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March 27, 2018

The Corporate Finance Department
Securities and Exchange Board of India,
Division of Issues and Listing - II,
Plot No. C4-A, 'G' Block, Bandra-Kurla Complex,
Bandra (East),
Mumbai - 400 051

Attn: Mr. Jayanta Jash, Head of Department

Dear Sir / Madam,

Ref.: Request for an interpretative letter under Paragraph 4 and 5(ii) of the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 in relation to the lock-in requirements applicable to pre-preferential allotment shareholding under Regulation 78(6) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "ICDR Regulations"), in case of warrants.

This is to request for an interpretative letter under Paragraph 5(ii) of the Securities and Exchange Board of India (Informal Guidance), 2003 (the "Scheme") on the basis of the submissions below:

1. Factual Background

- 1.1. Prime Focus Limited (the "Company") is a company incorporated under the Companies Act, 1956 with its registered office located at Prime Focus House, Opposite Citi Bank, Linking Road, Khar (West), Mumbai-400052. The issued and paid-up share capital of the Company consists of 299,165,645 equity shares of face value of Re. 1 each (the "Equity Shares"). The Equity Shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited (collectively, the "Stock Exchanges").
- 1.2. Pursuant to approval of shareholders of the Company, at a duly convened extra-ordinary general meeting of the Company held on January 5, 2018, the Company allotted 3,11,32,076 (Three Crore Eleven lakh Thirty Two Thousand and Seventy Six) warrants for an aggregate consideration of Rs. 330,00,00,056 (Rupees Three Hundred and Thirty Crore and Fifty Six) (the "Warrants") to Monsoon Studio Private Limited and Mr. Anshul Doshi (collectively, the "Warrant Holders") on February 14, 2018, by way of preferential allotment on a private placement basis, in accordance with the provisions of Chapter VII of the ICDR Regulations and the Companies Act, 2013, as amended (the "Issue"), in the manner provided below:

Sr. No.	Name of the Warrant Holder	Category of the Warrant Holder	Number of Convertible Warrants allotted
1.	Monsoon Studio Private Limited	Member of the Promoter and Promoter Group	2,83,01,887
2.	Mr. Anshul Doshi	Non-promoter	28,30,189
	Total		3,11,32,076





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- 1.3. The Warrants are convertible into 3,11,32,076 (Three Crore Eleven lakh Thirty Two Thousand and Seventy Six) Equity Shares of the Company at the option of the Warrant Holders in one or more tranches, on or after April 1, 2018, but not later than 18 (eighteen) months from February 14, 2018, i.e. the date of the allotment thereof.
- 1.4. The conversion price of the Warrants is Rs. 106 (Rupees One Hundred and Six) per warrant, which is higher than the minimum price determined in accordance with the ICDR Regulations. Further, the 'Relevant Date' pursuant to Regulation 71 of the ICDR Regulations in relation to the above mentioned preferential issue of Warrants, was December 6, 2017, which is a date 30 (thirty) days prior to the date of the extra-ordinary general meeting of the Company approving the issue and allotment of the Warrants i.e. January 5, 2018.
- 1.5. The Warrants are not listed on any of the Stock Exchanges.
- 1.6. As on the date of the Issue and on the 'Relevant Date', Monsoon Studio Private Limited held 2,75,06,095 Equity Shares, constituting 9.20% of the then issued and paid-up capital of the Company ("Monsoon's Pre-Preferential Allotment Shareholding"). Mr. Anshul Doshi, did not hold any Equity Shares, as on the date of the Issue and on the 'Relevant Date'.

2. Legal Framework

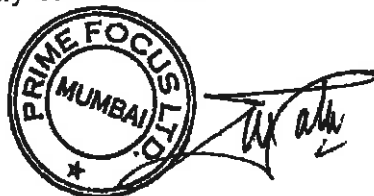
2.1. Provisions under the ICDR Regulations:

Regulation 78(6) of the ICDR Regulations refers to the "date of trading approval" as the reference date for determining the lock-in period as referred to thereunder. Regulation 78(6) of the ICDR Regulations is reproduced below:

- 2.1.1. **Regulation 78(6):** "The entire pre-preferential allotment shareholding of the allottees, if any, shall be locked-in from the relevant date upto a period of six months from the date of trading approval."

3. Applicability of the Legal Framework

- 3.1. The lock-in period of 6 (six) months under Regulation 78(6) of the ICDR Regulations, is to be determined on the 'date of trading approval' under such provision. The Warrants allotted to the Warrant Holders are not listed, the concept of 'trading approval' shall not be applicable to such Warrants, until the same are converted into the Equity Shares. Accordingly, the date relevant for calculation of the lock-in period for the pre-preferential shareholding, under Regulation 78(6) of the ICDR Regulations should be the date of allotment of the Warrants.
- 3.2. The above proposition has previously been considered and clarified by the Securities and Exchange Board of India ("SEBI") in the interpretative letter issued by it to PC Jeweller Limited ("PCJ"), dated June 07, 2017. In the interpretative letter issued by SEBI to PCJ, SEBI clarified that whilst Regulation 78(6) of the ICDR Regulations *inter alia* provides that the entire pre-preferential allotment shareholding of the allottees, shall be locked in from the relevant date upto a period of six months from the date of the 'trading approval', where the requirement of trading approval is not applicable to the convertible securities (i.e., where the holder of the compulsory convertible debentures do not intend to list the compulsory



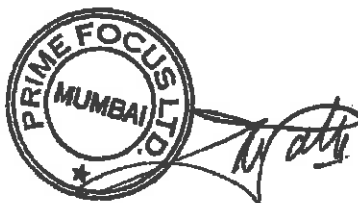


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convertible debentures within 18 (eighteen) months from the date of allotment), the lock-in period shall commence from the relevant date and end on expiry of six months from the date of allotment of the compulsory convertible debentures. A copy of the interpretative letter issued by SEBI to PCJ, is enclosed as Annexure A hereto.

