

August 31, 2023

Chief General Manager
Corporate Finance Department
The Securities & Exchange Board of India
SEBI Bhavan, Plot No. C4-A, "G" Block
Bandra Kurla Complex, Bandra (East)
Mumbai - 400 051

Reference: Regulation 167(2), 168 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018

Subject: Request for informal guidance by way of interpretive letter under the SEBI (Informal Guidance) Scheme, 2003

Dear Sir/Madam,

We submit this request letter for an informal guidance by way of interpretive letter under the SEBI (Informal Guidance) Scheme, 2003 ("**Informal Guidance Scheme**") in connection with Regulation 167(2) and 168(2) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "**SEBI ICDR Regulations**"), as amended from time to time.

1. Background of the Applicant:

- 1.1 Paramount Communications Limited (the "Company") is a public limited Company incorporated under the erstwhile Companies Act, 1956 [CIN: L74899DL1994PLC061295] having its registered office at KH-433, Maulsari Avenue, Westend Greens, Rangpuri, Mahipalpur, New Delhi 110037, India.
- 1.2 The equity shares of the Company are listed at BSE Limited and National Stock Exchange of India Limited.
- 1.3 The Company is engaged in manufacturing business of wires and cables comprising of power cables, telecom cables, railway cables and specialised cables. The manufacturing facilities of the company are situated at Khushkhera, Rajasthan and Dharuhera, Haryana.

2. Background of the transaction and proposed transaction:

- 2.1 The Board of Directors of the Company at its meeting held on December 14, 2022 decided to issue and allot, subject to the approval of the shareholders of the Company, a maximum of upto 6,25,00,000 unlisted equity warrants ("**Equity Warrants**") of the Company convertible into equivalent number of equity shares of face value Rs. 2/- each to certain non-promoter individuals / entities.
- 2.2 The issue price for the allotment of aforesaid Equity Warrants was determined at Rs. 21.57/- which was in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- 2.3 The extra-ordinary general meeting of the Company was held on January 11, 2023 and the special resolution for issue of Equity Warrants convertible into equal number of equity shares to non-promoter on preferential basis was approved by the shareholders of the Company.

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- 2.4 Pursuant to In-principle approvals granted by BSE Limited and National Stock Exchange of India Limited vide their respective letters dated February 17, 2023 and upon receipt of an amount aggregating to Rs. 33,65,59,995 (Rupees Thirty-Three Crore Sixty-Five Lakhs Fifty Nine Thousand Nine Hundred and Ninety Five only) at the rate of Rs. 5.40/- per equity warrant (equivalent to 25% of the issue price per equity warrant) as equity warrant subscription price, the Share Allotment Committee of the Board of Directors of the Company at its meeting held on February 18, 2023 has considered and approved the allotment of 6,23,25,925 (Six Crore Twenty Three Lakhs Twenty-Five Thousand Nine Hundred and Twenty-Five) Equity Warrants on preferential basis at an issue price of Rs. 21.57/- each (Rupees Twenty-One and Fifty-Seven Paisa only) to such allottees from whom warrant subscription money was received. The said allottees, amongst other non-promoter individuals / entities includes Ms. Preeta Goyal, who was allotted 15,00,000 Equity Warrants.
- 2.5 The Company, on July 11, 2023 has received a request letter from Ms. Preeta Goyal holding 15,00,000 equity warrants and belonging to non-promoter category showing her intent to transfer 15,00,000 equity warrants to another person / entity, whether promoter or non-promoter category, (the “**Proposed Transaction**”) after completion of the minimum lock-in period of one year as stipulated under Regulation 167(2) of the SEBI ICDR Regulations.
- 2.6 The said Equity Warrant are under lock-in for one year in terms of the Proviso to Regulation 167(2) of the SEBI ICDR Regulations.

3. Regulatory Provisions:

Regulation 167(2) of the SEBI ICDR Regulations reads as under:

“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.

Provided that in case of convertible securities or warrants which are not listed on stock exchanges, such securities shall be locked in for a period of one year from the date of allotment.”

Further, Regulation 168 of the SEBI ICDR Regulations reads as under:

“(1) Subject to the provisions of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2011, specified securities held by promoters and locked-in in terms of sub-regulation (1) of regulation 167, may be transferred among the promoters or the promoter group or to a new promoter or persons in control of the issuer:

Provided that the lock-in on such specified securities shall continue for the remaining period with the transferee.

(2) The specified securities allotted on a preferential basis shall not be transferable by the allottees till the trading approval is granted for such securities by all the recognised stock exchanges where the equity shares of the issuer are listed.”

4. Guidance requested:

Based on above regulatory provision, the summary is as under:

- a) The Equity Warrants allotted can be transferred post completion of the minimum lock-in period as specified under the Proviso to Regulation 167(2) of the SEBI ICDR Regulations
- b) The restriction on transferability of locked-in securities under Regulation 168(1) is relating to the specified securities held by Promoter and locked-in in terms of Regulation 167(1) of the SEBI ICDR Regulations and hence whether the same is applicable to Equity Warrants allotted under Regulation 167(2) or not.
- c) The Regulation 167(2) provides that the Warrants are locked-in only for one year from the date of allotment. Being "Securities" in terms of the Securities Contract Regulation Act, 1956, the Warrants are marketable and hence transferable. However, the simple reading of Regulation 168(2) is contradictory to the provision of Warrants being transferable post completion of one year of lock-in period.

In view of the above and in terms of para 5(ii) of the Informal Guidance Scheme, we request your good office to kindly issue an interpretive letter with your guidance as to:

Can the holder of Equity Warrants, being non-promoter entity transfer their warrants held after completion of one year of lock-in in terms of Regulation 167(2) of the SEBI ICDR Regulations, but prior to its conversion into equity shares?

5. Compliance with the Informal Guidance Scheme:

- 5.1 To the best of our knowledge and belief, all material facts and legal provisions required for purpose of this request, have been stated herein.
- 5.2 In terms of para 6(ii) of the Informal Guidance Scheme, the fees of Rs. 29,500/- (Rupees Twenty-Nine Thousand Five Hundred only) has been paid vide Receipt No. 112989349847 on 31.08.2023.

In case of any queries / clarifications the under-mentioned official may be contacted:

Name & Designation of Contact Person	Rashi Goel, Company Secretary & Compliance Officer
Telephone No. (Landline & Mobile)	011-45618800 & +91 -8287109761
Email-ID	rashi.goel@paramountcables.com

We would be pleased to furnish any additional information/ documents as may be required in support of this letter seeking an informal guidance by way of interpretive letter.

Thanking You.

Yours truly,
For Paramount Communications Limited


Rashi Goel
Company Secretary & Compliance Officer

Encl.: As above