

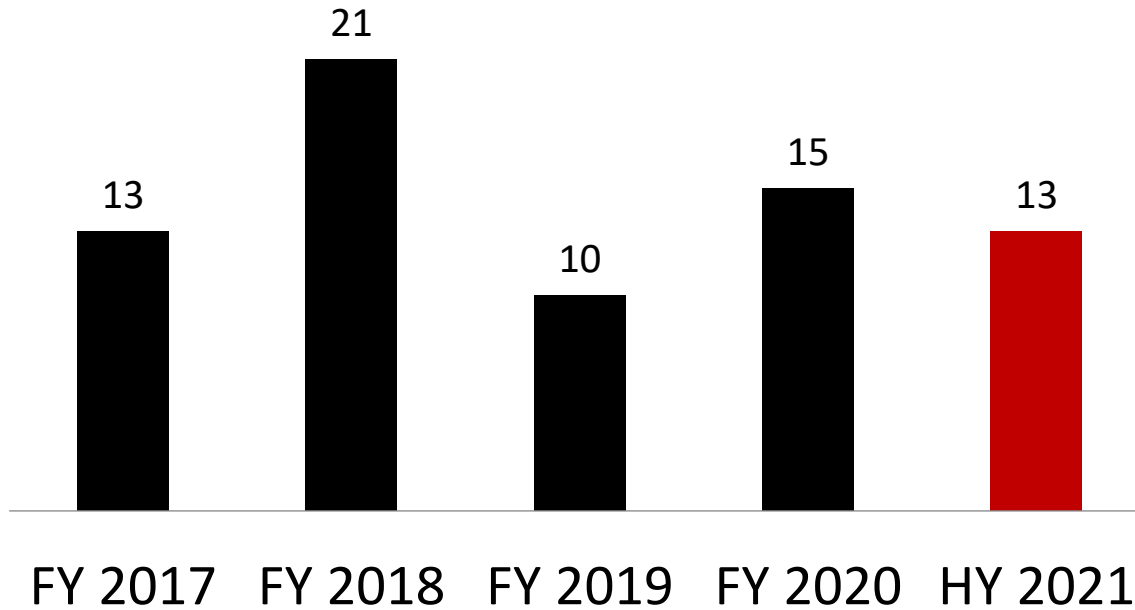
A large magnifying glass is positioned over a financial newspaper. The newspaper contains various tables of stock prices and market data. Two small figures, a man and a woman, are standing on the newspaper, looking up at the magnifying glass. The text "DEMYSTIFYING RIGHTS ISSUE" is overlaid in red on the magnifying glass.

