



CIRCULAR

SEBI/HO/CFD/DIL1/CIR/P/2021/0585

Date: July 06, 2021

To

All Listed Entities who have listed their equity and convertibles

All the Nationwide Stock Exchanges

Dear Sir/Madam,

Sub: Standard Operating Procedure for listed subsidiary company desirous of getting delisted through a Scheme of Arrangement wherein the listed parent holding company and the listed subsidiary are in the same line of business.

1. SEBI, vide notification dated June 10, 2021, has notified the amendments made to the SEBI (Delisting of Equity Shares) Regulations, 2021 wherein, in Chapter VI, Part C, and Regulation 37, special provisions for a listed subsidiary company getting delisted through a scheme of arrangement have been inter-alia inserted with respect to a listed holding company and the listed subsidiary company who are in the 'same line of business'.
2. It is hereby clarified that for the purposes of defining 'same line of business', the following criteria need to be fulfilled by the listed holding company and the listed subsidiary company: -
 - i. The principal economic activities of both Holding company and Subsidiary Company are under the same Group (3-digit numeric code) under the National Industrial Classification (NIC) Code 2008.
 - ii. Not less than 50% of revenue from the operations of the listed holding and listed subsidiary company must come from the same line of business as per

last audited annual financial results submitted by both the companies in compliance with SEBI (LODR) Regulations, 2015.

- iii. Not less than 50% of the net tangible assets of the listed holding and listed subsidiary must have been invested in the same line of business as per last audited annual financial results submitted by both the companies in compliance with SEBI (LODR) Regulations, 2015.
 - iv. In case of change of name of the listed entities, within the last one year, at least fifty percent of the revenue, calculated on a restated and consolidated basis, for the preceding one full year has to be earned by it from the activity indicated by its new name.
 - v. The listed holding company and the listed subsidiary have to provide a self certification with respect to both the companies being in the same line of business.
3. All of the above mentioned criteria (i.e. Sr. No. 2 i to 2 v) shall be certified by the Statutory Auditor and SEBI Registered Merchant Banker.
 4. In terms of Regulation 37(2)(e) and (f) of the SEBI (Delisting of Equity Shares) Regulations, 2021, the shares of the listed holding company and the subsidiary company shall be listed for at least 3 years and the subsidiary company shall be a listed subsidiary of the listed holding company for a period of 3 years.
 5. The recognized stock exchanges are directed to bring the provisions of this circular to the notice of the listed companies and also to disseminate the same on their website.
 6. This circular is issued in exercise of powers conferred by Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulations 11, 37 and 94 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, to protect the interests of investors in securities and to promote the development of, and to

regulate the securities market.

7. A copy of this circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework/Circulars".

Yours faithfully,

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