

SOP FOR DELISTING OF EQUITY SHARES

A. Voluntary Delisting Process

1. INTRODUCTION

- a) Section 21A of the Securities Contracts (Regulation) Act, 1956 provides for the delisting of securities. Section 21A provides that a recognized stock exchange may delist the securities after recording the reasons, therefore, from any recognized stock exchange on any of the ground or grounds as may be prescribed under this Act
- b) The grounds for delisting the securities of a Company have been provided under Rule 21 of the Securities Contracts (Regulation) Rules, 1957.
- c) Chapter III of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, provides for the delisting of securities from the recognized stock exchanges.

2. TIMELINES FOR DISPOSAL OF APPLICATION OF DELISTING

- a) **Application for voluntary delisting made by the Company, where no exit opportunity is required**

The application made by the Company, *where no exit opportunity is required*, shall be disposed off **within a period of not exceeding thirty working days from the date of receipt of such application that is complete in all respects** in terms of Regulation 6 (3) of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.

- b) **Application for voluntary delisting made by the Company, where exit opportunity is required:-**

- i. The initial application seeking in-principle approval made by the Company shall be disposed off **within a period not exceeding fifteen working days from the date of receipt of such application that is complete in all respects** in terms of Regulation 12(3) of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.
- ii. The final application for delisting made by the Company shall be disposed of **within fifteen working days from the date of receipt of such application that is complete in all respects** in terms of Regulation 25(3) of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.

c) Applications for delisting of companies pursuant to the order of Tribunals/Courts (by operation of law)

On receipt of an intimation about the commencement of the CIRP, the Exchange shall submit its claim in the manner as provided under the IBC Rules.

Further, NSE is filing the claims with RP. Where Tribunal has not admitted any claims of the Exchange, the same shall be processed without placing the matter before the waiver committee. In case if there is no specific order, the Companies shall be required to seek a waiver from the Exchange

Unless *otherwise* specified by the directions of Hon'ble Tribunal/Courts, the applications/cases for delisting by operation of law shall be disposed off within a period of fifteen days from the date of receipt of an application for delisting complete in all respects and subject to clearance of all applicable dues of SEBI/Stock Exchanges.

d) Applications for delisting in case of small companies, companies listed on innovators growth platform after making an initial public offer and subsidiary company pursuant to a scheme of arrangement wants to get its equity shares delisted.

The application for delisting made by the Company shall be disposed off within twenty-one working days from the date of receipt of such application that is complete in all respects.

3. STAGE-WISE TIMELINES FOR DISPOSAL OF APPLICATION

Sr. No.	Particulars	Timeline for processing application of Companies other than CIRP referred.	Timeline for processing application of Companies referred to CIRP
Stage I – Receipt and Scrutiny of application			
1	Receipt of Application	T - Day	T - Day
2	Raising NOC from internal teams	T + 1 Day	T - Day
3	Receipt of NOC from the internal team	T + 4 Day	T + 2 Day
Stage II – Pending Requirements from Company			
1	Raising pending requirements from Company	T + 4 Day	T + 2 Day
2	Receipt of pending requirement from Company	T + 10 Day*	T + 6 Day**
Stage III – Internal Approval			
1	Seeking internal approval for delisting	T + 11 Day	T + 8 Days
2	Final disposal of application	T + 13 Day	T + 10 Days

- # Day shall be defined as working days of the Stock Exchanges
- * Assuming the Company submits pending requirements within 6 days.
- ** Assuming the Company submits pending requirements within 4 days

Note: The Delisting applications submitted by applicants which are complete in all respects and not disposed of by Exchanges within the stipulated timelines as per SEBI (Delisting of Equity Shares) Regulations, 2021, unless specifically informed about the reasons for delay, it shall be deemed that Exchange has approved the delisting application and such companies shall stand delisted from the exchange with effect from the last date of the said timelines i.e., timelines mentioned against final disposal of applications mentioned at point no. 2 above.

4. DETAILS OF DOCUMENTS TO BE SUBMITTED ALONG WITH APPLICATION

The details of documents to be submitted along with the application are attached with this note as below:

- a) For processing application, in case a company wants to get its equity shares delisted from one national-level stock exchange, but it would continue to remain listed on other national-level stock exchange(s), is attached as **Annexure 1**.
- b) For processing application in case the Company wants to get its equity shares delisted from all stock exchanges, and the equity shares of such Company would not remain listed on any of the recognized stock exchange having nationwide trading terminals:
 - i. In-principle approval for delisting is attached as **Annexure 2**.
 - ii. The final application for delisting is attached as **Annexure 3**.
- c) For processing application in case a company is admitted under Corporate Insolvency Resolution Plan and is delisted pursuant to Hon'ble NCLT's order is attached as **Annexure 4**.
- d) For processing application in case of small companies is attached as **Annexure 5 and 6**.
- e) For processing application in case of companies listed on innovators growth platform after making an initial public offer is attached as **Annexure 7**.
- f) For processing application of subsidiary company pursuant to a scheme of arrangement is attached as **Annexure 8**.

