



Share India Securities Limited

(CIN : L67120GJ1994PLC115132)

Member : NSE, BSE, MCX & NCDEX

Depository Participant with 'CDSL'

SEBI Registered Research Analyst & Portfolio Manager

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Date: August 16, 2023

Securities and Exchange Board of India
Corporation Finance Department
SEBI Bhawan, Plot No. C4-A, G-Block, Bandra Kurla Complex,
Bandra (East), Mumbai – 400051



SEBI/IW/P/20230821/0000068786

Subject: Request for Interpretative Letter under SEBI Informal Guidance Scheme, 2003

Ref.: Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

Dear Sir/Madam,

We request for an Interpretative Letter under paragraph 5(ii) of the SEBI (Informal Guidance) Scheme, 2003, to seek clarification regarding the interpretation of the PIT Regulations mentioned in the subject matter. We provide the following background and query for your reference:

A. Background and Material Facts:

Share India Securities Limited (hereinafter referred as “Company”) is a Listed Company incorporated on July 12, 1994, under the erstwhile provisions of the Companies Act, 1956, and listed with BSE and National Stock Exchange of India Limited (NSE) having its Registered Office 1701-1703, 17th Floor, Dalal Street Commercial Co-operative Society Limited, Road 5E, block 53, Zone 5, Gift City, Gandhinagar, Gujarat-382355. The Company is engaged in the Business of Stock Broking.

The Company came up with a Rights Issue by way of issuance of Equity Shares of the face value of Rs.10 each fully paid-up along with 17 Detachable Warrants each (“Rights Securities”). The allotment of shares in the issue was completed on March 24, 2023.

The Rights issue was also subscribed by the Designated Persons of the Company. Referring to FAQ no. 39, dated 31.03.2023 issued by SEBI, if the initial transaction of Disposal was completed in accordance with PIT Regulations, then any acquisition of securities by way of Rights issue, Follow-on Public Offer (FPO), Offer for Sale (OFS), Bonus issue, Share Split, Merger/Amalgamation, Demerger, would not attract restriction of ‘contra-trade’. As per our understanding, subscribing to the aforementioned corporate actions shall be exempted from the restrictions of Contra Trade.



B. Query

1. Pursuant to Letter of Offer dated February 28, 2023, as intimated by the Company to the NSE and BSE in relation to the Rights Issue, the subscriber to the Issue is entitled for 17 detachable warrants convertible into equity shares, having an exercise period of 18 Months from the date of allotment. Therefore, the warrant holder has right to convert his warrants into the equity shares anytime for a period of 18 months from the date of allotment.

Further, both the Equity Shares and warrants have separate ISINs and are freely tradeable in the Market, thus classified as securities for the Company.

We interpret that the act of conversion of warrants into equity shares forms part of the Corporate Action. Now, if the Designated person converts his warrants into equity shares prior passing of Six months from the date of allotment. We Request your Opinion if the transaction shall be Considered as Contra Trade?

To illustrate our query, we present following example:

Suppose, A Designated Person has been allotted equity shares and 17 detachable warrants pursuant to Rights issue on 24.03.2023. He converts the allotted warrants into equity shares on 25.07.2023. Will this transaction be considered as contra trade?

2. If prior passing of Six months from the date of allotment (pursuant to conversion of warrants into Equity Shares), The Designated Persons sells the Equity shares in open market. We Request your Opinion if the transaction shall be Considered as Contra Trade?

To illustrate our query, we present following example:

For Example, quoted in 1, The Designated Persons converts the allotted warrants into equity shares on 25.07.2023 and suppose, sells the Equity Shares on 28.07.2023, i.e. post conversion of Warrants into Equity Shares. Will this transaction be considered as contra trade?

3. If post six months of allotment, the Designated Person sells his shares in the open market, complying with the provisions the applicable laws and uses the sale proceeds to convert the warrants allotted into equity shares immediately, We Request your Opinion if the transaction shall be Considered as Contra Trade?



To illustrate our query, we present following example:

Suppose, A Designated Person has been allotted 2 equity shares and 34 detachable warrants pursuant to Rights Issue on 24.03.2023. The persons sell 2 equity shares on 30.09.2023 and uses the sale proceeds to convert the warrants allotted into equity on 10.10.2023. Will this transaction be considered as contra trade?

C. Request for Confidentiality:

In accordance with para 11 of the Informal Guidance Scheme, we request that this letter and its content be kept confidential for maximum period possible i.e., until 90 days from the date of the Department's response.

D. Compliance with para 6 of the Scheme

We have submitted a payment of Rs. 25,000/- through online transfer to Securities and Exchange Board of India, Mumbai, as the fee for seeking informal guidance.

We sincerely appreciate an expedited response regarding this matter.

Yours faithfully,

For **Share India Securities Limited**

Vikas Aggarwal



Vikas Aggarwal

Company Secretary & Compliance Officer