



CAPITAL MARKETS

N. A. SHAH BULLETIN

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Chartered Accountants



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EXECUTIVE SUMMARY

- SEBI has amended the minimum amount for subscription towards initial and further offer of units by REITs and InvITs and the number of units in a tradeable lot.
- Relaxation in time is provided by SEBI for holding the annual general meeting by top 100 listed entities.
- SEBI has provided clarification for the term 'same line of business' in respect of special procedure for delisting of listed subsidiary company through a Scheme of Arrangement.

1. Amendments in minimum subscription and trading lot for REITs and InvITs

- The minimum application value has been revised from INR 50,000 (in case of REITs) and INR 1,00,000 (in case of InvITs) to a range of INR 10,000 to INR 15,000 and the trading lot size has been revised from hundred units to one unit.
- In case of InvITs, the minimum number of unitholders, other than sponsor, its related parties and its associates shall be five together holding not less than 25% of the total unit capital of such InvITs.

2. Relaxation in time for holding AGM

SEBI (Listing Obligations and Disclosure Requirements) Regulations ("LODR") requires top 100 listed entities by Market Capitalization to hold AGM within 5 months of the close of the financial year. In order to provide relaxation during this COVID time, SEBI has extended the time limit to hold the AGM for such entities for the financial year 2020-21 to 6 months of the close of financial year.

3. Procedure for listed subsidiary company desirous of getting delisted through a Scheme of Arrangement.

- SEBI (Delisting of Equity Shares) Regulations has recently introduced a special provision for a listed subsidiary company getting delisted through a scheme of arrangement by an order of a Court or Tribunal with its listed holding company, whose shares are frequently traded and where the listed subsidiary company and listed holding company are in the 'same line of business'.
- For the above purpose, the term 'same line of business' has now been defined as under:
 - a) The principal economic activities of both listed holding company and listed subsidiary company are of the same Group under the NIC Code 2008.
 - b) Not less than 50% of revenue from operations of the listed holding company and listed subsidiary company must come from same line of business as per last audited annual financial results.
 - c) Not less than 50% of net tangible assets of the listed holding company and listed subsidiary company must have been invested in same line of business as per last audited annual financial results.
 - d) In case of change of name in last 1 year, not less than 50% revenue calculated on a restated and consolidated basis, for the preceding year has to be earned by it from the activity indicated by its new name.

- e) The listed holding company and listed subsidiary company have to provide a self-certification with respect to both the companies being in the same line of business.
- o The statutory auditor and the merchant banker shall certify that the satisfaction of the above criteria.
- o Further, the shares of the listed holding company and listed subsidiary company shall be listed for at least 3 years and the listed subsidiary company shall be a listed subsidiary of the listed holding company for a period of 3 years.

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