

**Nodal Co-ordination Cell
Informal Guidance**

**Issue No: I/17888/2026
July 31, 2026**

**IDBI Bank Limited
IDBI Tower,
WTC Complex, Cuffe Parade,
Mumbai – 400 005
E-mail: kv.rajanikanth@idbi.co.in**

Sir,

Kind attention: Shri K.V. Rajani Kanth, Chief General Manager, Treasury, IDBI Bank Limited

Sub: Request for Informal Guidance by way of an interpretative letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2025 - clarification regarding sale of equity shares of various unlisted companies held by IDBI Bank Limited to non-QIB investors

1. This is with reference to your application dated May 13, 2026 seeking guidance by way of an interpretative letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2025 ("**Informal Guidance Scheme**") in relation to the proposed sale of equity shares of various unlisted companies held by IDBI Bank Limited ("**IDBI**" or "**the Bank**") to non-QIB investors.
2. The guidance is stated to be sought in the light of an advisory dated January 15, 2026 (enclosed as Annexure-II to the application) issued to IDBI and Public Sector Banks by the Department of Financial Services (DFS), Ministry of Finance inter alia advising that sale of equity shares of unlisted companies may be restricted to Qualified Institutional Buyers (QIBs) to ensure compliance with applicable regulatory provisions and to avoid unintended classification as public issues.
3. In view of the above, you have inter-alia stated in your application that-
 - 3.1. IDBI holds equity shares of various unlisted companies, which are generally acquired-
 - (a) as a part of restructuring / resolution of loan accounts/ invocation of pledges,
 - (b) direct acquisition of these shares as investment,
 - (c) in specie distribution of non-exited equity shares by VCFs/AIFs at the end of their tenure.
 - 3.2. IDBI proposes to sell such unlisted equity shares -
 - (a) through bilateral / negotiated transactions,
 - (b) to identified promoters or other QIB and non-QIB investors,
 - (c) without any public advertisement, RFP, EOI or general solicitation, and
 - (d) such transactions would be pure secondary transfers, involving no fresh issuance of securities by the unlisted companies.

4. In this background, you have sought for clarification on the following queries –

- (a) *Whether sale of such unlisted equity shares through a non-advertised, privately negotiated transaction with identified investors, including non-QIB investors such as individuals, corporate entities, and the company's promoters, be construed as a deemed public issue under the Companies Act, 2013 and is not in violation of any provisions of Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.*
- (b) *Whether the Companies Act or other act/rule mandates that such transactions be restricted exclusively to Qualified Institutional Buyers or a non-advertised, privately negotiated transaction with identified investors, including non-QIB investors such as individuals, corporate entities, and the company's promoters, can be carried out.*
- (c) *Whether the Bank is entitled to transfer such unlisted equity shares to the company's promoters pursuant to contractual arrangements conferring a right of first refusal or their first right to purchase in case of sale by the Bank.*

5. We have considered the submissions made by you in your application. Without necessarily agreeing with your analysis, our views on the above queries are provided below:

Query 1 - "Whether sale of such unlisted equity shares through a non-advertised, privately negotiated transaction with identified investors, including non-QIB investors such as individuals, corporate entities, and the company's promoters, be construed as a deemed public issue under the Companies Act, 2013 and is not in violation of any provisions of Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014."

Our comments/remarks:

(a) In your application, it is not stated as to whether the unlisted companies, whose equity shares are proposed to be sold by IDBI are private limited or public limited companies. Section 2(68) of the Companies Act, 2013, while defining the expression "private company", limits the number of members to two hundred and prohibits a 'private company' from inviting the public to subscribe to its securities. In terms of section 23(2)(b), a private company may issue securities through private placement in compliance with the relevant provisions of the Companies Act, 2013.

(b) On the other hand, a public company can issue securities to public through prospectus including through offer for sale of securities to the public by an existing shareholder. Further, in terms of section 28(2) of the Companies Act, 2013, any document by which the offer of sale to the public is made shall be deemed to be a prospectus.

(c) Explanation III to section 42(3) of the Companies Act, 2013 provides that if a company, listed or unlisted, makes an offer to allot or invites subscription, or allots, or enters into an agreement to allot, securities to more than the prescribed number of persons, then the same shall be deemed to be an offer to the public. The 'prescribed number' is 200 persons in the aggregate in a financial year as per rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

(d) Section 42(2) of the Companies Act, 2013 provides that the offer/allotment/ of shares made to QIBs and employees of the company under a scheme of employees' stock option is excluded while calculating the number of persons for the purposes of deciding whether the offer is made to more than 200 or not.

(e) IDBI proposes to sell its holding of unlisted shares of other companies through non-advertised privately negotiated transactions to identified investors including non-QIBs. The same may not be construed as deemed public issue provided that the proposed sale of shares of a company is made upto the prescribed limit of 200 persons in a financial year in terms of section 42 read with section 28 of the Companies Act, 2013.

Query 2 - Whether the Companies Act or other act/rule mandates that such transactions be restricted exclusively to Qualified Institutional Buyers or a non advertised, privately negotiated transaction with identified investors, including non- QIB investors such as individuals, corporate entities, and the company's promoters, can be carried out."

Our comments/remarks:

Section 42(2) read with rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 does not mandate or restrict the categories of persons to whom the placement/transfer can be made by a company, but restricts the number of persons in a private placement. While calculating the number of persons for the purposes of deciding whether the offer is made to more than 200 or not in a financial year, the said provision allows placement made to QIBs to be excluded. Hence, transfer can be made through a non-advertised privately negotiated transaction to identified investors including non-QIB investors, provided that such transfer is made upto the prescribed limit of 200 persons in a financial year, to not be construed as a deemed public issue.

Query 3 - Whether the Bank is entitled to transfer such unlisted equity shares to the company's promoters pursuant to contractual arrangements conferring a right of first refusal or their first right to purchase in case of sale by the Bank."

Our comments/remarks:

The proposed transfer by IDBI of its holding of unlisted shares to its promoters (identified persons) may be made, subject to the prescribed limit in a financial year, to not be construed as a deemed public issue. The contractual terms are for the parties to decide, subject to the applicable law.



6. This letter has been issued with the approval of the competent authority and the guidance is based on the representation made in your application. Different facts or conditions would require a different result. This letter expresses the relevant Department's position on enforcement action only. It does not express the decision of the Board on the questions presented and does not preclude you from taking any other opinion, as deemed appropriate.

Yours sincerely,

Anamika Shripat

