



**Corporate  
Professionals**  
WHERE EXCELLENCE IS LAW



# COMPULSORY DELISTING

Understand Implications & Explore Post-  
Debarment Pathways



# DELISTING

## Types of Delisting

### Voluntary

Exit to be provided

Floor Price to be determined

Success of the Delisting offer to be checked

Post Delisting Promoter holding > 90% Threshold

Relisting possible after 3 years





# WHAT IS COMPULSORY DELISTING?

Removal of company's shares from a stock exchange by order of the exchange

Triggered by persistent non-compliance, fraud, or disappearance

Not initiated by company; it is regulatory enforcement.





# **The Real Cost of Delisting**

**"One year of non-compliance  
can erase decades of  
credibility and trust."**





# GROUNDS FOR COMPULSORY DELISTING

Suspension of  
trading over 6  
months

Vanishing companies  
or untraceable  
promoters

Failure to maintain  
MPS norms

Fraudulent or illegal  
activities

Non-Compliance with  
Listing obligation





# **NO. OF COMPANIES**

**388**

**BSE**

**29**

**NSE**

**16**

**MSEI**

**COMPULSORY DELISTED  
FROM 2020- 2025**





# LEGAL FRAMEWORK

SEBI (Delisting of Equity  
Shares) Regulations,  
2021

SEBI Master Circular  
SEBI/HO/CFD/PoD2/CI  
R/P/0155 – Chapter  
VII: FOR PENAL  
ACTIONS