DEMYSTIFYING RIGHTS ISSUE

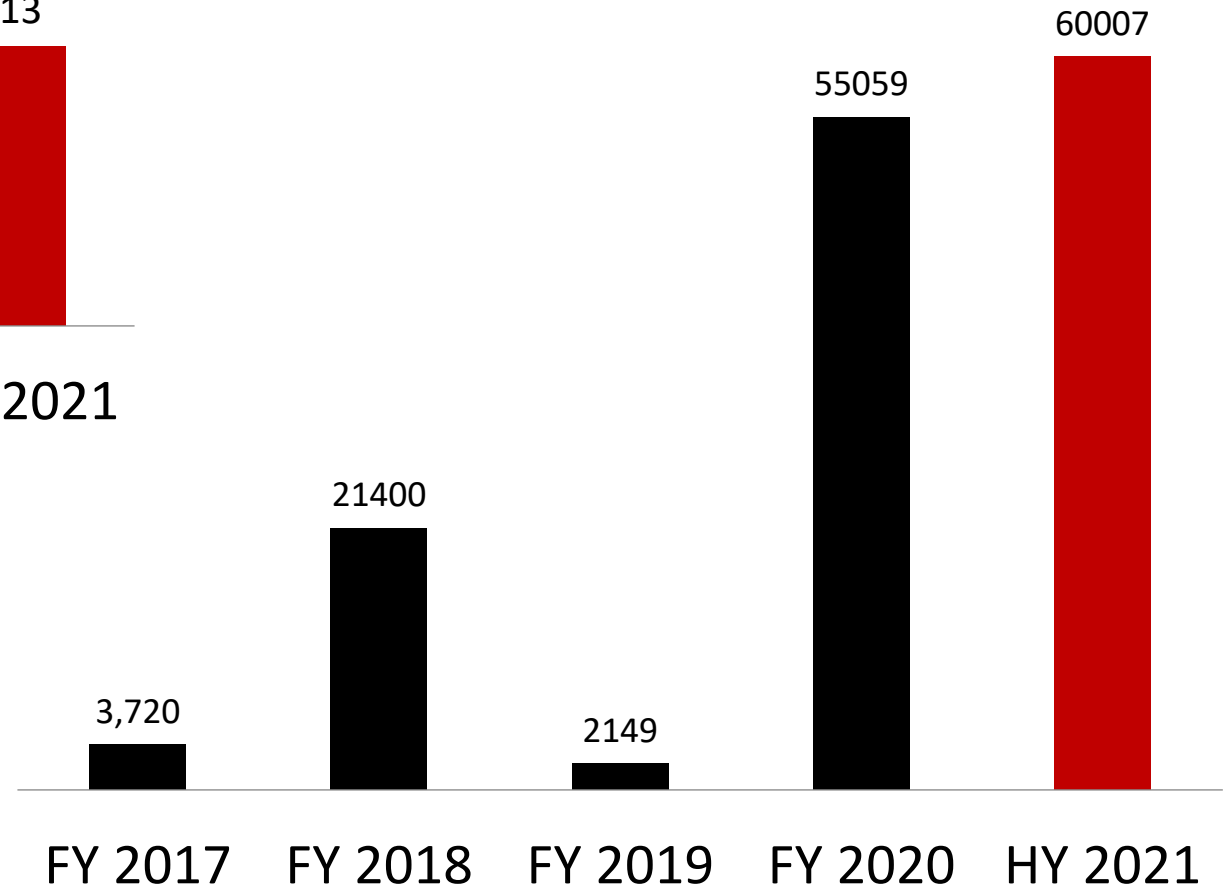
 Corporate
Professionals

Get Practical Tips
&
Interact with
Professionals

No. of Rights Issue



Funds Raised (in Crore)



**Why are
Companies opting
for
Rights Issue in the
current
scenario???**



Attractive CoVID Relaxations:

1

Min. subscription
reduced from 90% to
75%

Chances of success
of Rights issue
have increased

2

Ease of Eligibility
Criteria for Fast Track
Issue

Hassle Free

Fast Track Rights
Issue

3

Alternative mode for
applying in Rights Issue
(other than ASBA)

Notable increase in
Investors'
Participation

Short Turnaround Time:

