



Listing of NCRPS & NCDs
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Brahmayya & co.

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Introduction

SEBI (LODR) Regulations, 2015 has laid down detailed requirements to be complied by listed entities while undertaking scheme of arrangement for listing of equity or warrants. However, corporate restructuring may result in issuance of Non-Convertible Redeemable Preference Share (NCRPS) or Non-Convertible Debentures (NCDs), in lieu of specified securities. It was observed that SEBI regulations does not provide guidance for listing of such NCRPS/NCDs. Accordingly, Circular No. CIR/IMD/DF/50/2017 dated 26th May, 2017 has been issued addressing this concern. On issuance of NCRPS/NCDs, in lieu of specified securities, vide a scheme of arrangement; and such NCRPS/NCDs being proposed to be listed on Recognized Stock Exchanges, the listed entity shall additionally comply with the requirements elaborated further in this article, in addition to compliance with SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10th March, 2017, as amended from time to time.

Applicability

The circular shall be applicable for all the draft schemes filed with the Stock Exchanges after the date of this circular, i.e., 26th May 2017.

Eligibility

The Listed Entity may seek listing of NCRPS/NCDs issued pursuant to the scheme of arrangement if listed entity is part of the scheme of arrangement. For example, in case of demerger, resultant company issues NCRPS/NCDs to holders of demerged company as consideration. Also in case of amalgamation, amalgamated company issue NCRPS/NCDs to holders, as consideration under scheme of arrangement.

Tenure

The minimum tenure of NCRPS/NCDs shall be of one year.

Credit Rating

The NCRPS/NCDs have been assigned minimum such credit rating, if any, specified for public issue of NCRPS under SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 or for public issue of NCDs in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as the case may be, by a credit rating agency registered with the Board.

Valuation Report

The Valuation Report, referred in Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, shall also include valuation of the underlying NCRPS/ NCDs to be issued pursuant to the scheme of arrangement.

Disclosures in Scheme of Arrangement

The following should be clearly disclosed in Draft Scheme of Arrangement:

- Face Value & Price
- Dividend/Coupon, the terms of payment of dividends/coupon including frequency
- Credit Rating
- Tenure/ Maturity
- The terms of redemption, amount, date, redemption premium/discount, and early redemption scenarios, if any
- Other embedded features (put option, call option, dates, notification times)
- Other terms of instruments and information/details pertinent for the investors

Other Conditions

The listed entity shall further ensure compliance with the following:

- Issue of NCRPS/NCDs shall be in compliance with all the applicable provisions of the Companies Act, 2013 including the provisions related to creation and maintenance of Capital Redemption Reserve/Debenture Redemption Reserve.
- NCRPS/NCDs shall be issued in dematerialised form only.
- In case of NCDs, Debenture Trustee shall be appointed.
- In case of NCDs, the issuer has created/ shall create an appropriate charge or security, wherever applicable, in compliance with SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and Companies Act, 2013.
- All the provisions of SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 and SEBI (Issue and Listing of Debt Securities) Regulations, 2008 have been/ shall be complied with, except the provisions related to making a public issue, or making a private placement, or filing of offer document.

Compliance post Sanction of Scheme by the Hon'ble High Court/NCLT

A detailed compliance report duly certified by the Company Secretary and Managing Director of the listed entity, confirming compliance of scheme of arrangement, shall be included in application made under sub-rule (7) of Rule 19 of Securities Contracts Regulation Rules to SEBI for relaxation from listing of NCRPS/NCDs.

CHENNAI

48, Masilamani Road,
Balaji Nagar, Royapettah,
Chennai - 600014.
Phone: +91 - 044 - 28131 128/38/48
Fax: +91 - 28131158

BENGALURU

Khivraj Mansions, 10/2 Kasturba Road,
Bangalore - 560001.
Phone: +91 - 080 - 22274 551/52
Fax: +91 - 22212437

VISAKHAPATNAM

1-88-19, Plot No:135/4,
Sector 4, MVP Colony,
Visakhapatnam 53017
Phone: (0891) 2755821 & 2755848,
Fax: (0891) 2755848

GUNTUR

10-3-21, 3rd Lane, Sambasivapet,
Guntur - 522001.
Phone: +91 - 863 - 2220347/2224924
Fax: +91 - 2220347

TANUKU

22-29/5 Gubbalavari Street, Society
Road, Tanuku - 534211.
Phone: +91 - 8819 - 221 234/224 911

HYDERABAD

No 403&404, Golden
Green Apartments,
Erra Manzil Colony,
Hyderabad - 500082.
Phone: +91 - 040 - 23370 002/04
Fax: 23379 988

GURGAON (New Delhi)

404, DLF City Court,
Sikandarpur, MG Road,
Gurgaon,
Haryana - 122002
Phone :+91 - 0124 - 4235 522

VIJAYAWADA

No 33-25-33/3, Govinda
Rajulu Naidu Street,
Surya Rao Pet,
Vijayawada - 520010.
Phone: +91 - 866 - 2444 592/93/94

KAKINADA

3-16C-40/1, 8th Road, Santhi Nagar,
Kakinada - 5330003.
Phone: +91 - 884 - 2374 402/04
Fax: +91 - 2374 402, 2363656

ADONI

142/6, Sri Krishnadevaraya Colony,
Adoni - 518301.
Phone: +91 - 8512 - 253 447/222 377
Fax: +91 - 253447