

## **FREQUENTLY ASKED QUESTIONS**

*These FAQs offer only a simplistic explanation/clarification of terms/concepts related to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“Listing Regulations”] and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 [“ICDR Regulations”]. Any such explanation / clarification that is provided herein should not be regarded as an interpretation of law by BSE nor be treated as a binding opinion/guidance from the BSE or Securities and Exchange Board of India [“SEBI”]. For full particulars of laws governing the Listing Regulations, please refer to actual text of the Acts/Regulations/Circulars.*

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## NAME CHANGE

### **SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

**1. Whether a listed entity that has listed its specified securities is required to take Stock Exchange's approval before changing its name?**

Yes. As per regulation 45(3), before filing the request for change of name with the Registrar of Companies in terms of provisions laid down in Companies Act, 2013 and rules made thereunder, the listed entity shall seek approval from Stock Exchange by submitting specified information in the required format. Please see the requirements at - [Name Change](#).

**2. When should the application seeking Stock Exchange's approval for the name change be filed by the listed entity which has listed its specified securities?**

On receipt of confirmation regarding name availability from Registrar of Companies and before filing the request for change of name with the Registrar of companies the listed entity should seek approval from the Stock Exchange. [*Please refer Regulation 45(3)*]

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## QIP PLACEMENT

### **SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

- 1. Whether prior intimation of Board of Directors meeting is required to be given to Stock Exchange in which the proposal to raise funds through fund raising by way of further public offer, rights issue, American Depository Receipts/Global Depository Receipts/Foreign Currency Convertible Bonds, qualified institutions placement, debt issue, preferential issue or any other method?**

Yes. As per Regulation 29(1)(d) read with Regulation 29(2), at least two working days advance notice is required to be given to Stock Exchanges excluding the date of intimation and date of the meeting. The disclosure should specifically mention the fact of raising of funds through QIP.

- 2. Whether prior intimation of Board of Director's meeting for determination of issue price is required to be given to Stock Exchange?**

Yes. As per Regulation 29(1)(d) read with Regulation 29(2) at least two working days advance notice is required to be given to Stock Exchanges excluding the date of intimation and date of the meeting which is convened for the determination of issue price including the issue price for the QIP issue.

### **SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009**

- 1. Is it necessary to take the separate approval of the shareholders if the company proposes to offer a discount (max 5% as per Regulation) in its proposed QIP issue under Chapter VIII.**

Yes. In order to be eligible to offer discount in a QIP issue, the same should be separately and specifically mentioned in the Board resolution as well as Shareholders resolution for allowing the same.

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## SCHEMES OF ARRANGEMENT

### **SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

- 1. What is the validity of the 'Observation Letter' or No-objection letter issued by the Stock Exchanges on the draft scheme of arrangement and what is the meaning of validity?**

The validity of the 'Observation Letter' or No-objection letter issued by the Stock Exchanges is **six months from the date of issuance**, within which the draft scheme shall be submitted to the National Company Law Tribunal (**NCLT**). [*Please see Regulation 37(3)*]

- 2. What is the process required to be followed for the scheme of merger of wholly owned subsidiary company with the holding company?**

The listed entity shall submit with the Exchange the draft scheme of merger of WOS (includes step down subsidiary) along with the certified copy of Board of Directors resolution approving the scheme which will be uploaded on the Exchange's website for information. This would be deemed sufficient compliance. [*Please see Regulation 37(6)*].

- 3. When does the information pertaining to unlisted company, as mentioned in Para 3(a) of Annexure I of SEBI circular dated March 10, 2017, needs to be filed with the Stock Exchange?**

It is advised that information pertaining to unlisted company as per the format along with the Due Diligence certificate from the SEBI Registered Merchant Banker shall be submitted with the Exchanges at the time of filing the draft scheme under Regulation 37 seeking Exchange's Observation letter / No-objection certificate. Same will be uploaded in the Exchange's website along with the other scheme related documents.

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## PREFERENTIAL ISSUE

### **SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009**

1. **Whether it is necessary to include the following disclosures in explanatory statement to the notice for the general meeting, sent to the shareholders of the company seeking their approval for the proposed preferential issue under Chapter VII of the SEBI ICDR Regulations:**
  - a. **identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and / or who ultimately control the proposed allottees**
  - b. **the percent of post preferential issue capital that may be held by the allottees**

Yes. For each of the allottees (promoter / public) of the proposed preferential issue the above information needs to be included in the explanatory statement of the notice of the general meeting to the shareholders of the company seeking their consent for the proposed preferential issue. [*Refer Regulation 73*]. Further, refer SEBI Circular No. CIR/MIRSD/2/2013 dtd. January 24, 2013 for further guidance.

2. **What is the recourse available to the company if it has not made the preferential allotment of securities within 15 days from the date of the shareholders' approval / approval or permission of the applicable regulatory authority?**

In these cases, the company shall take the fresh approval from the shareholders and the relevant date for determining the price of specified securities under chapter VII will be taken with reference to the date of the latter special resolution. [*Refer Regulation 74 (2)*]

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## APPLICATION FOR LISTING OF SECURITIES ON STOCK EXCHANGES

### **SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009**

- 1. Within what time the application for listing of further securities shall be made by the listed entities?**

As per Regulation 108 (2) the issuer or the issuing company shall make an application for listing within 20 days from the date of allotment. In case of delay in making application for listing beyond 20 days, the issuer or the issuing company, as the case may be, shall pay penal interest to allottees for each day of delay at the rate of at least ten per cent. per annum from the expiry of thirty days from date of allotment till the listing of such securities to the allottees [*Refer Regulation 108(3)*]

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## RESERVATION ON COMPETITIVE BASIS – ESOPS

### **SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009**

1. Recent amendment to Regulation 42 of SEBI (ICDR) Regulations 2009, inter-alia, allowing allotment under employee reservation portions beyond the limit of Rs.2 lakh up to Rs.5 lakh in case of under-subscription in the employee reservation portion.

*Keeping in view above changes, if the under-subscription in the employee reservation portion, whether the unsubscribed portion may be allotted on a proportionate basis, for a value in excess of two lakhs rupees, subject to the total allotment to an employee not exceeding five lakhs rupees?*

In this regard, it is clarified as under:

- a) The amendment to Regulation 42 of ICDR Regulations does not do away with the limit of Rs.2lakh for allotment under employee reservation portion but allows allotment to employees beyond the limit of Rs.2lakh in case of under-subscription.
- b) Since the said allotment is made as part of the employee reservation portion, discounts otherwise available under Regulation 29(a) of ICDR Regulations shall continue to be available to such shares issued under employee reservation portion in excess of the specified limit of Rs.2lakh
- c) The limit of Rs.2lakh provided under Regulation 29(a) and Regulation 50 shall be read in conjunction with the enhanced limits provided under Regulation 42 as stated above.

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