1

Record Date Notice
reduced from 7
WD to 3 WD

Chances of Market
Price fluctuation
viz-a-viz Issue Price
reduces

2

Demat of Rights
Entitlement &
Trading on Stock
Exchanges

- Easy Rights
Renunciation
- Higher Liquidity
- Paperless Trading

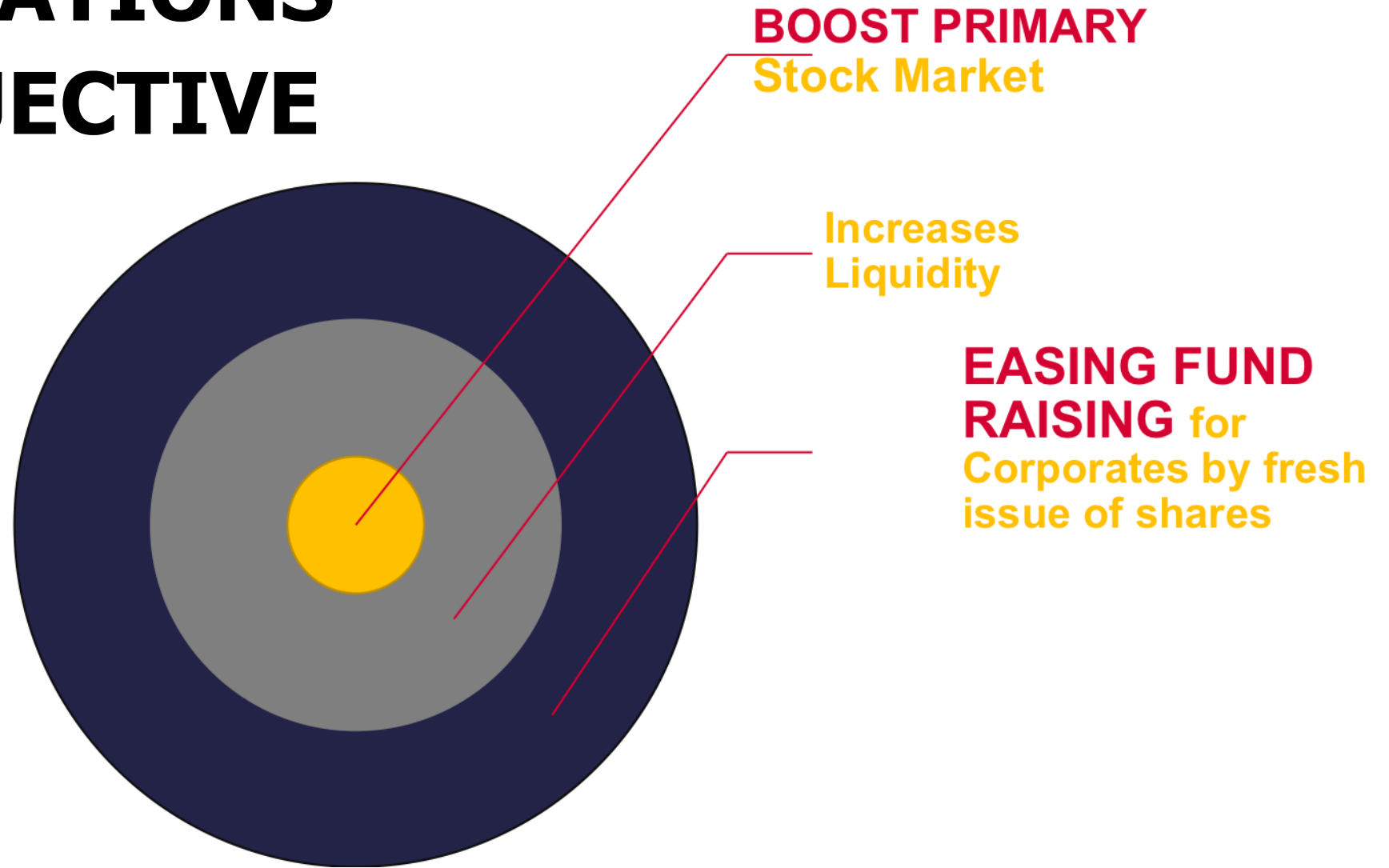
3

Reduction in
Overall timeline
(40%) from T+55
to T+31











Faster completion
of rights issue
process

SEBI RELAXATIONS-

A TWIN OBJECTIVE



Few of the Recent Rights Issue- Under New Regime

S. No.	Name of the Company	Issue Size (in Crore)	Issue Price	Discount %age	Mkt Price (Pre)	CMP	Subscription %age (appx.)
1	Reliance Industries	53,124	1,257	20.28	1,577	2,305 	159%
2	Mah & Mah Finl. Serv	3,088	50	78.22	230	134 	130%
3	Shriram Trans. Fin	1,492	570	21.13	723	650 	161%
4	Aditya Birla Fashion	995	110	14.89	129	135 	104%
5	Arvind Fashions	400	150	48.67	292	133 	103%
6	PVR	300	784	26.92	1,073	1,212 	125%
7	Minda Industries	242	250	14.53	293	355 	115%
8	Satin Creditcare	120	60	20.11	75	64 	123%
9	Gateway Distriparks	116	72	18.09	88	89 	124%
10	Spencers Retail	80	75	13.39	87	85 	109%



Reliance Industries Limited



ADITYA BIRLA GROUP

Aditya Birla Fashion and
Retail Limited



Satin Creditcare Network
Limited

- **Rights Issue of Partly Paid-up Equity Shares**
- **Fast Track Issue**



**1st Rights Issue
under New
Regime**

Procedures were still developing by
Exchanges and Depositories.

**Appx. 26 lakhs
Public
Shareholders**

Handling of investors grievance
was an itself a challenging task.

