



January 30, 2015



SEBI/IW/P/20150204/0000004083

Corporate Finance Department
Securities and Exchange Board of India
SEBI Bhavan
Plot No C4 – A
G Block
Bandra Kurla Complex
Bandra East
Mumbai - 400051

Dear Sir

Re: Request for Informal Guidance by way of interpretative letter under provisions of SEBI (Informal Guidance) Scheme, 2003 in connection with alignment of existing employee benefits scheme with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014, ("SEBI Employee Benefits Regulations").

Saregama India Limited ("the Company") a listed company having its registered office at 33, Jessore Road, Dum Dum, Kolkata 700028, submits this letter for seeking an informal guidance in the form of an "interpretative letter" from the Securities and Exchange Board of India under the provisions of SEBI (Informal Guidance) Scheme, 2003 in connection with alignment of existing employee benefits scheme SEBI Employee Benefits Regulations.

1. Facts:

- 1.1 The Company appointed its managing director ("MD") through a board resolution dated 18 July 2014. As per the terms of the employment, the MD is eligible to be granted 2,00,000 (Two Lakh) shares or 'Phantom Options' as per the Company's policies.
- 1.2 In pursuance of the appointment letter and the Company's policies, the Company intends to issue the 'phantom options'/ 'share appreciation rights', to the MD. Pursuant to such issuance, the MD would be entitled to the benefit of increase in the price of the shares of the Company from the date of the grant of the 'phantom options'/ 'share appreciation rights' to the date of exercise of the 'phantom options'/ 'share appreciation rights'. The MD shall be paid the differential amount due to appreciation in value of the shares from the date of grant of the 'phantom options'/ 'share appreciation rights' to the date of exercise of the 'phantom options'/ 'share appreciation rights'.
- 1.3 Regulation 31 (2) (b) of the SEBI Employee Benefits Regulations, which has come into effect from 28 October, 2014, states that all listed companies having existing schemes to which these regulations apply are required to comply with the same in their entirety within one year of the same coming into effect.

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1.4 In the instant case, the MD was appointed on 18 July 2014 and joined office on 27 October 2014, which is 1 (one) day prior to the date of notification of the SEBI Employee Benefits Regulations. At the time of the MD's appointment, the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999 ("ESOS and ESPS Guidelines"), was the governing law in relation to issuance of stock options. 'Phantom options' / 'share appreciation rights' were not governed by the ESOS and ESPS Guidelines. It may be also noted that currently the Company has an existing employee benefit scheme, Saregama Employee Stock Option Scheme 2013 ("the Scheme"), that governs issuance of 'employee stock options' to the eligible employees.

2. Clarification sought

In light of the aforesaid, we have the following queries:

- 2.1 Would the 'phantom options' / 'share appreciation rights' granted to the MD be governed by the SEBI Employee Benefits Regulations?
- 2.2 If yes, whether there is any requirement for amending the Scheme to align it with SEBI Employee Benefits Regulations, before the 'phantom options' / 'share appreciation rights' can be issued to the MD?
- 2.3 As the Company has already taken approval of the shareholders for the Scheme vide its general meeting dated 26 July 2013, would the Company be required to take another approval of the shareholders if the Scheme is required to be aligned with SEBI Employee Benefits Regulation
- 2.4 Whether a fresh SEBI in-principal approval be required for the Scheme, in case the same is amended?
- 2.5 Whether a fresh merchant bankers certificate be required for the amendment of the Scheme?

Thanking you

Yours faithfully

For Saregama India Limited



Compliance Officer

Encl: DD No 203948 for Rs. 25,000/- in favour of Securities and Exchange Board of India