



INDIA JURIS
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FRAMEWORK FOR PREFERENTIAL ISSUE & QIP (2026)

Under IFSC Listing Regulations, 2024

INTRODUCTION

WHAT IS PREFERENTIAL ISSUE & QIP?

A Preferential Issue refers to the issuance of specified securities to a select group of investors on a private placement basis. A Qualified Institutions Placement (QIP) involves the issuance of specified securities to qualified institutional buyers for efficient capital raising.

PURPOSE OF THIS FRAMEWORK

The framework issued by International Financial Services Centres Authority aims to establish a clear and structured approach for capital raising through preferential issues and QIPs. It focuses on:

- Ensuring transparency in private capital raising transactions
- Regulating preferential and institutional placements effectively
- Strengthening investor confidence through proper disclosures
- Promoting a fair and well-governed capital market environment

APPLICABILITY

- ✓ Applicable to entities whose securities are listed exclusively on recognised stock exchanges in IFSC
- ✗ Not applicable to entities having secondary listings on other exchanges

ELIGIBILITY & CONDITIONS

This section outlines the key eligibility criteria and general conditions that an issuer must comply with before undertaking a preferential issue or a Qualified Institutions Placement (QIP). These requirements ensure that only compliant and eligible entities can raise capital, while maintaining transparency, regulatory discipline, and investor protection.



ELIGIBILITY REQUIREMENTS

- Issuer must be listed on recognised IFSC stock exchange
- Securities should not be under trading suspension
- No dues payable to authority, exchanges or depositories
- Shareholder approval must be obtained

GENERAL CONDITIONS

- Shares must be fully paid at the time of allotment
- In-principle approval from stock exchange required
- Compliance with applicable regulatory framework mandatory
- Issue must follow prescribed timelines



IMPORTANT CONDITIONS

This section outlines the key conditions to be followed while undertaking a preferential issue or a QIP, ensuring fairness, transparency, and compliance with regulatory requirements in the capital raising process.

RESTRICTION ON RECENT SELLERS

The issue shall not be made to any person who has sold or transferred equity shares of the issuer during the 30 trading days preceding the relevant date, ensuring fairness and preventing misuse of insider information.

OUTSTANDING DUES RESTRICTION

An issuer shall not be eligible to undertake a preferential issue or QIP if it has any outstanding dues payable to the authority, recognised stock exchanges, or depositories, unless such dues are under dispute.

RELEVANT DATE CONCEPT

The “relevant date” is used to determine eligibility and key pricing timelines for the issue. It is defined separately for preferential issues and QIPs in accordance with regulatory provisions.

CONVERTIBLE SECURITIES TENURE

Convertible securities must comply with prescribed tenure limits to ensure timely conversion into equity shares. The tenure shall not exceed 18 months in case of a preferential issue and 60 months in case of a QIP.

PAYMENT & ALLOTMENT



RESTRICTION ON RECENT SELLERS

The issuer must ensure that the full consideration for specified securities is received at the time of allotment, except in the case of warrants. This ensures financial certainty and reduces risks in the issuance process.

UPFRONT PAYMENT FOR WARRANTS

In the case of warrants, a minimum of 25% of the total consideration must be paid at the time of allotment. This acts as a commitment from the investor towards future conversion.



BALANCE PAYMENT ON CONVERSION

The remaining 75% of the consideration must be paid at the time of conversion of warrants into equity shares, ensuring completion of the payment cycle.

FORFEITURE ON NON-EXERCISE

If the warrant holder fails to exercise the option within the specified time period, the amount already paid shall be forfeited by the issuer, ensuring accountability in the process.



DISCLOSURES (PREFERENTIAL ISSUE)

Adequate disclosures are essential to ensure transparency and enable informed decision-making by investors in preferential issues, by providing clear and complete information about the issuer, the transaction, and its impact.



PURPOSE & USE OF FUNDS

The issuer must clearly disclose the objective of the issue along with the proposed utilization of funds, ensuring clarity on how the capital raised will be used.

SHAREHOLDING PATTERN

Details of the shareholding pattern before and after the issue must be provided to reflect the impact on ownership and control.

ISSUE TIMELINE


The expected timeline for completion of the issue must be specified to ensure clarity and accountability in the process.

INVESTOR & BENEFICIAL OWNERSHIP DETAILS

The identity of investors and ultimate beneficial owners must be disclosed to maintain transparency and regulatory compliance.

PRICING & VALUATION

The pricing of securities along with the valuation methodology must be clearly explained to justify the issue price.



QIP REQUIREMENTS

Adequate disclosures are essential to ensure transparency and enable informed decision-making by investors in preferential issues, by providing clear and complete information about the issuer, the transaction, and its impact.

Appointment of Lead Manager

The issuer must appoint one or more lead managers to manage the issue and ensure compliance with all regulatory requirements.

1

Placement Document

A detailed placement document containing all material disclosures must be prepared, ensuring transparency and accuracy of information.

2

Selective Circulation

The placement document is shared only with selected institutional investors, maintaining the private placement nature of the issue.

3

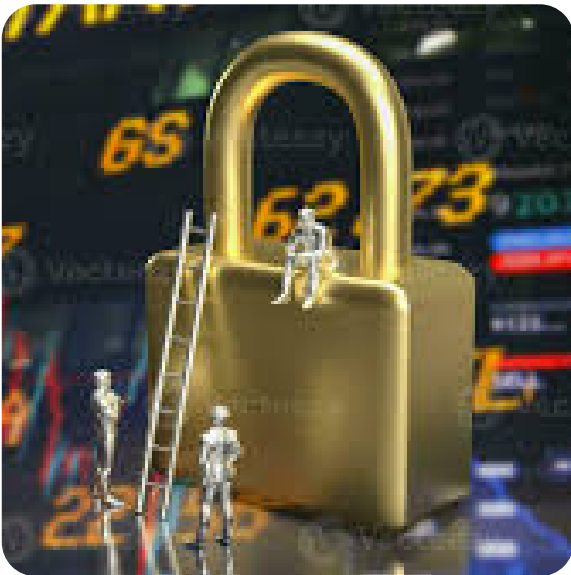
Website Disclosure

Relevant disclosures and documents must be made available on the issuer's website and the websites of the relevant stock exchanges to ensure regulatory transparency.

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LOCK-IN & TIMELINES

The framework prescribes specific lock-in requirements and defined timelines to ensure stability in shareholding and the orderly completion of the issuance process. These provisions help prevent immediate exit by key stakeholders and promote discipline in capital raising activities.



Lock-in Period

Securities allotted to promoters and controlling shareholders are subject to a lock-in period of 6 months from the date of trading approval, ensuring stability and long-term commitment

Preferential Issue Timeline

Allotment under a preferential issue must be completed within 30 days from the date of shareholder approval, ensuring timely execution of the issue.

QIP Timeline

Allotment under a QIP must be completed within 1 year from the date of approval, providing a defined time frame for capital raising.

KEY TAKEAWAYS

01

Promotes greater transparency in private capital raising by ensuring clear disclosures and structured processes

02

Strengthens investor protection through comprehensive information sharing and regulatory oversight

04

Establishes defined timelines and regulatory safeguards to ensure discipline and timely execution of the issuance process

03

Enables efficient and streamlined fundraising through institutional and private placement routes

POST-ISSUE RESPONSIBILITIES

After completion of the issue, the issuer must ensure timely allotment of securities and completion of all post-issue formalities within the prescribed timelines. It is also essential to ensure regulatory compliance, proper communication with investors, and resolution of any outstanding matters related to the issue.






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