Key Issues Addressed

**Appx. 4 lakh
shareholders
holding in
Physical**

Treatment of Rights of Physical
Shareholders in compliance with SEBI Covid
circular



ADITYA BIRLA GROUP

**Not falling
under Part B of
Sch VI**

The Company has to go to SEBI to seek relaxation

**Prior Lenders'
Consent**

Obtaining such consent within limited time constraint

Key Issues Addressed

**Shareholders'
reach**

Extensive efforts applied for shareholder reach as per SEBI cir.



**SEBI Exemption
on eligibility
under Fast Track**

The Company had to go to SEBI to seek relaxation for promoter participation w.r.t. a deceased promoter.

**Relaxation from
strict
compliance of
Part B of Sch VI**

The Company had to go to SEBI to seek relaxation.

Key Issues Addressed

**Non-availability of
ASBA supported
Bank Account by
investor**

SEBI's relaxation sought for applying through NON-ASBA mode.

The Bigger Picture...

Rights Entitlement Trading	Rights to Foreign Shareholders	Object to Issue	Fast Track Eligibility	Investors' Reach
Investor Grievance	Appointment of Intermediary	Blocking of Funds	Issue Price	Insider Trading Disclosure
Promoter Participation	Right to Physical Shareholder	Basis of Allotment	Role of Compliance Officer	Preparation of Letter of Offer
R-WAP Platform	Treatment of Unsubscribed Portion	FEMA Regulations	Open Offer Triggering	Min. Subscription

REGULATOR



Shri Jeevan Sonparote
Chief General Manager, SEBI

ISSUER

Savithri Parekh
Joint Company Secretary-
Reliance Industries Ltd.



Geetika Anand
Vice President, Company Secretary-
Aditya Birla Fashion & Retail Ltd.

MERCHANT BANKER



Anjali Aggarwal
Partner & Head- Capital Market
Services-Corporate Professionals

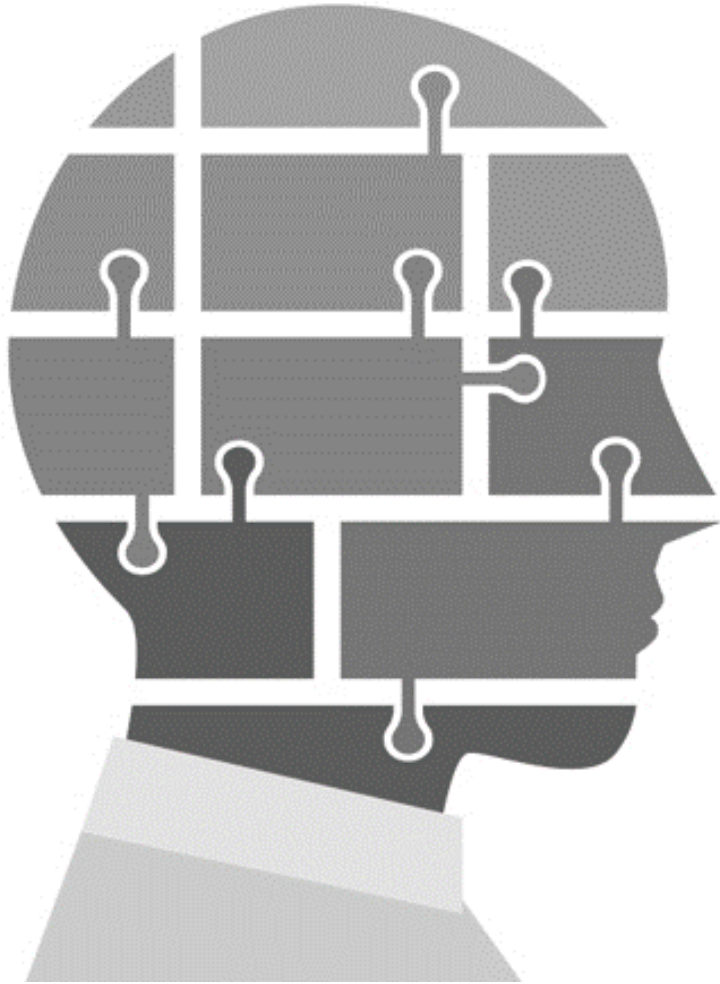
Planning a Rights Issue?

Are you Ready for the One?



Decoding the **Black Box**
for smooth fund raising..

