

Schemes of Arrangements by Debt listed entities to undergo stock exchange pre-scrutiny

[SEBI Circular dated 17.11.2022](#)

Applicability of Circular	On whom?	NCD/NCRPS listed entities intending to undertake/ involved in <u>scheme of arrangement</u>
	From when?	Immediate effect (17.11.2022)

Broad steps involved in undertaking a scheme of arrangement

Submitting draft scheme of arrangement with SE along with prescribed documents and hosting the same on website of LE (X Days)

↓ (X+10) days

Submission of a report on complaints/ comments received by the entity on the draft scheme of arrangement

↓ (X+30+7)days

Receipt of NOC from SE

↓ (X+30+7)days+6 months

Filing of application with NCLT

↓ Requisite timeline

Receipt of order of NCLT

What are schemes of arrangement?

Either a corporate restructuring (say, reduction of capital, compromise with creditors), or corporate entity related events, such as merger or demerger which are approved pursuant to the order of NCLT.

New specific requirements-

- The new regime is a regulation that was not applicable to debt listed entities
- Earlier regime was limited to equity listed

Report from BOD commenting on-

- (i) Impact of scheme on NCDs/NCRPS holders;
- (ii) Exit offer to dissenting holders, if any;

Auditor's Certificate certifying payment/repayment capability of resulting entity

Post approval of NCLT, Listing of NCDs/ NCRPS issued pursuant to the scheme of arrangement and trading commencement within 60 days

Areas of concern

1. Pre-scrutiny by SE before submitting the Scheme to NCLT
2. In case of involvement of unlisted cos, accuracy and adequacy of disclosures shall be certified by the SEBI registered Merchant Banker after following DD process
3. In case of scheme of arrangement between listed and unlisted cos, the listed co. is also required to submit a valuation report on behalf of unlisted co., from a Registered Valuer

Vinod Kothari & Company
 Mumbai| Kolkata| Delhi
corplaw@vinodkothari.com

Reach us on social media :