Securities Contracts  
(Regulation) Act, 1956 –  
Section 21A

SEBI Act, 1992 –  
Sections 11 & 11B: FOR  
ENFORCEMENT





# COST OF NON-COMPLIANCE

**01.**

IMPOSITION OF FINE

**02.**

FREEZING OF  
PROMOTER  
SHAREHOLDING

**03.**

SUSPENSION OF  
TRADING

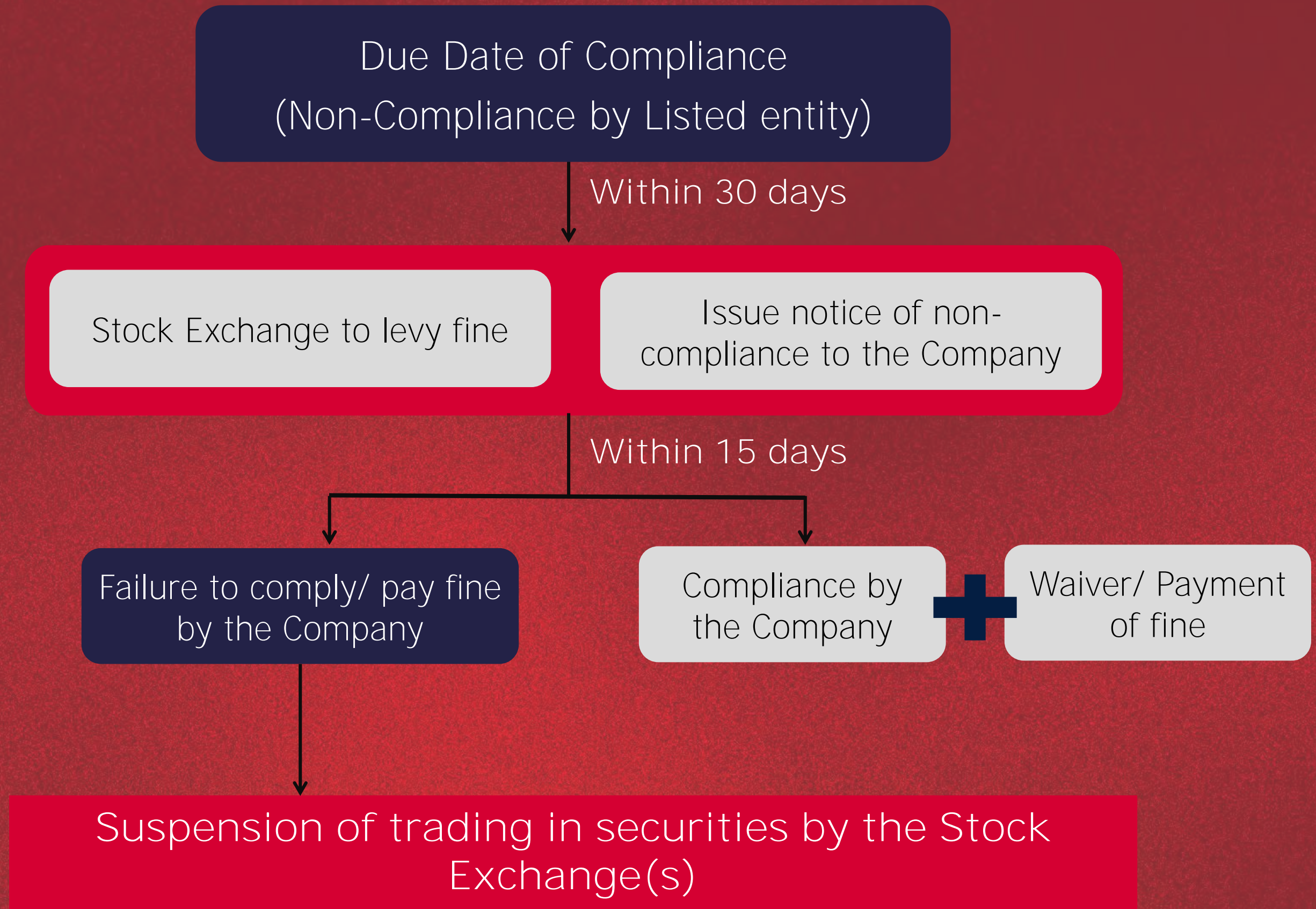
**04.**

COMPULSORY  
DELISTING





# Suspension of trading





# SUSPENDED COMPANIES

**532**

**BSE**

**119**

**NSE**





# Effects of Suspension in Trading

On the  
Promoters  
&  
Promoter  
Group

- Freezing of Promoters & Promoter Group Demat Accounts;
- **Promoters can't transfer their shares by way of sale, pledge etc.;**
- Cannot raise funds from the public/ the Promoters;
- Negative image of the Promoters.
- Credibility getting affected, thus affecting Bank funding options for suspended Promoters;





# Effects of Suspension in Trading

On the  
Listed  
Company

- Mounting Penalties on the entity;
- Degrading to worst Category Z;
- No Trading in scrips;
- Credibility getting affected, thus affecting Bank funding options for suspended companies;
- Cannot raise funds from the public/ the Promoters;
- Negative image of the Company.





# STOP LOSS AT THIS POINT-



Continuing as a 'Listed Entity':  
Get the suspension revoked



Discontinuing as a 'Listed Entity':  
Get the suspension revoked &  
proceed with Voluntary delisting.

**01.**

RECTIFY  
NON\_COMPLIANCE

THE

**02.**

PAY OUTSTANDING FINES

**03.**

APPLICATION TO STOCK  
EXCHANGES FOR  
REVOCATION OF  
SUSPENSION

**04.**

RESUMPTION OF  
TRADING – SPECIAL  
PRE OPEN SESSION





**THE END STAGE.....**

**COMPULSORY**

**DELISTING!!**





# PROCESS OF **COMPULSORY DELISTING**

## **IDENTIFY**

Stock exchange identifies companies that are non-compliant with the listing requirements

## **SHOW CAUSE**

Stock Exchange issue SCN to Company & Promoters

## **PERSONAL HEARING**

Opportunity to be heard given to Promoter & Company

## **ORDER**

If explanations are unsatisfactory, the stock exchange issues a final order for compulsory delisting

