



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

General Manager
Corporation Finance Department
Policy and Development
Email: yogitag@sebi.gov.in

No.: SEBI/HO/CFD/PoD2/OW/P/2023/5822/1
February 10, 2023

To
Dhanlaxmi Bank Limited,
Dhanlaxmi Buildings,
Naickanal, Thrissur- 680001

Sir,

Kind attention: Mr. Venkatesh. H (Company Secretary)

Sub: Your request for informal guidance by way of an interpretive letter under Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 in relation to "Minimum Subscription" as mentioned under Regulation 86 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

1. This is with reference to your letter dated January 06, 2023 ("**Application**") seeking guidance by way of an interpretive letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 ("**Scheme**") relating to the requirements of minimum subscription under Regulation 86 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**SEBI ICDR Regulations 2018**").
2. In your Application, you have inter-alia stated that Dhanlaxmi Bank Ltd. is a professionally managed listed company without any identifiable promoter/promoter group and it is proposing to raise capital through Rights Issue. You have stated that the object of the Rights Issue is to increase Tier I Capital and is not for the purpose of financing of Capital Expenditure for a project.
3. In view of above, you have sought an interpretative letter on the following:

"Whether any relaxation is available to a professionally managed listed company in India without any identifiable promoter/promoter group (in this case a private sector scheduled commercial Bank) proposing a right issue with respect to minimum subscription requirement under Regulation 86 of the SEBI (ICDR) Regulations?"



अनुवर्ती :
Continuation :

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4. We have considered your query and we are issuing an interpretative letter as under:
- i. Regulation 86 (1) of SEBI ICDR Regulations 2018, which deals with the minimum subscription in a rights issue, is reproduced below:
*“(1) The minimum subscription to be received in the issue shall be at least ninety percent of the offer through the offer document.
Provided that minimum subscription criteria shall not be applicable to an issuer if
(a) the object of the issue involves financing other than financing of capital expenditure for a project; and
(b) the promoters and the promoter group of the issuer undertake to subscribe fully to their portion of rights entitlement and do not renounce their rights except to the extent of renunciation within the promoter group.”*
 - ii. For an exemption from the minimum subscription requirement under regulation 86 of SEBI ICDR Regulations 2018, the twin conditions of the proviso to the aforesaid regulation are required to be met. However, for a professionally managed listed company without identifiable promoters/promoter group, compliance with the second condition to the proviso to regulation 86 (1) of SEBI ICDR Regulations 2018 is not possible. In such case, compliance with the first condition of the aforesaid proviso shall be considered as sufficient compliance for getting an exemption from the minimum subscription requirement under the Rights Issue.
5. The above position is based on the facts and circumstances described by you in your Application and different facts or conditions might lead to a different result. Further, this letter does not express a decision of the Board on the question referred.
6. You may also note that the above views are expressed only with respect to the guidance sought in your Application and do not affect the applicability of any other law or requirements of any other SEBI Regulations, Guidelines and Circulars administered by SEBI or of the laws administered by any other authority.

Yours faithfully,


Yogita Jadhav