



DEPUTY GENERAL MANAGER
DEPARTMENT OF DEBT AND HYBRID SECURITIES
POLICY AND DEVELOPMENT – 1

SEBI/HO/DDHS/DDHS-PoD-1/P/OW/2024/0000022159/1
July 08, 2024

Belstar Microfinance Limited
Registered Office: No. 33, 48th Street,
9th Avenue, Ashok Nagar.
Chennai – 600 083

Dear Sir,

Subject: Request for interpretative letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 in connection with the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 by Belstar Microfinance Limited

1. This has reference to your letter dated May 22, 2024, received on May 27, 2024, seeking an interpretative letter under the SEBI (Informal Guidance) Scheme, 2003 ('Informal Guidance Scheme') in relation to the compliance of the provisions of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and Master circular dated May 22, 2024 issued thereunder.
2. In your letter under reference, you have, *inter-alia*, stated that Belstar is a non-banking finance company and had issued 28,300 unsecured, senior, rated, listed, redeemable, transferable, non-convertible debentures at a coupon rate of 10.00% p.a. having face value of Rs. 1,00,000/- each and aggregating to Rs. 2,83,00,00,000/- (Rupees two hundred and eighty-three crore only) on private placement basis through the BSE Electronic Book Provider (EBP) platform.
3. In view of the above, you have sought an interpretive letter under the SEBI (Informal Guidance) Scheme, 2003 from SEBI on the following:
 - i. The cut-off time to submit the application is before 12:00 noon or before 5 p.m.
 - ii. The penal interest is payable at the rate of 1.00% p.a. (since coupon rate of 10% is anyways payable to the investor on due date)

OR

The penal interest is payable at the rate of 11.00% p.a. (10.00% + 1.00%) (in addition to the coupon rate of 10% payable to the investor on due date)

4. In this regard, it is stated as follows:

The submissions made in your letter have been considered and without necessarily agreeing with your analysis, our response on the queries raised in your letter, are as under:

4.1. In regards to query 3.i., the following is informed:

We invite your attention to paragraph 8.iv. of Informal Guidance Scheme wherein SEBI may not respond to the requests where applicable legal provisions are not cited.

4.2. In regards to query 3.ii., the following is informed:

Para 6 of 'Chapter VII - Standardization of timelines for listing of securities issued on a private placement basis' of SEBI Master Circular dated May 22, 2024 specifies,

"6. In case of delay in listing of securities issued on privately placement basis beyond the timelines specified above, the issuer shall pay penal interest of 1% p.a. over the coupon/ dividend rate for the period of delay to the investor (i.e. from the date of allotment to the date of listing)."

In case of a debt instrument, since the interest/ coupon / dividend is accrued on a daily basis and is payable at a defined interval (monthly/ quarterly/ annual/ etc.), the penalty for not listing such an instrument would also accrue on a daily basis . Thus, in addition to the coupon/ dividend rate payable to the investor, the issuer is required to pay penal interest at the rate of 1% p.a. for the period of delay i.e., from the date of allotment to the date of listing.

5. This above position is based on the information furnished in your letters under reference. Different facts or conditions might lead to different interpretation. Further, this letter does not express decision of the Board on the questions referred.
6. You may note that the above views are expressed only with respect to the clarification sought in your letter under reference with respect to the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and circulars issued thereunder and does not affect the applicability of any other law or requirement of any other SEBI Regulations, Guidelines and Circulars administered by SEBI or of the laws administered by any other authority.

Yours faithfully,



Rishi Barua