Code **A**: Check the Past to Shape the Future



01

DUE-DILIGENCE Activity by Lead Manager

02

Promoters or Directors are not Fugitive Economic Offender

03

Issuer, Promoter Group or Directors are not debarred from accessing the Capital Markets

Code **B** : To Prepare before Plan

01

Check Fast Track Eligibility:

- Eligibility requirement of Avg. mkt. cap (Public): Reduced to Rs. 100 cr from Rs. 250 cr.
- Min. Period of Listing: Reduced to 18 months from 3 years.
- Prior Non-compliance under LODR: Reduced to 18 months from 3 years.
- Adjudication proceedings against from the pendency/ initialization of proceedings by SEBI
- Alleged violations of securities law by issuer/promoter/ director has been settled with SEBI are allowed to come with Fast track issue (earlier complete prohibition).

Code **B** : To Prepare before Plan

02

Part A vs. Part B Applicability:

Disclosure: Schedule VI of the ICDR Regulations

- **Part A** – Similar to IPO disclosures (Comprehensive and detailed disclosure)
- **Part B** – Rationalised disclosures (subject to Compliance with conditions precedent)

03

Check the Loan Agreements for requirement of obtaining Prior Lenders' Consent

Code **C** : Plan to Prevail

01

Deciding the Key Terms

- Object of the Issue

- Size of the Issue

- Type of Security:

Fully Paid Equity Shares

Partly Paid Equity Shares

**Convertible Debentures/
Preference Shares**

Warrants

- **Issue Price:**

To be determined in consultation with MB

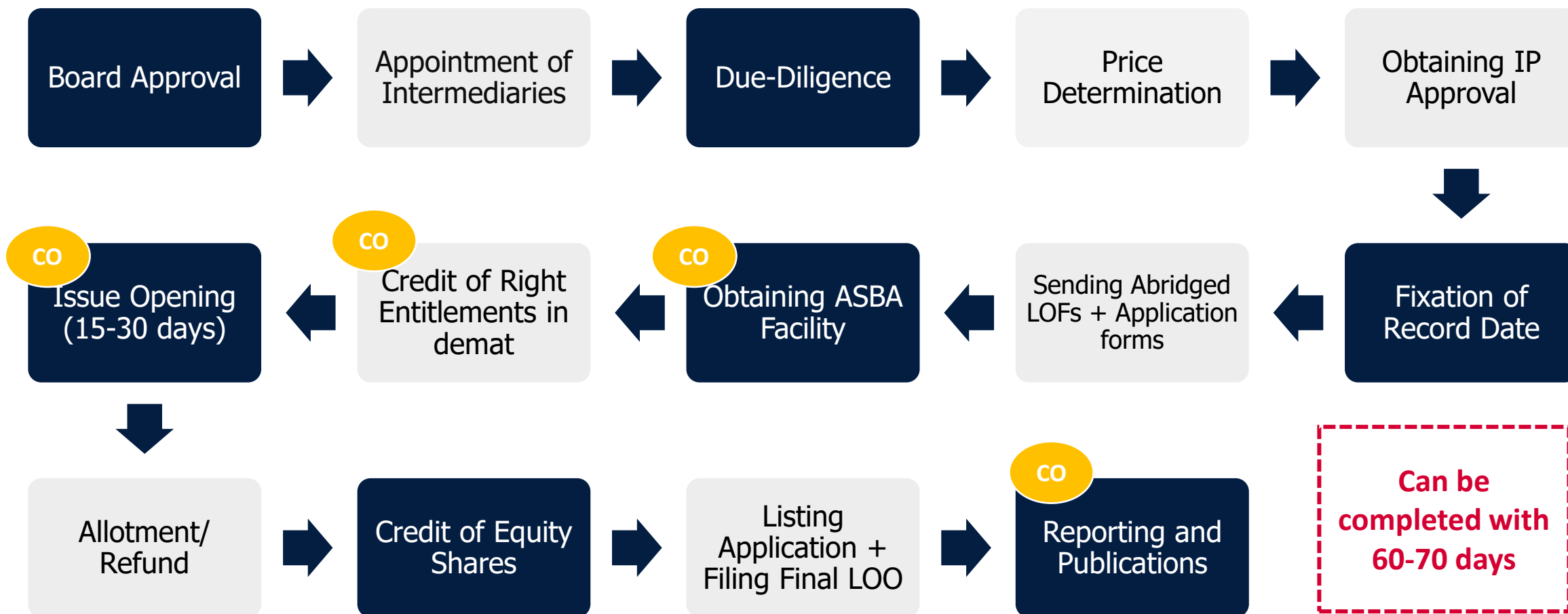
Not Regulated, Generally at a discount from the running Market Price

Can it be higher than the running MP?

