**List of details/ documents required for grant of In-principle approval (Preferential Issue) for listing under Regulation 28(1) of the SEBI (LODR) Regulations, 2015**

**Timeline for filing the Application with Exchange: - The Issuer *shall ensure that it shall make an application seeking in-principle approval to the stock exchange(s), where its equity shares are listed, on the same day when the notice has been dispatched to the shareholders in respect of the general meeting/Postal Ballot seeking shareholders’ approval by way of special resolution.***

| **Sr. No.** | **List of Documents/ details to be submitted** | **Yes/No/Not Applicable** |
| --- | --- | --- |
| 1 | Certified copy of the resolution passed by the Board of Directors approving the preferential issue. |  |
| 2 | Certified true copy of the notice convening the AGM/EGM/Postal Ballot of shareholders along with the explanatory statement annexed thereto where the proposal for issue is to be put for approval. Companies shall ensure that disclosure w.r.t. ultimate beneficial owners (UBO) of proposed allottees shall be in compliance with Regulation 163(1)(f) of ICDR Regulations, 2018 and SEBI Circular CIR/MIRSD/2/2013 dated January 24, 2013. |  |
| 3 | Confirmations from the Issuer as per the format enclosed in **Annexure I** |  |
| 4 | Certificate\* from Practicing Chartered Accountant / Practicing Company Secretary Confirming:   1. The entire pre-preferential holding of the allotee(s) (*name of proposed allottees along with number of securities held by them*) and that the same is in dematerialized form 2. Confirm the Pricing Methodology adopted for the proposed Preferential issue along with detailed working of the same or Valuation report from independent registered valuer. 3. The certificate shall specify the Stock exchange on which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding 90 trading days prior to the relevant date.   \*Kindly provide reasonable assurance certificate.  Note:- *The issuer shall consider VWAP for a period of 90/10 trading days by taking into consideration aggregate daily turnover in the scrip over the period of 90/10 trading days and dividing the same by the total number of shares traded during the said period.*    *E.g.:- for 90 trading days*   |  | | --- | | *TO1+TO2+ …… + TO90* | | *Q1+Q2+ ………. + Q90* |   *in case the relevant script has been traded for 85 days out of total 90 trading days of the market, the calculation shall be like*   |  | | --- | | *TO1+TO2+ …… + TO85* | | *Q1+Q2+ ………. + Q85* |   *assuming the script has not traded between trading day 2 and trading day 90 for 5 trading days.*  *Where, TOn = Total turnover in the scrip on ‘nth’ trading day*  *Qn = Number of shares of the scrip traded on ‘nth’ trading day.* |  |
| 5 | Transaction statement of the proposed allottee(s) from 90 trading days prior to the relevant date till commencement of lock-in / relevant date, issued by the Depository Participant. Further, the statement shall reflect lock-in end date of entire pre-preferential holding. |  |
| 6 | NSDL/CDSL confirmation for corporate action for lock in of pre-preferential holdings. |  |
| 7 | In case if the Pre-preferential holding of the allottee is under pledge with banks/ financial institution(s), provide an undertaking/confirmation as per format enclosed in **Annexure II from**:   1. **Banks/ financial institutions** 2. **Issuer** 3. **Allottee(s)** |  |
| 8 | Certified copy of approval letters/orders of Regulatory Authorities (RBI, CDR, FIPB, BIFR, etc), if applicable |  |
| 9 | Valuation Report from independent registered valuer for consideration other than cash, valuing the swap of shares in consideration of which securities are proposed to be issued. |  |
| 10 | In case the Articles of Association of the issuer provides for an alternate method of determination of price in case of further issue of capital, which would be higher than the floor price derived through SEBI regulations, then kindly provide the detailed working of the same (e.g. valuation from an independent registered valuer) |  |
| 11 | Certified copy of recommendation from a committee of independent directors of the issuer after considering all the aspects relating to the preferential issue including pricing, and the voting pattern of the said committee’s meeting, in case the preferential issue results in change in control of the issuer. (Regulation 166A) |  |
| 12 | Additional documents, in case proposed allotment is as per Regulation 164A - Stressed asset   * Certificate form the Statutory Auditor of the company inter alia certifying that all conditions under sub-regulations (1), (2), (3), (4) and (5) of regulation 164A are met at the time of dispatch of notice for general meeting proposed for passing the special resolution. * Certificate from the Audit Committee of the company inter alia certifying that all conditions under sub-regulations (1), (2), (3), (4) and (5) of regulation 164A are met at the time of dispatch of notice for general meeting proposed for passing the special resolution |  |
|  | | **Signature of the Authorized Person** |
|  |