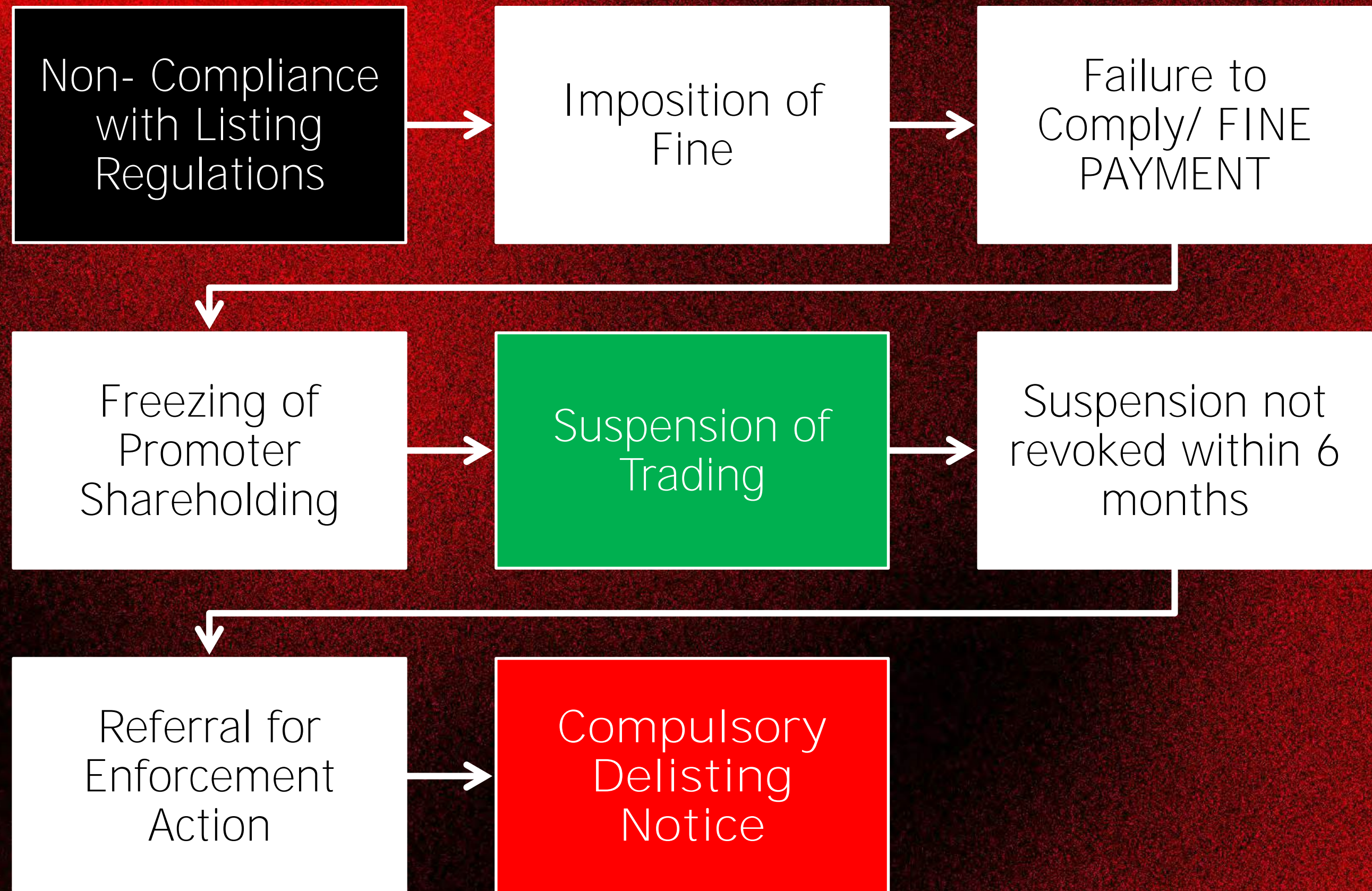
## **EXIT**

Promoters are mandated to provide an exit offer to public shareholders





# IDENTIFICATION BY STOCK EXCHANGES





# Consequences of Compulsory Delisting

**01.**

Shares no longer tradeable on stock exchange

**02.**

10 year restrictions on  
accessing capital markets  
by Company/ WTDs/  
Promoters/ PG/ Cos.  
Propoted by them/  
Compliance Officer

**03.**

Relisting barred for 10 years

**04.**

Promoters must provide  
exit to public shareholders  
at fair value





# Impact of Compulsory Delisting:

Listed  
Company

Promoters

1. Directly or Indirectly control over affairs of the Company;
2. On whose advice, directions or instructions the Board of Directors is accustomed to act.

Promoter  
Group

1. Promoters;
2. Immediate relative of Promoters;
3. Holding/ subsidiary of Promoter who is a body corporate;
4.  $\geq$  20% shareholding in a body corporate by the Promoter which is a body corporate, and vice-versa.
5. Body corporate where Promoter/ its relatives or their firm/HUF own 20% or where this body corporate owns 20% or more
6. HUF/firm where promoters/their relatives own 20% or more

Executive  
Director

Director in the whole-  
time employment of the  
company

Persons  
responsible for  
ensuring  
compliance of  
securities laws

For instance:  
Company Secretary  
& Compliance  
Officer, Chief  
Financial Officer.





# **Impact of Compulsory Delisting:**

## **Promoters/ Directors**

Company  
+  
Promoter  
+  
Promoter Group  
+  
Companies Promoted by  
Promoters  
+  
Whole-time Directors  
+  
Persons responsible for  
ensuring compliance of  
securities laws



10 YEAR  
DEBARMENT

From accessing the  
capital markets from the  
date of delisting.





# Impact of Compulsory Delisting: Promoters/ Directors

Promoter  
+  
Promoter Group  
+  
Whole-time Directors  
+  
Persons responsible for  
ensuring compliance of  
securities laws



To become the  
directors of any  
listed company till  
they provide exit  
option to  
shareholders





# EXIT TO SHAREHOLDERS

## Obligation after Delisting Order

- Promoters obliged to give Exit Opportunity to Public

## Determination of Fair Value

- Exit to be given at the Fair Value determined by the SE, in their Delisting Notice

## Public Announcement

- Promoters to disclose fair value for exit to all shareholders

## Opening of Escrow Account

- Total Consideration to deposited (exit price X Public holding)

## Offer Period

- The Exit Opportunity to be provided within 3 months of Delisting

## Payment

- Due payment to be made to the persons who tender the shares

Failure to give exit opportunity will attract Promoters debarment from Securities Market and other enforcement action by SEBI





