



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

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CFD/DIL-2/ADM/AV/OW/ 16064/2018
June 13, 2018

M/s. Prime Focus Limited
Prime Focus House,
Linking Road,
Opposite Citibank, Khar (West)
Mumbai-400 051.

Kind attention: Mr. Naresh Malhotra, Whole Time Director

Dear Sir,

Sub: Interpretative letter of opinion under SEBI (Informal Guidance) Scheme, 2003 in the matter of M/s Prime Focus Limited

1. This has reference to your letter dated March 27, 2018 seeking interpretative letter under the SEBI (Informal Guidance) Scheme, 2003.
2. In your letter under reference you have *inter alia*, represented as under:
 - a. PFL is a company incorporated under the Companies Act, 1956, with its registered office located at Mumbai. The issued and paid-up share capital of the Company consists of 299,165,645 equity shares of face value of Re. 1 each and the said shares are listed on BSE and NSE.
 - b. Pursuant to approval of the shareholders of PFL, the Company allotted 3,11,32,076 warrants for an aggregate consideration of Rs. 330,00,00,056/- to Monsoon Studios Private Limited and Mr. Anshul Doshi, 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 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

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051. • दूरभाष: 2644 9000 • फैक्स: 2644 9019 to 2644 9022
वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051. • Tel.: 2644 9000 • Fax: 2644 9019 to 2644 9022
Web: www.sebi.gov.in



- c. The warrants are convertible into 3,11,32,076 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 months from February 14, 2018, i.e. after the date of allotment thereof.
- d. The conversion price of the warrants is Rs. 106 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 said issue was December 6, 2017, which is a date 30 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.
- e. The warrants are not listed on any stock exchanges.
- f. As on the date of the issue and on the 'relevant date', Monsoon Studios Private Limited held 2,75,06,095 equity shares constituting 9.20% of the then issued and paid-up capital of the Company while Mr. Anshul Doshi did not hold any equity shares as on the date of the Issue and on the 'Relevant Date'.
- g. Since the concept of 'trading approval' is not applicable to warrants, which are not listed, and given that the warrants are not proposed to be listed, it may be inferred that the lock-in 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 months from February 14, 2018, the date of allotment of the warrants.
- h. SEBI has clarified in its interpretative letter dated June 7, 2017 issued by it to PC Jewellers Limited ("PCJ") under the Scheme 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 convertible debentures within 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.



3. On the basis of the above, you have sought Informal Guidance on following issue:
- (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) Whether for the purposes of Regulation 78(6) of the ICDR Regulations, the period of lock-in referred to thereunder, shall for the purposes of Monsoon's pre-preferential allotment shareholding, be computed from the date of the 'relevant date' of the issue, i.e. December 6, 2017 upto a period of six months from February 14, 2018, i.e. the date of allotment of the warrants.
4. Without necessarily agreeing with your analysis given in your above mentioned letter, our views on the query raised by you are as follows:
- 4.1 The following provisions of ICDR Regulations may be applicable:
- Regulations 2(1)(xi): "specified securities" means equity shares and convertible securities.*
- Regulation 2(1)(k) "convertible security" means a security which is convertible into or exchangeable with equity shares of the issuer at a later date, with or without the option of the holder of the security and includes convertible debt instrument and convertible preference shares;*
- 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.*
- 4.2 Regulation 78(6) of the ICDR Regulations inter alia provides that 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". However, where the requirement of trading approval is not applicable to the warrants (i.e., where the holder of the warrants do not intend to list them within 18 months from the date of allotment), lock-in period shall commence from the relevant date and end on the expiry of six months from the date of allotment of the warrants.
5. 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 question referred.
6. Vide your aforesaid letter, you have requested for confidentiality in respect of your application. Accordingly, it has been decided that no-action letter issued to you in this matter will not be



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made public for a period of 90 days from the date of issuance of this letter.

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 SEBI (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 sincerely,

Amy Durga Menon