**Annexure I**

**Format of the confirmation to be submitted on the letter head of the Issuer:**

To,

Manager - Listing Compliance

National Stock Exchange of India Limited

‘Exchange Plaza’. C-1, Block G,

Bandra Kurla Complex, Bandra (E),

Mumbai - 400 051

Dear Sir/Madam,

**Sub: Application for “In-principle approval” prior to issue and allotment of \_\_\_\_\_\_ (Quantity & Type of Securities) on preferential basis under Regulation 28(1) of the SEBI (LODR) Regulations, 2015.**

In connection with above application for in-principle approval, we hereby confirm and certify that:

1. The equity shares so issued / arising on conversion of any convertible instrument so issued shall rank pari passu with the existing shares of the issuer in all respects including dividend.
2. \_\_\_\_\_\_\_ (Name of the allottee(s)) does not hold any equity shares of the issuer for a period starting from the relevant date till the date of preferential allotment.
3. \_\_\_\_\_\_\_ (Name of the allottee(s)) have not sold any equity shares of the issuer for a period prior to 90 trading days from the relevant date till date.
4. The preferential issue of securities is being made in strict compliance with the provisions of SEBI (ICDR) Regulations, 2018 and the amendments, thereof, pertaining to conditions for preferential issue.
5. Allotment shall only be made fully paid-up and in dematerialised form.
6. Consideration of specified securities, if paid in cash, shall be received from respective allottee's bank account.
7. The allotment shall be in compliance with the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereof.
8. The proposed preferential issue is not ultra-vires to the provisions of articles of association of the issuer.
9. The proposed allottees and the beneficial owners to proposed allottees have not been directly or indirectly, debarred from accessing the capital market or have been restrained by any regulatory authority from, directly or indirectly, acquiring the said securities.
10. The proposed allottees, the beneficial owners to proposed allottees, issuer, its promoter and directors, have not been declared as wilful defaulter or a fraudulent borrower as per RBI Circular Ref. No. RBI/2015-16/100 DBR.No.CID.BC.22/20.16.003/2015-16 dated July 1, 2015 by the Banks.
11. Issuer, proposed allottees and beneficial owners do not have direct or indirect relation with the companies, its promoters and whole-time directors, which are compulsorily delisted by any recognised stock exchange.
12. The issuer is in compliance with the conditions for continuous listing of equity shares as specified in the listing agreement with the stock exchange where the equity shares of the issuer are listed and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended, and any circular or notification issued by the Board thereunder.
13. The promoters or directors of the issuer is not fugitive economic offender as defined under section 12 of the Fugitive Economic Offenders Act, 2018.
14. If the allotee(s) belong to promoter / promoter group,

* no person belonging to promoter(s) or the promoter group has sold his equity shares during the 90 trading days preceding the relevant date till date
* no person belonging to promoter(s) or the promoter group who has previously subscribed to warrants of the issuer has failed to exercise the warrants within the time period mandated for the same in the SEBI (ICDR) Regulations.

