



Deputy General Manager

Corporation Finance Department

Policy and Development - 1

Email: vimalb@sebi.gov.in

SEBI/HO/CFD/PoD-1/OW/P/2023/46034/1

November 17, 2023

Jain Irrigation Systems Limited

Jain Plastic Park, P.O. Box: 72,

NH No. 6, Jalgaon, Maharashtra- 425001

Sir,

Kind attention: Mr. A.V. Ghodgaonkar (Company Secretary)

Sub: Request for informal guidance by way of an "interpretive letter" under the provisions of Securities and Exchange Board of India (Informal Guidance) Scheme, 2003, ("Scheme") with regard to Regulation 167(2) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 in the matter of Jain Irrigation Systems Limited ("Target Company")

1. This has reference to your letter dated September 18, 2023 and e-mail dated October 04, 2023 seeking interpretation of a specific provision relating to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**ICDR Regulations**") under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003.
2. The brief facts of the matter, as stated by you in the aforementioned communication, are given below:
 - 2.1. Jain Irrigation Systems Limited ("JISL" or the "Company") is a public limited company incorporated under the erstwhile Companies Act, 1956 with its registered office at Jain Plastic Park, N. H. No. 6, Bambhori, Jalgaon-425001. Presently, the Ordinary Equity Shares of the Company are listed on BSE Limited and the National Stock Exchange of India Limited. The Company is engaged in various businesses such as manufacture and dealing in micro-irrigation, plastic pipes, etc. in India and globally.
 - 2.2. JISL had allotted equity share warrants to certain allottees (other than the promoters and promoter group of JISL) after taking due approvals of the Board of Directors, shareholders, etc. and also against receipt of 25% amount of the issue price of the equity shares in accordance with the requirements of the ICDR Regulations. Thereafter, before the end of 18 months of allotment of share warrants, the allottees paid the remaining 75% of the issue price and duly exercised the Share Warrants. The Board of Directors of the Company duly allotted the shares.

2.3. The following were the allottees relevant to the current application:

Table 1		
Sr. No	Name of Allottee	No. of Ordinary Equity Share Warrants/ Equity Shares to be allotted
1.	Subhkam Ventures (I) Private Limited	300,00,000
2.	Shantakaram Financial Advisory Services Private Limited	300,00,000

2.4. The following is the summarised timeline of the relevant steps in the matter:

Table 2	
Relevant action/step	Date
Board Meeting to consider and allot Equity Share Warrants to Subhkam Venture & Shantakaram Financial	September 7, 2021
Date of General Meeting to approve issue of Share Warrants and consequent issue and allotment of equity shares.	September 29, 2021
Receipt of in-principle approval of Stock Exchanges.	January 7, 2022
Date of Board Meeting to allot the Equity Share Warrants to the aforesaid allottees against payment of 25% of the issue price.	January 20, 2022
Date when the amendments to relevant provisions of the ICDR Regulations were brought into effect	January 15, 2022.
Date of meetings of Committee authorised by Board to allot the equity shares to Subhkam Ventures (I) Private Limited	May 2, 2023, June 23, 2023 and July 18, 2023 where in each of such respective meeting, 1,00,00,000 equity shares were allotted
Date of meeting of Committee authorised by Board to allot the Equity Shares to Shantakaram Financial Advisory Services Private Limited	7th July 2023, 11th July 2023, and 19th July 2023 where in each of such respective meeting, 1,00,00,000 equity shares

2.5. As per your understanding, the aforesaid equity shares allotted to the two entities would be covered by the amended provisions of Regulation 167(2) of the ICDR Regulations.

2.6. Therefore, you are of the opinion that the equity shares as allotted shall entail a lock-in period of only six (6) months from the date of trading approval.

OBH

2.7. Regulation 167(2) of the ICDR Regulations (as duly amended) provides for lock-in requirements for non-promoters/promoter group, as follows (emphasis provided):

*“(2) The specified securities allotted on a preferential basis to persons other than the promoters and promoter group and the equity shares allotted pursuant to exercise of options attached to warrants issued on preferential basis to such persons shall be locked-in for a period of six months from the date of trading approval.
[...]*”

3. In view of the above, you have sought clarification as under:

3.1. *that the ICDR Regulations as amended by the amendment made effective from January 14th, 2022 shall be applicable to the equity shares as allotted on various dates as per table 2 above;*

3.2. *that the said equity shares as so issued and allotted on subject to a lock-in period of six months from the date of trading approval received from the stock exchanges (which is yet to be received).*

4. We have considered the submissions made by you in your application. Without necessarily agreeing with your analysis on the said issue, our views are as under:

(a) The amendments to the ICDR Regulations made vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022, published on January 14, 2022 which have come into force on the date of their publication in the Official Gazette, i.e. January 14, 2022. Further, in the Memorandum taken to the SEBI's Board and in the Board decisions dated December 28, 2021, it was specifically mentioned that the proposed amendments to regulation 167(2) would be made applicable for issuers making preferential issue under ICDR Regulations where the board meeting of the issuer company considering the preferential issue is held after the notification of amendments in Gazette. The aforesaid Memorandum and Board's decision are publicly available on SEBI's website.

(b) Hence, the said amendment would not be applicable to equity shares as allotted in your case as your board had approved the preferential issue in the meeting held on September 7, 2021. The equity shares issued by you to the aforesaid allottees would be subject to lock-in period of one year from the date of trading approval received from the stock exchanges.

5. Vide your letter under reference, you have not requested for confidentiality in respect of your application. Accordingly, the interpretive letter issued to you in this matter shall be made public from the date of issuance of this letter.

6. The above position is based on the facts and circumstances described by you in your application. Further, this letter does not express a decision of the Board on the questions referred.

Obh



7. You may also note that the above position is expressed only with respect to the guidance sought in your letter under reference in respect of the Regulations as referred above and does not affect the applicability of any other law or requirement of any other SEBI Regulations, Guidelines and Circulars administered by SEBI or the laws administered by any other authority.

Yours faithfully,

Vimal Bhat