

Speedy Rights Issue @ BM approval + 23 working days

Merchant banker appt, due diligence requirement, DLOF filing to SEBI done away with

Objective: To make Rights Issue (RI) a preferred mode vis-à-vis other modes of fund raising, making it faster along with enabling allotment to selective investors (SI).

Letter of Offer (LoF)

- Discontinuation of filing draft LoF with SEBI -
- Simplified content of [LoF](#)
- Rationale: most information is available in the public domain, investing in RI is akin to secondary market purchase.

Reduced RI timelines

- 23 working days from BM for approval of rights issue
 - *Presently avg. 317 days for RI and 126 days for fast track RI*
- Max timeline prescribed for each stage of activity

Merchant Banker

- Appointment of merchant banker and due diligence done away with;
 - Functions to be carried out by issuer, SEs, Designated SE (DSE) & RTA
 - **Issuer** - LoF finalisation, selection of intermediaries, marketing, pricing of RI, monitoring investor grievance, post issue reports to SEBI.
 - **RTA/ DSE** - follow up with bankers and SCSB for subscription estimates, advising on closure of issue, finalising basis of allotment.
 - **DSE**- operate RI escrow account, release of funds to issuer.
 - **RTA**- Dispatch of certificates or refunds/ unblocking of application monies.

Other amendments proposed

- ICDR regulations to apply to all RIs
 - *Presently, RI of less than Rs. 50 cr are exempt.*
- Trading in shares of issuer should not be suspended at the time of making RI
- Appointment of a Monitoring Agency mandatory for all RIs
 - *Presently needed where RI size exceeds Rs. 100cr*
- validation of applications and finalization of basis of allotment to be done by SEs and Depositories instead of RTA

Renunciation of Rights Entitlements (REs) to SIs

- Upfront disclosure of renunciation - name of the renounee(s); name of the promoter / promoter group(PG), number of REs to be renounced.
 - Public advertisement in english, hindi & regional national daily newspaper
 - 2 days prior to issue opening.
 - SE and website disclosure
 - *Presently, permitted only within PG where minimum subscription not achieved or fast track RI*
- For REs renounced, the investor cannot withdraw application

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