1. the issuer, its whole-time directors, person(s) responsible for ensuring compliance with the securities laws, its promoters and the companies which are promoted by any of them are not in violation of the provisions of Regulation 34 of the SEBI (Delisting of Equity Shares) Regulations, 2021.
2. The issuer has no outstanding dues to the SEBI, the stock exchanges or the depositories as stated under Regulation 159(4) of SEBI (ICDR) Regulation 2018.
3. The issuer has not made allotment more than 5% of the post issue fully diluted share capital irrespective of the fact that allotment is to one or multiple allottee(s).
4. Pre-preferential shareholding of the proposed allottee(s):

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Sr. No.** | **Name of the Allottee** | **Pre-Preferential Holding** | **Lock-in Start date** | **Lock-in end date** | **Pledged with** | **Pledge end date** |
|  |  |  |  |  |  |  |

If the lock in does not commence from the relevant date, the proposed allotee(s) having pre-preferential holdings have not sold any shares of the issuer from the relevant date till the date of commencement of lock-in. Further, the issuer shall extend the pre-preferential lock-in, whenever required in order to comply with the Regulation 167 (6) of the ICDR Regulations, 2018 and amendments thereof.

1. List of the proposed allottee(s):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Sr. No.** | **Name of the Allottee** | **Category of the allottee as per Regulation 31(1) of SEBI (LODR) Regulations, 2015** | **PAN of the Allottee** | **Pre-Preferential Holding** | | **No. of Equity shares to be allotted** | **Post-Preferential Holding** | |
| **No. of Shares** | **% of Holding** | **No. of Shares** | **% of Holding** |
|  |  |  |  |  |  |  |  |  |

1. Details of the beneficial owners of proposed allottees:

|  |  |  |  |
| --- | --- | --- | --- |
| **Sr. No.** | **Name of the Allottee** | **Name of beneficial owners of proposed allottee** | **PAN of the beneficial owners of proposed allottee** |
|  |  |  |  |

1. Details of processing fee (Non-Refundable) of 0.03% of the Issue Size, subject to a Minimum fee of Rs 3,00,000/- and a Maximum of Rs. 6,00,000/- plus applicable tax   
   *(For SME Emerge Listed Companies: 0.025% of the Issue Size, subject to a Minimum fee of Rs.50,000/- and a Maximum of Rs. 2,00,000/- plus applicable tax).* *The* issuer *has to make payment in the* issuer *respective virtual account. The account details are available in the Annual listing bill of the* issuer*.*

|  |  |
| --- | --- |
| Processing Fee (including 18% GST) |  |
| TDS, if any |  |
| Net amount remitted after TDS |  |
| UTR no |  |
| Date of payment |  |

1. In case of any queries / clarifications the under-mentioned issuer official may be contacted:

|  |  |
| --- | --- |
| Contact Details | |
| Name & Designation of Contact Person |  |
| Telephone Nos. (landline & mobile) |  |
| Email – id |  |

1. Name of the Stock Exchanges where the equity shares of the issuer are listed.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

(Managing Director/ Company Secretary)

Date:

**Annexure II**

**Format of undertaking/confirmation from banks/financial institution(s)**

**Sub: Application for “In-principle approval” prior to issue and allotment of \_\_\_\_\_\_ (Quantity & Type of Securities) on preferential basis under Regulation 28(1) of the SEBI (LODR) Regulations, 2015 by \_\_\_\_\_ (**issuer **name).**

In connection with above application for in-principle approval filed by \_\_\_\_\_ (name of the issuer), we hereby confirm and certify that:

1. \_\_\_\_\_\_\_ (name of allottee(s)) have pledged \_\_\_\_\_\_\_\_ equity shares held by them in \_\_\_\_\_\_\_ (name of the issuer) with our institution towards collateral for \_\_\_\_\_\_ (specify the reasons for pledge)
2. \_\_\_\_\_\_\_ (name of the issuer) has proposed to issues and allot \_\_\_\_\_\_\_ (Quantity & Type of Securities) on preferential basis under Chapter V of SEBI (ICDR) Regulations, 2018 to \_\_\_\_\_\_\_ (name of allottee(s)).

In this regard, we confirm that we will not sell/transfer the above equity shares held by \_\_\_\_\_\_ (Name of the proposed allottees) which had been pledged with us (dematerialised form) in order to comply with the provisions of Regulation 167 (6) of SEBI (ICDR) Regulations, 2018 and amendments thereof, by the allottee(s) in respect of the aforesaid proposed preferential issue.

