



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

CIRCULAR

CFD/DIL3/CIR/2017/105

September 21, 2017

To

All Listed Entities who have listed their equity and convertibles
All the Recognized Stock Exchanges

Dear Sir/Madam,

Sub: Schemes of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of Rule 19 of the Securities Contracts (Regulation) Rules, 1957

1. SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 lays down the framework for Schemes of Arrangement by Listed Entities and relaxation under Rule 19 (7) of the Securities Contracts (Regulation) Rules, 1957 (SCRR).
2. Clause III (A)(1)(b) of Annexure I of the aforesaid circular provides that at least twenty five per cent of the post-scheme paid up share capital of the transferee entity seeking relaxation from Rule 19(2)(b) of SCRR shall comprise of shares allotted to the public shareholders in the transferor entity.
3. In order to align the requirements specified for listing under schemes of arrangement under Clause III (A)(1)(b) of Annexure I of the Circular with those specified under Rule 19(2)(b) of SCRR, it has been decided to amend Clause III (A)(1)(b) of Annexure I of Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 as under:

“(b) At least twenty five per cent of the post-scheme paid up share capital of the transferee entity shall comprise of shares allotted to the public shareholders in the transferor entity;

Provided that an entity which does not comply with the above requirement may satisfy the following conditions:

- i. The entity has a valuation in excess of Rs.1600 crore as per the valuation report;*
- ii. The value of post-scheme shareholding of public shareholders of the listed entity in the transferee entity is not less than Rs.400 crore;*
- iii. At least ten percent of the post-scheme paid up share capital of the transferee entity comprises of shares allotted to the public shareholders of the transferor entity; and,*



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iv. The entity shall increase the public shareholding to at least 25% within a period of one year from the date of listing of its securities and an undertaking to this effect is incorporated in the scheme”

4. The Stock Exchanges are advised to bring the provisions of this circular to the notice of Listed Entities and also to disseminate the same on their websites.
5. This circular is issued under Section 11 of the SEBI Act, 1992 and Regulations 11, 37 and 94 read with Regulation 101(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Rule 19(7) of Securities Contracts (Regulation) Rules, 1957.
6. This circular is available on SEBI website at www.sebi.gov.in under the category “Legal / Circulars”.

Yours faithfully,

Narendra Rawat
Deputy General Manager
narendrar@sebi.gov.in