



SEBI grants relaxations from certain provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations) in respect of rights issue

Mindful of the disruptions on account of COVID-19, Securities and Exchange Board of India (SEBI) has, by way of a circular issued on 21 April 2020, granted temporary relaxation in relation to compliance with the provisions of the ICDR relating to rights issue. These relaxations have been granted to make it easier for listed companies to raise funds by way of a rights issue.

The relaxations include:

(a) for rights issue through fast track, the eligibility requirement of average market capitalization of public shareholding has been reduced to INR 1 billion from INR 2.50 billion. Further, the requirement with respect to the period of listing of equity shares has been reduced from 3 years to 18 months.

(b) the minimum subscription requirement has been reduced from 90% to 75%, provided that in case the right issue is subscribed between 75% to 90%, the issue will be considered successful subject to the condition that out of the funds raised at least 75% of the issue size shall be utilized for the objects of the issue other than general corporate purpose.

(c) the minimum threshold required for not filing draft letter of offer with SEBI has been increased from INR 100 million to INR 250 million. It means that the listed entities eligible to raise funds through right issue will not be required to file the draft offer document with SEBI as long as the issue size does not exceed INR 250 million.

The relaxations shall not apply to issuance of warrants.

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Dr Gopal Das Bhawan, 14th Floor, 28, Barakhamba Road, New Delhi - 110 001

Tel : +91 11 4213 0000 | Fax: +91 11 4213 0099

Bajaj Bhawan, 1st Floor, 226, Nariman Point, Mumbai - 400 021

Tel : +91 22 4910 0000 | Fax: +91 22 4910 0099

W : www.clasislaw.com

E : info@clasislaw.com