**Format of undertaking/confirmation from the issuer**

**Sub: Application for “In-principle approval” prior to issue and allotment of \_\_\_\_\_\_ (Quantity & Type of Securities) on preferential basis under Regulation 28(1) of the SEBI (LODR) Regulations, 2015.**

In connection with above application for in-principle approval, we hereby confirm and certify that the \_\_\_\_\_\_ (name of the allottee(s)) will not sell/transfer \_\_\_\_\_\_\_\_ equity shares which have been pledged with the \_\_\_\_\_\_\_\_ (Name of the Banks/ Financial institution(s)), even if these shares are released from pledge at any time between the relevant date and a period of 90 trading days from the date of latest trading approval granted by the recognized stock exchanges for the aforesaid shares.

Further, such shares shall be locked-in for the balance period from the date of release of pledge till 90 trading days from the date of trading approval as required under provisions of Chapter V of SEBI (ICDR) Regulations, 2018 and amendments thereof.

**Format of undertaking/confirmation by the allottee(s)**

**Sub: Application for “In-principle approval” prior to issue and allotment of \_\_\_\_\_\_\_ (Quantity & Type of Securities) on preferential basis under Regulation 28(1) of the SEBI (LODR) Regulations, 2015.**

In connection with above application for in-principle approval, I/We hereby confirm and certify that I/We will not sell/transfer \_\_\_\_\_\_\_\_ equity shares which have been pledged with the \_\_\_\_\_\_\_\_\_ (Name of the Banks/ Financial institution(s)), even if these shares are released from pledge at any time between the relevant date and a period of 90 trading days from the date of latest trading approval granted by the recognized stock exchanges for the aforesaid shares.

We further confirm that these shares shall be locked-in for the balance period from the date of release of pledge till 90 trading days from the date of trading approval as required under provisions of Chapter V of SEBI (ICDR) Regulations, 2018 and amendments thereof.

**FREQUENTLY ASKED QUESTIONs**

*These FAQs offer only a simplistic explanation/clarification of terms/concepts related to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 [“ICDR Regulations 2018”]. Any such explanation/clarification that is provided herein should not be regarded as an interpretation of law nor be treated as a binding opinion/guidance from the National Stock Exchange of India Limited [“NSE”]*

**Q.1.** What is the condition for claiming exemption from the applicability of Chapter V as specified under Regulation 158(1) (a) of SEBI (ICDR) Regulations, 2018 for cases covered under section 62(3) of the Companies Act, 2013?

**Ans.1.**  As per newly inserted Proviso to Regulation 158(1)(a) of SEBI (ICDR) Regulations, 2018 read with Proviso to Section 62(3) of the Companies Act, 2013, in order to claim exemption from the applicability of Chapter V for cases covered under section 62(3) of the Companies Act, 2013, the terms of issue of such debentures or loan containing such an option, including conditions for exercise of such option, should have been approved by the shareholders prior to the issue of such debentures or the raising of loan by way of a special resolution passed by the company in general meeting.

**Q.2.** How is the ‘*volume-weighted average market price’* of shares for a period of 90 trading days calculated under the ICDR Regulations 2018 in case of frequently traded shares.

**Ans.2.** The issuer shall consider VWAP for a period of 90/10 trading days by taking into consideration aggregate daily turnover in the scrip over the period of 90/10 trading days and dividing the same by the total number of shares traded during the said period.

E.g.:- for 90 trading days

|  |
| --- |
| TO1+TO2+ …… + TO90 |
| Q1+Q2+ ………. + Q90 |

in case the relevant script has been traded for 85 days out of total 90 trading days of the market, the calculation shall be like

|  |
| --- |
| TO1+TO2+ …… + TO85 |
| Q1+Q2+ ………. + Q85 |

 assuming the script has not traded between trading day 2 and trading day 90 for 5 trading days.