Rights Exercise Price < Ex- Rights Price
[To claim Takeover Exemption]

03

Time is the Essence



About Rights Entitlements (RE) - How it works??

The Rights Entitlement is an instrument which entitles the shareholders to be eligible for applying to Company's shares on T&Cs as mentioned in the Letter of Offer

Credit of RE

- RE are credited into the Demat of shareholders as on the Record Date.

RE Trading

- RE's so credited can be traded/ renounced on market as well as off market as the Issue opens.

RE Exercise

- RE's lying to the credit are required to be exercised on payment of Application money before the Issue Closure Date.
- If not exercised then such RE shall lapse on Issue Closure Date.



Interest of Foreign Shareholders

Interest of Shareholders holding physical

Investors' complaints to be resolved, FAQs to be provided

Code **D**: Foresee the Probability

01

Issue is Under-subscribed

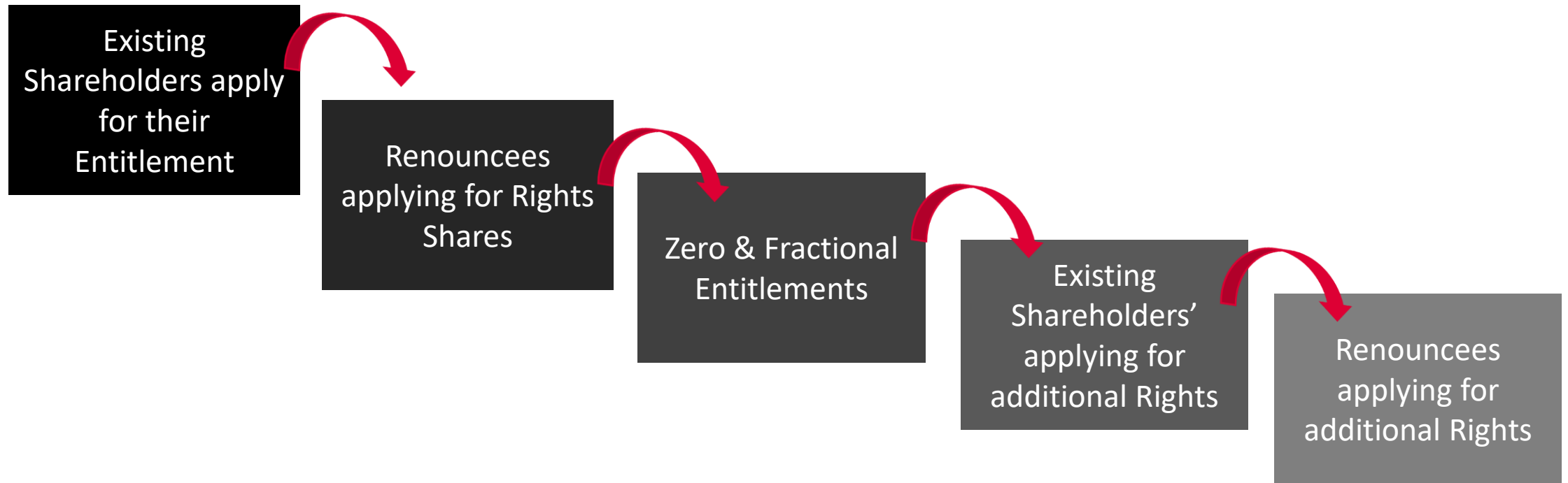
- **Promoters' Commitment to Rescue**
- **Underwriting a Rights Issue: Not a Practice**

Code **D**: Foresee the Probability

02

Issue is Over-subscribed

▪ Water-fall Mechanism



Code **E**: Redress, Report, Relieved

	0 Pending Investor Complaint
	Statutory Reporting done
	Rights Issue Done Right

PREPARE, PLAN & PREVAIL

**GET PRACTICAL TIPS & INTERACT WITH
PROFESSIONALS**

Questions & Answers



**Corporate
Professionals**