

SEBI ICDR 5th CLASS NOTES
RIGHT ISSUE

RECORD DATE:-

1. A listed issuer making a rights issue shall announce a record date for the purpose of determining the shareholders eligible to apply for specified securities in the proposed rights issue.
2. The issuer shall not withdraw rights issue after announcement of the record date.
3. If the issuer withdraws the right issue after announcing the record date, it shall not make an application for listing of any of its specified securities on any recognised stock exchange for a period of twelve months from the record date announced under sub-regulation(1).

RESTRICTIONS ON RIGHT ISSUE:-

1. No issuer shall make a rights issue of equity shares unless it has made reservation of equity shares of the same class in favour of the holders of outstanding compulsorily convertible debt instruments if any in proportion to convertible part thereof.
2. The issue price shall be decided before determining the record date which shall be determined in consultation with designated stock exchange.
3. The issuer shall give only one payment option out of the following to all the investors:-

A) PART PAYMENT ON APPLICATION WITH BALANCE MONEY TO BE PAID IN CALLS; OR

B) FULL PAYMENT ON APPLICATION.

Provided that where the issuer has given the part payment option to investors it shall not be less than 25% of the issue price and such issuer shall obtain the necessary regulatory approvals to facilitate the same.

In all-

- i) Public issues, the issuer shall accept bids using only ASBA facility in the manner specified by the BOARD.
- ii) Right issues, where not more than one payment option is given, the issuer shall provide the facility of ASBA in accordance with the procedure and eligibility criteria specified by the board.

Provided that in case of QIB'S and non-institutional investors the issuer shall accept bids using ASBA facility only.

POST ISSUE REPORTS

1. In public issue, the lead merchant banker shall submit final post-issue report as specified in PART C OF SCHEDULE XVI, within seven days of the date of finalisation of basis of allotment or within seven days of refund of money in case of failure of issue.
2. In right issue, the lead merchant banker shall submit post-issue report as follows:-
 - a) Initial post issue report as specified within three days of closure of the issue;
 - b) Final post issue report as specified, within fifteen days of the date of finalisation of basis of allotment or within fifteen days of refund of money in case of failure of issue.

The lead merchant banker shall submit a due diligence certificate as per the format specified along with final post issue report.