*Where, TOn = Total turnover in the scrip on ‘nth’ trading day*

*Qn = Number of shares of the scrip traded on ‘nth’ trading day*

**Q.3.** What shall be the treatment of equity shares bought in-between relevant date and date of allotment of securities?

**Ans.3.** Regulation 167 (6) of SEBI (ICDR) Regulation, 2018, inter alia, states *the entire pre-preferential allotment shareholding of the allottees, if any, shall be locked-in from the relevant date up to a period of 90 trading days from the date of trading approval.*

Further, the entire equity shares holding **as on the date of allotment of securities** of the proposed allottees, if any, shall be locked-in for the period of 90 trading days from the date of trading approval. There should not be any sale transaction by the proposed allottees during the 90 trading days preceding the relevant date till the date of allotment of securities wherever applicable.

Also, the company are advised to strengthen internal controls (to monitor trades being executed by the proposed allottees in the scrip of the company) before allotment of securities in order to avoid any non-compliances in respect of trades being executed by the allottees in contravention of provisions of Chapter V of SEBI (ICDR) Regulations, 2018.

**Q.4.** In case of allotment of convertible security, any additional step to be taken by Companies to ensure the compliance of Regulation 162 (1) by the allottees.

**Ans.4.** Regulation 162 (1) of SEBI ICDR Regulation, inter alia, states t*he tenure of the convertible securities of the issuer shall not exceed eighteen months from the date of their allotment.*

To avoid auto-lapse of any convertible security, the companies are advised to intimate the allottees w.r.t. upcoming completion of tenure of the convertible security, giving sufficient time to convey their decision.

**Q.5**. What is the additional requirement that the Issuer must comply, if the size of the preferential issue exceeds one hundred crore (100 Cr.) Rupees?

**Ans.5**. As per the guidance note (Ref. No. NSE/CML/2022/56) issued on December 13, 2022, by NSE, the issuer shall ensure that they follow the guidelines prescribed below, while disclosing the object of issue in the explanatory statement to the notice of the shareholders:

1. The purpose for which fund is proposed to be raised shall be disclosed under the separate heading “Object of the issue”.
2. Each object of the issue, for which funds are proposed to be raised shall be stated clearly and same shall not be open ended/ vague.
3. The amount of funds proposed to be utilized against each of the object shall be stated clearly. In case, it is difficult to quantify the exact amount of fund to be used, a broad range of amount may be provided but the broad range shall be a realistic estimation and range gap shall not exceed +/- 10% of the amount specified for that object of issue size. Further, while giving broad range, the reason for providing the same shall be specified.
4. Total amount of issue size allocated for different objects of the issue shall together be used only for the object of the issue as specified in the placement document/ notice to shareholders and same cannot be added to General Corporate Purposes (GCP).
5. The tentative timeline for utilization of issue proceeds for each of the object shall be clearly stated. Till such time the issue proceeds are fully utilized, the issuer shall also disclose the mode in which such funds will be kept.
6. The fund to be used for General Corporate Purposes (GCP), if any, shall not exceed 25% of the funds to be raised through the preferential issue or QIP, under the current issue.

**General Instructions for filling up the application**

1. Submit the Listing Application only on NEAPs (NSE Electronic Application Processing System) on the following URL: [**https://neaps.nseindia.com/NEWLISTINGCORP/**](https://www.connect2nse.com/LISTING/)
2. If a particular field/detail in the application forms is not applicable, please mention the same as 'Not Applicable'
3. Based on the details/documents submitted by the Applicant on NEAPs, the Exchange shall grant in-principle approval for listing of the securities to enable the depositories to credit the same to the beneficiary’s accounts. The final listing and trading permission shall be granted by the Exchange upon receipt of the documents mentioned in the letter granting in-principle approval.
4. The Exchange reserves the right to ask for documents other than those mentioned above.
5. For further clarifications please reach to the concern Exchange Officer. The details (contact no and E-mail Id) are available to NEAPS portal.

Path: - NEAPS >> Help >> Contact us

1. Generally, the Exchange reverts to the company with the queries/approval on the application within T+3 working days. However, additional days may be required on case-to-case basis.