# LEGAL REMEDIES & COMPLIANCE STRATEGIES

**01.**

RESPOND PROMPTLY TO  
SHOW CAUSE NOTICE

**02.**

APPEAL VIA SAT WHEREVER  
APPLICABLE

**03.**

SEBI  
MECHANISM  
VIOLATIONS

SETTLEMENT  
FOR

**04.**

RELISTING AFTER 10  
YEARS





# **SAT's Intervention: Granting Companies Opportunities to Revive and Comply**

I FL Promoters Ltd. Vs. BSE Ltd. (SAT Appeal No. 728 of 2023)

- Appeal against the compulsory delisting of the shares of the Company was filed.
- The Management of the Company was willing to revive the Company and was ready to comply with the alleged non-compliances.
- SAT directed the Company to deposit a sum of Rs.30 lakhs and to file an application for compliance of the balance non-compliances and for recall of the impugned order.
- SAT directed the Stock Exchange to reconsider after compliance with its order.





# **SAT's Intervention: Granting Companies Opportunities to Revive and Comply**

Entegra Ltd. Vs. NSE Ltd. (SAT Appeal No. 482 of 2018)

- Appeal against the compulsory delisting of the shares of the Company was filed.
- The Company had a genuine interest in rejuvenating its business and has been making all-out efforts to comply with the requirements for remaining listed.
- SAT observed that the NSE had delisted the Company in a technical way without considering the overall interest of the securities market.
- In the interest of justice, the SAT provided opportunity to the Company to comply with all the non-compliances.





# **SAT's Intervention: Granting Companies Opportunities to Revive and Comply**

Yantra Natural Resources Limited Vs. BSE Ltd. (SAT Appeal No. 728 of 2023)

- Appeal against the compulsory delisting of the shares of the Company was filed.
- The Management of the Company was willing to comply with the alleged non-compliances and pay the annual listing fees.
- SAT directed the Company to comply with all the alleged non-compliances.
- SAT directed the Stock Exchange to reconsider after compliance with its order.





# **SAT's Intervention: Granting Companies Opportunities to Revive and Comply**

Manpasand Beverages Limited. Vs. BSE Ltd. (SAT Appeal No. 18 of 2025)

- Appeal against the compulsory delisting of the shares of the Company was filed.
- The Company showed genuine intent to revive its business, facing delays due to auditor resignation and ongoing insolvency proceedings.
- SAT found **BSE's** delisting approach overly technical, neglecting the broader interests of the securities market.
- SAT granted the Company a final chance to address non-compliances.
- The Company assured full compliance without further extensions.





# **SAT's Intervention: Granting Companies Opportunities to Revive and Comply**

Samtel India Ltd. Vs. BSE Ltd. (SAT Appeal No. 395 of 2024)

- Appeal against the compulsory delisting of the shares of the Company was filed.
- The Company submitted that it will file all the physical copies of compliances and make the payment towards listing fees, penalties, if any, etc.
- SAT directed the Company to file physical copies of compliances and make the payment towards listing fees, penalties.
- SAT directed the Stock Exchange to reconsider after compliance with its order.





# SAT Rulings on Delisting: Upholding Natural Justice

Divine Multi Media  
(India) Ltd. Vs. BSE  
Ltd.  
(SAT Appeal 17 of  
2019)

Union Bearings  
(India) Ltd. Vs. BSE  
Ltd.  
(SAT Appeal 522 of  
2019)

Softtrak Venture  
Investment Ltd. Vs.  
BSE Ltd.  
(SAT Appeal 234 of  
2018)

- In all these cases, the SAT found that the appellants were not granted a hearing before the delisting committee, breaching natural justice principles.
- Consequently, the SAT overturned the delisting orders and directed the BSE Delisting Committee to conduct a fair hearing before making a new decision.





# POSSIBILITY OF RELISTING



Not allowed for 10 years post-compulsory delisting



Must fulfill IPO-level criteria



Disclosure of delisting history is mandatory





**KEY  
TAKE-  
AWAY**

**Better to  
Comply Than  
to Face  
Delisting**





# **Regulatory Compliance is Not Optional — It's Strategic**

- Non-compliance leads to irreversible reputational damage.
- Promoters may face market access restrictions for up to 10 years.
- Public shareholders lose liquidity and value.
- Directors may be barred from serving on boards of listed companies.





# Compliance = Continuity

- Timely submission of financials, disclosures, and listing fee payment avoids regulatory action.
- Investor confidence is preserved through consistent compliance.
- Ensures continued market listing and access to capital markets





# Exit Route Is Costly and Risky

- Providing an exit to shareholders involves:
  - Funds to be put in the Escrow account
  - Legal Risk of non-fulfilment
- SEBI can impose penalties, debarment, and enforcement action like WINDING-UP





# **BEST PRACTICE**

**Stay Listed.  
Stay Compliant.  
Stay Investible.**