5. DETAILS OF FEES APPLICABLE /TO BE PAID WITH DELISTING APPLICATIONS*:

(Amt. in Rs.)		
Sr.No.	Type of Delisting	Fees charged by NSE
1	Delisting equity shares from one national-level stock exchange, but it would continue to remain listed on other national-level stock exchange(s) – No Exit Opportunity	1,50,000

2	Delisting equity shares from all national-level stock exchange – Exit Opportunity i. In-principle approval for delisting. ii. The final application for delisting.	1,50,000
3	Delisting equity shares in case of small companies	75,000
4	Delisting equity shares in case of companies listed on innovators growth platform after making an initial public offer	75,000
5	Delisting equity shares by the subsidiary company pursuant to a scheme of arrangement	1,50,000
6	Delisting equity shares in case a company is admitted under Corporate Insolvency Resolution Plan has been approved by Hon'ble NCLT	NIL

**Shall be subject to revision by the Stock Exchanges from time to time*

6. GRIEVANCES:

a) Receipt of Complaints

Any grievances with respect to the application filed for delisting shall be raised at the following email address:

At NSE: delisting@nse.co.in

b) Disposal of the complaints

All complaints shall be resolved within seven working days from the date of lodging of the complaint.

B. Compulsory Delisting Process

- i. Advisory providing pending compliances is issued to companies suspended under the provisions of SEBI SOP circular within 3 weeks from the date of suspension.
- ii. On the expiry of 4 months from the date of suspension, an advisory is sent to the suspended companies regarding provisions of compulsory delisting if the Company continues to remain suspended for a period of 6 months.
- iii. Companies proposed to be compulsorily delisted are identified from the list of suspended companies, which are suspended for more than 6 months. (The reason for suspension of trading may be on account of non-compliance of the SEBI (LODR) Regulation, 2015, or initiation of Liquidation proceedings against the Company.)
- iv. Show Cause Notice (SCN) is issued to Company that did not complete revocation formalities within one month after the lapse of six months.

- v. Company to be given an opportunity of 15 working days from the date of issue of SCN to provide their response to the SCN.
- vi. SCN is issued through email and hard copy on a best effort basis. If the address is different on the MCA website, the hard copy is sent to both addresses.
- vii. Also, emails are sent to the promoters of the Company enclosing the SCN at their available and last known email address, informing them of the consequences of delisting.
- viii. Initial Public Notice is issued to the market one month after the lapse of 15 working days and after evaluating compliances and considering representations. The Initial Public Notice grants a time of 15 working days for making representations. Also, the Companies where the SCNs are returned undelivered will be identified as such in the IPN.
- ix. The agenda is prepared for the Delisting Committee meeting after incorporating the responses received from the companies.
- x. A personal hearing is provided to the Company if the Company is not before NCLT, NCLAT, or under the IBC/ Liquidation process, or if RP/ Liquidator is appointed, etc.
- xi. A Committee Meeting is held on the pre-decided date.
- xii. Post the final hearing in the matter, the order of the Committee is prepared.
- xiii. Approval on the order/minutes is received from the Committee members.
- xiv. In case the Company to be delisted is confirmed from the MCA website, to be not under Liquidation, the following process is followed: -
 - a. Empaneled valuer is appointed to determine the fair value of the Company's equity shares.
 - b. The fair value of the Company is to be incorporated in the final public notice.
- xv. The fair value determined by the valuer appointed by one exchange shall be adopted by other Exchanges where the Company is listed.
- xvi. Final Public Notice is issued intimating the delisting of equity shares of Companies along with the fair value determined by the valuer. The date of delisting shall be when the final public notice is published in the newspaper.
- xvii. A detailed order is issued to the Companies informing the decision of the Committee.
- xviii. A Circular is issued to the market informing delisting of the Companies.
- xix. Depositories are instructed to freeze the promoters/ promoter group holding till an exit opportunity is provided to the shareholders, where the Fair Value is positive.
- xx. SEBI, ROC, Liquidator, and other Stock Exchanges are informed regarding the Companies that are being delisted.
- xxi. Companies are moved to the Dissemination Board except for the Companies that are under Liquidation.
- xxii. All Public notices and Orders will be disseminated on the Exchange website.
- xxiii. Notwithstanding the representation that is made by the Company and the consideration of the same by the Committee or any orders for Tribunals/Courts,

the Exchanges shall endeavor to make the decision on compulsory delisting within 9 months from the initiation of the compulsory delisting process.

*** Consequences of compulsory delisting**

1. Where a company has been compulsorily delisted under this Chapter, the company, its whole-time directors, person(s) responsible for ensuring compliance with the securities laws, its promoters and the companies which are promoted by any of them shall not directly or indirectly access the securities market or seek listing of any equity shares or act as an intermediary in the securities market for a period of ten years from the date of such delisting.
2. In case of a company whose fair value is positive -
 - a) such a company and the depositories shall not effect transfer, by way of sale, pledge, etc., of any of the equity shares held by the promoters / promoter group and the corporate benefits like dividend, rights, bonus shares, split, etc. shall be frozen for all the equity shares held by the promoters/ promoter group, till the promoters of such company provide an exit option to the public shareholders in compliance with sub-regulation (4) of regulation 33 of these regulations, as certified by the relevant recognized stock exchange;
 - b) the promoters, whole-time directors and person(s) responsible for ensuring compliance with the securities laws, of the compulsorily delisted company shall also not be eligible to become directors of any listed company till the exit option as mentioned in clause (a) is provided.