



CAPITAL MARKETS BULLETIN

N. A. SHAH BULLETIN

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Chartered Accountants

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EXECUTIVE SUMMARY

- SEBI has clarified the minimum value of secured creditors whose NOC is required for the scheme of arrangement of listed entities.
- SEBI has provided framework for conversion of Private Unlisted InvIT into Private Listed InvIT and for Private Listed InvIT into Public InvIT.

1. No Objection Certificate (NOC) in scheme of arrangement

Listed company undergoing a scheme of arrangement is required to file with the stock exchange NOC from the lending scheduled banks / financial institutions / Debenture Trustees. However, now SEBI has issued a clarification that NOC from atleast 75% of the above parties is required. Further, the said requirement will be applicable for the schemes filed after 16th November 2021.

2. Conversion of Private Unlisted InvIT into Private Listed InvIT and Private Listed InvIT into Public InvIT

SEBI has introduced additional framework in relation to conversion of a Private Unlisted InvIT (PRU) to a Private Listed InvIT (PRL) and for Private Listed InvIT (PRL) to Public InvIT (PL) which as under:

- a. Conditions for issuance: In addition to the existing conditions, the PRU/PRL must have complied with all relevant obligations and disclosures for the preceding 3 years or since the date of issuances of units, whichever is less and should also have not defaulted in any payments of distribution. The PRU/PRL also have to obtain consent from 75% of the unit holders in value before making a private placement.
- b. Conditions for offer for sale: The units of PRU/PRL can be offered for sale if the said units have been held for a period exceeding 1 year and the units have no encumbrances on them. Further, holding of equity shares, compulsory convertible securities and partnership interest shall also be included in the holding period of 1 year. Further unit holders other than the sponsor, its associates and its related parties who offer the units for sale shall not participate in the private placement.
- c. Restriction on transferability of units: Units held by the sponsor in excess of the minimum shall be locked in for a period on 1 year from the date of listing.
- d. Maximum investment from investors: Maximum investment from investors other than the sponsors, their associates and relatives shall not exceed 25% of the total capital post issue.

e. Minimum Sponsor Contribution:

- Conversion of Private Unlisted InvIT (PRU) to Private Listed InvIT (PRL): Minimum contribution during the private placement shall be 15%/25% of the units offered or to the extent of 15%/25% of the post issue capital and such units shall be in locked-in for a period of 3 years from the date of listing of units.
 - Conversion of Private Listed InvIT (PRL) to Public InvIT (PL): Minimum contribution during the private placement shall be 15%/25% of the units offered or to the extent of 15%/25% of the post issue capital. Units under minimum sponsor contribution shall be locked in for a period of 18 months from the date of listing of units.
- f. Further, SEBI has also prescribed certain additional disclosures to be made in the offer document.

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