



CIRCULAR

SEBI/HO/CFD/CIR/CFD/DIL/67/2020

April 21, 2020

To

All Recognized Stock Exchanges
All Registered Merchant Bankers

Dear Sir/Madam,

Sub: Relaxations from certain provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 in respect of Rights Issue.

1. In the wake of developments relating to the Covid-19 pandemic, a number of suggestions have been received by SEBI from industry bodies and market participants for easing of conditions relating to raising of funds from the securities market.
2. In this context, it has been decided to introduce temporary relaxations in the provisions related to Rights Issues as contained in the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**ICDR Regulations**") as follows:

A. Relaxations with respect to the eligibility conditions related to Fast Track Rights Issues:

Unless otherwise specified, nothing contained in sub-regulations (1), (2), (4) and (5) of the Regulation 71 shall apply if the issuer satisfies the conditions mentioned under Regulation 99 of ICDR Regulations for making a rights issue through the fast track route.

Certain temporary relaxations with respect to Regulation 99 of ICDR Regulations are extended as follows:

- (i) In regulation 99(a) the words 'three years' shall be read as 'eighteen months'
- (ii) In regulation 99(c) the words 'two hundred and fifty crores' shall be read as 'one hundred crores'
- (iii) In regulation 99(f) and its proviso the words 'three years' shall be read as 'eighteen months'
- (iv) Regulation 99(h) shall be read as under:
"no show-cause notices, excluding under adjudication proceedings, have been issued by the Board and pending against the issuer or its promoters or whole-time directors as on the reference date;



In cases where against the issuer or its promoters/ directors/ group companies,

- i) a show cause notice(s) has been issued by the Board in an adjudication proceeding or*
- ii) prosecution proceedings have been initiated by the Board;*

necessary disclosures in respect of such action (s) along-with its potential adverse impact on the issuer shall be made in the letter of offer.

- (v) Regulation 99(i) shall be read as “the issuer or promoter or promoter group or director of the issuer has fulfilled the settlement terms or adhered to directions of the settlement order(s) in cases where it has settled any alleged violation of securities laws through the consent or settlement mechanism with the Board”*
- (vi) In regulation 99 (j) the words ‘three years’ shall be read as ‘eighteen months’.*
- (vii) Regulation 99 (m) shall be read as “For audit qualifications, if any, in respect of any of the financial years for which accounts are disclosed in the letter of offer, the issuer shall provide the restated financial statements adjusting for the impact of the audit qualifications.*

Further, that for the qualifications wherein impact on the financials cannot be ascertained the same shall be disclosed appropriately in the letter of offer.”

B. Relaxation with respect to Minimum Subscription:

Regulation 86(1) shall be read as under-

*The minimum subscription to be received in the issue shall be **at least seventy-five per cent** of the offer through the offer document.*

Provided that if the issue is subscribed between 75% to 90%, issue will be considered successful subject to the condition that out of the funds raised atleast 75% of the issue size shall be utilized for the objects of the issue other than general corporate purpose

C. Relaxation with respect to the minimum threshold required for not filing draft letter of offer with SEBI:

In regulation 3(b), proviso to regulation 3 and in regulation 60, the words ‘ten crores’ shall be read as ‘twenty-five crores’.



The eligibility and general conditions as specified in Regulation 61 & 62 respectively shall continue to apply.

3. These temporary relaxations are applicable for Right Issues that open on or before March 31, 2021.
4. The relaxations mentioned in this circular are not applicable for issuance of warrants.
5. This circular shall come into force with immediate effect. The Stock Exchanges are advised to bring the provisions of this circular to the notice of all entities who have listed their equity and convertible securities.
6. The circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992.
7. The circular is available on SEBI website at www.sebi.gov.in under the category - 'Legal→Circulars'.

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