



**भारतीय प्रतिभूति
और विनियम बोर्ड**
**Securities and Exchange
Board of India**

Yogita Jadhav
Deputy General Manager
Corporation Finance Department
Division of Issues and Listing-1
Phone: +91-22 26449000 (Extn.: 9583)
Email: yogitag@sebi.gov.in

CFD/DIL/OW/2019/13729 /1
May 29, 2019

Innovative Tech Pack Limited
801-805, 8th Floor, Tower-2,
Assotech Business Cresterra,
Plot No-22, Sector 135, Noida 201301

Dear Sir,

Sub: Request for "Interpretive Letter" under the SEBI (Informal Guidance) Scheme, 2003 by Innovative Tech Pack Limited.

1. This has reference to your letter dated March 28, 2019 seeking interpretative letter under SEBI (Informal Guidance) Scheme, 2003.
2. In your letter under reference you have, *inter alia*, represented as under:
 - a. ITPL has, pursuant to approval of shareholders, allotted 6,00,000 number of warrants to its promoter Mr. Ketineni Sayaji Rao by way of preferential allotment on November 10, 2016 in accordance with provisions of Chapter VII of ICDR Regulations and Companies Act, 2013.
 - b. The warrants are convertible into 6,00,000 number of equity shares in one or more tranches [option of the warrant holder] within a period of 18 months from the date of allotment of warrants. As submitted, the warrants are not listed on any of the stock exchanges.
 - c. The promoters of the company have also made inter se transfer of shares in terms of Regulation 10(1)(a)(i) of SEBI SAST Regulations, 2011 on 9th April, 2018 and have submitted all disclosures as required to be filed with the exchange and SEBI in terms of the requirements of SEBI (SAST) Regulations, 2011. Thus, the company has complied with all applicable provisions of SEBI (SAST) Regulations, 2011.
 - d. The inter se transfer was made between existing promoters i.e. Mr Ketineni Sayaji Rao (Transferor), one of the allottee to the warrant and Mr. Ketineni Satish Rao

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बान्द्रा कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व), मुंबई - 400 051.

दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर. एस.), 2644 9000 / 4045 9000 फेक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.

Tel.: 2644 9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in



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(Transferee) by way of Gift Deed without any sale consideration. The inter se transfer was made between father and son under a process of family settlement.

- e. The "Relevant Date" for the purpose of calculation of minimum issue price was 31st August, 2016, which was a date 30 days prior to the date of the Annual General Meetings of the company approving the issue and allotment of warrants i.e. 30th September, 2016.
3. Based on above facts, you have sought interpretive letter from SEBI on the following issue, in terms of Regulation 78(6) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR Regulation):
- The Interpretation of Regulation 78(6) of the ICDR Regulations, for the purpose of calculating the period of lock-in as set out thereunder, in case of warrants, not listed at any recognized stock exchange.*
 - Whether the lock-in requirement of Pre preferential holding of Mr. Ketineni Sayaji Rao, as stated in Regulation 78(6), shall be computed from the date of "Relevant Date" i.e 31st August, 2016 up to a period of 6 months from the date of allotment of warrant.*
 - Whether the transfer of shares by way of inter se transfer between existing promoters without any sale consideration made by one of the allottee to the warrants Mr Ketineni Sayaji Rao (Transferor) on 9th April, 2018, is in compliance with provisions of Regulation 78(6) of SEBI (ICDR) Regulations, 2018*
4. In this regard, it may be noted that we have considered the submissions made by you in your letter reference and emails and without necessarily agreeing with your analysis, our view on the query raised by you is as under:

- i. Regulation 78(6) and 71 of the ICDR Regulations are reproduced as under:

Lock-in of specified securities.

78(6) The entire pre-preferential allotment shareholding of the allottees, if any, shall be locked-in from relevant date upto a period of 6 months from the date of trading approval.

Relevant date.

71. For the purpose of this Chapter, "relevant date" means:

(a) in case of preferential issue of equity shares, the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue:



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Provided that in case of preferential issue of equity shares pursuant to a scheme of approval under the Corporate Debt Restructuring Framework of Reserve Bank of India, the date of approval of the Corporate Debt Restructuring Package shall be the relevant date;

(b) in case of preferential issue of convertible securities, either the relevant date referred to in clause (a) of this regulation or a date thirty days prior to the date on which the holders of the convertible securities become entitled to apply for the equity shares.

Explanation: Where the relevant date falls on a Weekend / Holiday, the day preceding the Weekend / Holiday will be reckoned to be the relevant date.

- ii. Thus, it is noted that 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 relevant date upto a period of 6 months from the date of "Trading Approval"*. However where the requirement of trading approval is not applicable to warrants (i.e. where the holder of the warrants do not intend to list them within 18 months from the date of allotment), lock-in period shall commence from relevant date and end on the expiry of six months from the date of allotment of warrants.
- iii. With respect to the query at para 3(i) above, in cases of issue of convertible securities allotted on preferential basis where the convertible securities are not being listed on any stock exchanges (in the instant case 'warrants'), the entire pre-preferential allotment, if any, of the allottees shall be locked-in from the relevant date up to a period of six months from the date of allotment of the convertible securities instead of considering the date of trading approval.
- iv. With respect to the query at para 3(ii) above, as the approval of the shareholders was granted in Annual General Meeting held on September 30, 2016, in terms of Regulation 71 of the ICDR Regulations, the relevant date in the matter appears to be August 31, 2016 i.e. thirty days prior to the date of shareholders' approval and the lock-in shall commence from the said relevant date until six months from the date of allotment of warrants.
- v. With respect to the query at 3(iii), based solely on the transaction of preferential allotment of warrants to promoter, i.e. Mr. Ketineni Sayaji Rao in November, 2016, it appears that the inter-se transfer of shares (on April 09, 2018) between the promoters has taken place after the expiry of six months lock-in period. In view of the same, the inter-se transfer of shares between the promoters of ITPL in April 2018 would be in compliance with the provisions of Regulation 78(6) of the ICDR Regulations.



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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. This letter expresses the Department's view on enforcement action only and does not express a decision of the Board on the questions 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 the ICDR Regulations 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,


Yogita Jadhav