- 3.3. Since the concept of 'trading approval' is not applicable to Warrants, which are not listed, we believe that it would be logical and reasonable to extend the principle adopted by the SEBI in the interpretative letter issued by it to PCJ, as discussed above, for the purposes of reckoning the period of lock-in in relation to the Issue, under Regulation 78(6) of the ICDR Regulations, as may be applicable in the case of each of the Warrant Holders, such that under Regulation 78(6), the lock-in period of Monsoon's Pre-Preferential Allotment Shareholding, shall begin on December 6, 2017 and end upon a period of 6 (six) months from February 14, 2018, the date of allotment of the Warrants to Monsoon.
- 3.4. In the event, a contrary view is adopted, i.e. the lock-in period is considered with reference to the date of the 'trading approval' granted for the Equity Shares, which arise from the conversion of the Warrants by the Warrant Holders, such a view would unreasonably extend the lock-in period for Monsoon's Pre-Preferential Allotment Shareholding, as contemplated under Regulation 78(6) of the ICDR Regulations. By way of an illustration, given that the Warrants are convertible into Equity Shares, within a period of 18 (eighteen) months from the date of their allotment i.e. February 14, 2018, should such Warrants be converted into the Equity Shares at the expiry of the aforementioned 18 (eighteen) months, the trading approval for the Equity Shares can only be obtained at the end of such 18 (eighteen) month period. This would effectively mean that for the purposes of Regulation 78(6), the lock-in period for entire of Monsoon's Pre- Preferential Allotment, shall be for an aggregate period of 24 (twenty four) months (i.e. period of 18 (eighteen) months for the conversion of Warrants into Equity Shares and an additional period of 6 (six) months).
- 3.5. Accordingly, given that the Warrants are not proposed to be listed, applying the guidance provided by SEBI in the interpretative letter issued by it to PCJ, as discussed in Paragraph 3.2 above, it may be inferred that the lock-period referred to under Regulation 78(6) of the ICDR Regulations, will commence from the relevant date in relation to the Issue i.e. December 6, 2017 and end on expiry of 6 (six) months from February 14, 2018, the date of allotment of the Warrants.
4. **Application under the Scheme**
- 4.1. The Scheme permits any listed company to make a request for informal guidance. The Company, being a listed company which has its Equity Shares listed on the Stock Exchanges, is making this request for informal guidance under paragraph 4 of the Scheme.
5. **Request for Interpretative Letter**
- 5.1. In light of the above, the Company, respectfully requests for an interpretative letter on:
- (a) The interpretation of Regulation 78(6) of the ICDR Regulations, for the purposes of calculating the period of lock-in as set out thereunder, in the case of unlisted convertible securities (including warrants).
- (b) In particular, we seek confirmation on whether for the purposes of Regulation 78(6) of the ICDR Regulations, the period of lock-in referred to thereunder, shall for the purposes





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of Monsoon's Pre- Preferential Allotment Shareholding, be computed from the date of the 'Relevant Date' of the Issue i.e. December 6, 2017 up to a period of 6 (six) months from February 14, 2018, i.e. the date of allotment of the Warrants.

- 5.2. We seek your considered informal guidance to this effect and we will extend our full co-operation in the event that you may require any further information. We shall be pleased to furnish any additional information as may be required in support of this application. Any request for further information may be addressed to:

Ms. Parina Shah, Company Secretary
Address: Prime Focus House, Linking Road, Opposite Citi Bank. Khar (West), Mumbai - 400052
Tel: +91- 7738356553; +91 22 67155000
Email: parina.sanghavi@primefocus.com

6. Request for Confidentiality

- 6.1. In accordance with Paragraph 11 of the Scheme, we request that this letter and its contents be kept confidential for the maximum period possible, i.e. until 90 (ninety) days after the response to this letter has been tendered.


7. Compliance with Paragraph 6 of the Scheme

- 7.1. In accordance with Paragraph 6 of the Scheme, this request for informal guidance is accompanied with a demand draft for Rs. 25,000/- (Rupees Twenty Five Thousand Only) dated March 20, 2018 drawn on Kotak Mahindra Bank, payable at Mumbai.
- 7.2. All material facts, circumstances and legal provisions which in our opinion are relevant for the purposes of determination of this request are stated herein.

Thanking you.

Respectfully submitted,

For Prime Focus Limited


Naresh Malhotra
Whole-time Director
DIN: 00004597



Encl: Annexure A