



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

1

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CFD/DIL-2/NR/OW/13045/2017
June 07, 2017

M/s. PC Jeweller Limited
C-54, Preet Vihar
Vikash Marg
Delhi -110092

Kind attention: Mr. Vijay Panwar , Company Secretary

Dear Sir,

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

1. This has reference to your letter dated March 29, 2017 seeking interpretative letter under the SEBI (Informal Guidance) Scheme, 2003.
2. In your letter under reference you have *inter alia*, represented as under:
 - a. On May 24, 2016 PC Jeweller Limited (hereinafter referred to as "the Company") had allotted 42,69,984 Compulsorily Convertible Debentures (CCDs) to DVI Fund (Mauritius) Ltd. (hereinafter referred to as "DVI") by way of preferential allotment on a private placement basis in accordance with the provisions of Chapter VII of the SEBI (ICDR) Regulation, 2009 (hereinafter referred to as "ICDR Regulations).
 - b. DVI is not a promoter of the Company and does not form part of the promoter group of the Company.
 - c. The CCDs are convertible into equity shares at conversion price of Rs 380/- within 18 months from the date of allotment. The relevant date for determination of the price at which the CCDs will convert into equity shares was 30 days prior to the date of the shareholders' meeting to consider the preferential issue of CCDs (i.e., April 08, 2016). The CCDs are not listed on any stock exchange.
 - d. The relevant lock-in provisions applicable to the securities allotted on a preferential basis and pre-preferential allotment shareholding are Regulation 78(2) and 78(6) of the ICDR Regulations, which refer to the "date of trading approval" as the reference date for determining the lock-in period.

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर. एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in



- e. SEBI has clarified in its interpretative letter dated September 12, 2016 issued to Kesoram Industries Limited (KIL) under the Scheme that where the requirement of trading approval is not applicable to the convertible securities (i.e., the holder of the convertible securities does not intend to list the convertible securities within 18 months from the date of allotment), the lock-in period under Regulation 78(2) of the ICDR Regulations shall begin as soon as the convertible securities are allotted and expire one year thereafter.
- f. Accordingly, the applicant Company's understanding is that as the CCDs allotted to DVI are not listed, the concept of trading approval is not relevant for such unlisted securities. It is also the understanding that lock-in period under Regulation 78(2) of the ICDR Regulations for the unlisted CCDs allotted to DVI on the preferential basis will commence on the date of allotment of the CCDs and expire one year thereafter.
- g. It would be reasonable and logical to extend the principle adopted by the SEBI in the case of KIL to the lock-in period under Regulation 78(6) of the ICDR Regulations for the pre-preferential allotment shareholding and the lock-in period under Regulations 78(6) will commence from the relevant date and end on the expiry of six months from the date of allotment of the convertible securities.
- h. If a contrary view is adopted that requires the lock-in for the pre-preferential allotment shareholding to continue until the date of the trading approval for the equity shares that arise from the conversion of the CCDs, such a view would unreasonably extend the lock-in period of DVI's pre-preferential allotment shareholding.
3. On the basis of the above, you have sought Informal Guidance on following issue:
- I. We seek confirmation that with reference to the allotment of unlisted CCDs to DVI on a preferential basis, the lock-in period applicable to the pre-preferential allotment shareholding of DVI commences from the relevant date and ends on the expiry of six months from the date of allotment of the CCDs.
4. Without necessarily agreeing with your analysis given in your above mentioned letter, our views on the query raised by you are as follows:

The following provisions of ICDR Regulations may be applicable:

Regulations 2(1)(zj): "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;



अनुवर्ती :
Continuation :

3

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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.

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 convertible (i.e., where the holder of the CCDs do not intend to list the CCDs 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 CCDs.

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. 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,

Narendra Rawat