



Vimal Bhat
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November 10, 2023

Paramount Communications Limited
Paramount House, KH-433, Maulsari Avenue,
Westend Greens, Rangpuri,
New Delhi- 110037

Dear Sir,

Sub: Request for informal guidance by way of an interpretive letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 in relation to the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

1. This has reference to your letter dated August 31, 2023 and email dated September 18, 2023 seeking guidance by way of an interpretive letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 ("**Informal Guidance Scheme**").
2. In your letter and email under reference, you have, inter-alia, represented as under:
 - 2.1. Paramount Communications Limited (the "**Company**") is a public limited Company and the equity shares of the Company are listed at BSE Limited and National Stock Exchange of India Limited.
 - 2.2. In the extra ordinary general meeting of the Company held on January 11, 2023, the shareholders approved issuance of Equity Warrants convertible into equal number of equity shares to persons other than promoters on a preferential basis.
 - 2.3. Pursuant to in-principle approvals granted by the exchanges and upon receipt of equity subscription price, the Board of Directors of the Company approved the allotment of 6,23,25,925 Equity Warrants on preferential basis on February 18, 2023 at an issue price of Rs. 21.57 each to such allottees from whom warrant subscription money was received.

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- 2.4. The warrants are not listed on any exchange. Further, the warrants will not be listed on any exchange upon completion of one year from the date of allotment. However, the warrant holder has the right to convert the same into Equity Shares of the Company at any time within eighteen months from the date of allotment of such Warrants.
- 2.5. The said Equity Warrant are under lock-in for one year in terms of the proviso to regulation 167(2) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“**ICDR Regulations**”). However, the Warrants allotted can be transferred post completion of the minimum lock-in period as specified under the proviso to regulation 167(2) of the ICDR Regulations
- 2.6. The restriction on transferability of locked-in securities under regulation 168(1) is relating to the specified securities held by the promoters and locked-in in terms of regulation 167(1) of the ICDR Regulations and hence whether the same is applicable to Equity Warrants allotted under Regulation 167(2) or not.
- 2.7. 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.
3. In view of the above, you have sought interpretive guidance from SEBI on the following issue:
- “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 ICDR Regulations, but prior to its conversion into equity shares?”
4. We have considered the submissions made by you, in your letter and email under reference. Without necessarily agreeing with your analysis, we are issuing interpretative letter as under:
- 4.1 Regulation 167(2) of the ICDR Regulation deals with the lock-in requirements in case of preferential allotment of specified securities to persons other than the promoters, and reads as under:

“(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.”

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.

4.2 Regulation 168(2) of the ICDR Regulations deals with restrictions on transferability of shares, and reads as under:

“(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.”

4.3 From the combined reading of the above referred provisions, it may be stated that the specified securities, which include warrants, cannot be transferred till the trading approval is granted for such securities by all the recognised stock exchanges where the securities of an entity are listed.

4.4 Thus, in the instant case, warrants issued by the Company cannot be transferred until the trading approval from all the recognised stock exchanges is received where the equity shares of the Company are listed.

5. The above position is based on the information furnished in your letter and email under reference. Different facts or conditions might lead to a different result. This letter expresses the Department's view and 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 clarifications sought in your letter and email under reference with respect to the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 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,



Vimal Bhatte