS:

- Report of Complaints/ Comments received by the listed entity on the draft scheme of arrangement.
 - A report containing details of complaints/comments if any on the Scheme to be submitted to the stock exchanges(s) within 10 days from the date of filing of the draft scheme.
- Report on the Unpaid dues/ fines/ penalties
 - LE to clear all the dues/penalties/fines imposed by SEBI, SEs, or Depositories before filing the draft scheme with SE;
 - In case of unpaid dues/penalties/fines, LE to submit details thereof along with draft Scheme. [Format of disclosure provided in Circular vide Annex- IV]
- Website Disclosure
 - Draft Scheme
 - No-Objection letter received from SE

Read our related resources:

1. [SEBI rationalizes ID appointment process that contradicts with CA, 2013](#)
2. [SEBI LODR amendments: Minority say in independent directors, added regulations for debt issuers](#)
3. [SEBI notifies amendments in LODR for NCS entities Scheme of Arrangement | Submission of financial results & line items | Transfer to IPEF for unclaimed NCS amounts by body corporate](#)

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