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**भारतीय प्रतिभूति  
और विनियम बोर्ड**  
**Securities and Exchange  
Board of India**

CFD/DIL-1/NR/AKD/2017/11867/1

April 18, 2018

**Bajaj Finserv Limited**

6<sup>th</sup> floor, Bajaj Finserv Corporate Office,  
Off Pune-Ahmednagar Road,  
Viman Nagar, Pune-411035  
Maharashtra

Kind Attention: Ms Sonal R Tiwari

Dear Madam,

**Sub: Interpretative letter under SEBI (Informal Guidance) Scheme, 2003 in the matter of Bajaj Finserv Limited**

1. Please refer to your letter dated February 14, 2018 seeking interpretative letter under SEBI (Informal Guidance) Scheme, 2003.
2. In your letter under reference you have *inter alia*, represented as under:
  - (i) Bajaj Finserv Limited (BFL) had through its first rights issue, issued equity shares of FV Rs. 5/- each on May 16, 2012 with an issue size of Rs. 940 Crores to its shareholders for which an in-principle approval was received from BSE and NSE in July 2012.
  - (ii) The issue of 1,44,68,351 rights issue equity shares was approved by the board committee at its meeting held on Aug 29, 2012.
  - (iii) In consultation with the merchant bankers and as specifically advised by the stock exchanges, the company had kept 29,509 (0.20% of total issued shares) rights issue shares, for reasons including shares being under legal disputes, transmission, held in demat suspense account etc.
  - (iv) The company allotted the balance 1,44,38,842 rights issue shares to the shareholders at Rs. 650/- per share (including Rs. 645/- as premium per share) after receiving listing approval from stock exchanges. Further, the company also received trading approval for the said allotted shares on October 22, 2012.
  - (v) Out of the 29,509, few abeyance cases got resolved till 2017. The application for listing of 3317 shares allotted on Oct 16, 2017 was done in 30 days and 29 days respectively for BSE and NSE. NSE and BSE vide emails dated Dec 6, 2017 and Dec 7, 2017 respectively levied a fine on the company in terms of Regulation 108(2) of ICDR read with SEBI circular dated June 15, 2017 for alleged delay in submission of its application for listing of these 3317 shares beyond the prescribed period of 20 days after allotment.

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.

दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर. एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in



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- (vi) Post allotment of the aforesaid 3317 shares, currently, 278 cases aggregating to 16,764 rights issue shares are still kept in abeyance.
- (vii) The company paid the fine under protest to the stock exchanges on Dec 22, 2017 and got the final listing and trading approvals from the stock exchanges.
3. Based on the above, you have sought Informal Guidance on following issues:
- (i) Whether the ICDR Regulations read with SEBI Circular dated 15 June 2017 apply in case of a rights issue of shares kept in abeyance when the allotment of shares in a tranche is less than Rs. 50 Lakh of the value of the specified securities?
- (ii) Whether Regulation 108 of ICDR Regulation applies to cases where the rights issue took place prior to Chapter XI coming into effect?
- (iii) Whether Regulation 108 of ICDR Regulation applies to special cases where the rights issue took place prior to Chapter XI coming into effect but the shares were not allotted due to the same being under dispute and were kept in abeyance based on guidance provided by the Stock Exchange?
- (iv) Whether mitigating circumstances such as conduct of the Company should be considered by the Stock Exchanges before imposing a penalty for violation of Regulation 108 of the ICDR Regulation?

4. Our views on the queries raised by you are as follows:

**Response to query no. (i):** Regulation 3 clearly states that the regulation applies to rights issue, where the aggregate value of specified securities offered is fifty lakh rupees or more. The tranche of 3317 shares kept in abeyance was part of the rights issue to which the regulations were applicable. Hence, ICDR Regulations read with SEBI Circular dated 15 June 2017 would apply in case of a rights issue of shares kept in abeyance even when the allotment of shares in a tranche is less than Rs. 50 Lakh of the value of the specified securities.

**Response to query no. (ii):** Chapter XI of ICDR including Regulation 108 of ICDR was inserted in ICDR Regulations by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.e.f December 1, 2015. Hence, Regulation 108 of ICDR is not applicable to cases where allotment pursuant to rights issue took place prior to December 1, 2015. However, it will be applicable to any allotment after December 1, 2015 including any allotment pursuant to the rights issue which happened before December 1, 2015.

**Response to query no. (iii):** Regulation 108 of ICDR Regulation would apply to all allotments pursuant the amendment dated December 1, 2015 to ICDR.



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**Response to query no. (iv):** You may take up the matter with stock exchange.

5. Vide your aforesaid letter, you have requested confidentiality in respect of your application. Accordingly, it has been decided that the letter issued to you in this matter will not be made public for a period of 90 days from the date of issuance of this letter.
6. The above position is based on the information furnished in your letter under reference. Different facts or conditions might lead to a different result. Further, this letter does not express a decision of the Board on the questions referred.
7. You may also note that the above views are expressed only with respect to the clarification sought in your letter under reference with respect to Securities and Exchange Board of India (ICDR) Regulations, 2009 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 truly,

Narendra Rawat