Relaxation regarding procedural matters- issue and listing of Securities

Relevant Date: 06.05.2020

Implement by the SEBI Circular dated 06.05.2020

Purpose:

Subject to the current situation due to COVID-19 SEBI has decided to grant the one time relaxations from strict enforcement of the certain requirements of SEBI (Issue of Capital and Disclosure requirement) Regulations 2018, relating to the Right Issue upto 31.07.2020.

Following one time relaxations are-

A. Service of Various Documents by Electronic mode Only:

   Service of –

   i. Abridged letter of offer,
   ii. Application form,
   iii. And other issue material to shareholders

   may be undertaken by electronic mode as provided under Regulation 77(2) of ICDR Regulation.

   If a Company failure to comply to mode of Dispatch through-

   i. Registered post, or
   ii. Speed post, or
   iii. Courier Services

   Due to current situation of COVID-19 will not be considered non compliance during said period.

   Publication of Documents :

   The issuer shall publish-

   i. the letter of offer,
   ii. abridged letter of offer, and

iii. application forms

on the website of-

i. the Company,
ii. Stock exchange &
iii. Lead managers to the right issue.

Further the issuer along with lead manager shall undertake all adequate steps to reach out its shareholders through the other means such as –

i. Ordinary Post
ii. SMS
iii. Audio-Visual advertisement on TV, or
iv. Digital advertisement etc.

B. Newspaper Advertisement:

i. Regulation 84(1) shall contain additional details as regards the manner in which the shareholders who have not served notice electronically may apply.
ii. Issuer may have the flexibility to publish the dispatch advertisement in additional newspaper, over and above those required in Regulation 84.
iii. The advertisement shall also be made available on the website of -
    a. the Issuer
    b. Registrar
    c. Lead managers
    d. Stock exchanges
iv. The issuer shall make use of advertisement in-
    a. TV
    b. Radio
    c. Internet etc

    to communicate information relating to the application process .

C. Clarification related to Dematerialized Rights Entitlements (REs)

As per SEBI Circular dated 22.01.2020, SEBI introduced dematerialized rights entitlements (REs)

a. Physical shareholders are required to provide their demat account details to the Issuer/Registrar to the issue for credit of REs.
b. Subject to the current situation due to COVID-19, in case the physical shareholders who have not been able to open a demat account or and unable to communicate their demat details, in terms of SEBI Circular dated 22.01.2020, to the Issuer/Registrar for credit of REs within specified time.

such physical shareholders may be allowed to submit their application subject to the following conditions-

i. A proper mechanism shall be institute by the lead managers, and other recognized intermediary to allow physical shareholders to apply in the right issue along with lead mangers shall ensure to take adequate steps to communicate such a mechanism to physical shareholders before the opening of the issue.
ii. No right to renounce by the such shareholders.
iii. Such physical shareholders shall receive shares, in respect of their application, only in demat mode. The lead managers may also be guided by para 10 of the Form A Schedule V of ICDR Regulations.

D. How to accept the applications?

a. An application for a right issue shall be made only through ASBA facility.
b. But problem faced due to the pandemic and in order to ensure that all the eligible shareholders are able to apply to right issue during such time.
c. The issuer along with registrar and lead managers institute an optional mechanism to accept the applications of the shareholders subject to ensuring that no third party payments shall be allowed in respect of any application.

E. In respect of mechanism the point C and D above, the issuer along with lead manager shall ensure the following-

a. The mechanism(s) shall only be an additional option and it is not a replacement of the existing process.
b. It shall be transparent, robust and have adequate checks and balances.
c. An FAQs, Online dedicated investor help desk and helpline shall be created by the Issuer Company along with lead managers to guide investors in gaining the familiarity with the application process and resolved difficulties faced by the Investors.
d. The Issuer, Registrar and other Intermediary shall be responsible for all the investor Complaints.

2. In respect of all offer documents filed until July 31, 2020, it has been decided to grant the following relaxations:

- Authentication/ Certification/ Undertakings in respect of offer documents , may be done using digital signature certificates
- The issuer along with lead manager shall provide procedure for inspection of material documents electronically.