



B. N. Sahoo
General Manager
Corporation Finance Department
Division of Issues and Listing-1
Phone: +91-22 26449000 (Extn.: 9250)
Fax: +91-22 26449022. Email: biranchins@sebi.gov.in

भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

CFD/DIL-1/NS/2017/02660/1
February 07, 2017

Balasore Alloys Limited
"Park Plaza",
71, Park Street,
Kolkata - 700016

Kind Attention: Mr. Trilochan Sharma

Dear Sir,

Sub: Interpretative letter under SEBI (Informal Guidance) Scheme, 2003 in the matter of Balasore Alloys Limited

1. Please refer to your letter dated December 24, 2016 seeking interpretative letter under SEBI (Informal Guidance) Scheme, 2003.
2. In your letter under reference you have *inter alia*, represented as under:
 - (i) On March 31, 2016 Balasore Alloys Limited (hereinafter referred to as "the Company") had allotted 80,00,000 Equity Shares to Promoter Group Company on preferential basis, for which trading approval was given by Bombay Stock Exchange Limited (hereinafter referred to as "BSE") on October 06, 2016.
 - (ii) On September 26, 2016 the shareholders of the Company has given approval for issuance of 2,30,00,000 Convertible Warrants on preferential basis to its Promoters/ Promoter Group Companies, for which in-principle approval has been given by BSE on October 20, 2016.
 - (iii) On November 03, 2016, the Company has allotted 2,30,00,000 Convertible Warrants to the Promoter Group Companies. Out of 2,30,00,000 Convertible Warrants, 1,00,00,000 Warrants shall be convertible into Equity Shares in the Financial Year 2016-17 and the remaining 1,30,00,000 Warrants shall be converted into Equity Shares in the Financial Year 2017-18.
3. Based on the above, you have sought Informal Guidance on following issues:
 - (i) Whether the Promoters / Promoter Group Companies of the Company, who are not allottees of the 80,00,000 Equity Shares are under any restriction to transfer or sell their holding of free equity shares?
 - (ii) Whether the expression "pre-preferential shareholding of allottees" used in regulation 78(6) refers only to the shareholding of the "allottees" or also to the entire shareholding of the "promoter group" when all or some of such allottees are part of the Promoter Group?
 - (iii) Whether the "Explanation" mentioned in regulations 72(2) should also be applicable to Regulation 78(6) of SEBI (ICDR) Regulation, 2009 (hereinafter referred to as "ICDR Regulations)?

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

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



अनुवर्ती :
Continuation :

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

4. Our views on the queries raised by you are as follows:

Response to query no. (i): Explanation to Regulation 72(2) of ICDR Regulations provides the eligibility condition for the promoter(s) / promoter group to be allotted securities on preferential basis. If during last six months preceding the relevant date (as defined in Regulation 71), any person(s) who is/are part of promoter(s) or promoter group has/have sold his/their equity share(s) in the issuer company, all the members of the promoter(s) / promoter group become ineligible for allotment of specified securities on preferential basis. Regulation 78(6) of ICDR Regulations specifies the lock-in requirement of pre-preferential allotment shareholding of the allottees only. Thus the expression "pre-preferential shareholding of allottees" used in Regulation 78(6) refers only to the shareholding of the "allottees" and not to the promoters(s) / promoter group. Accordingly, subject to lock-in requirement by virtue of preferential allotment of 2,30,00,000 convertible warrants, the Promoter(s) / Promoter Group companies of Balasore Alloys Limited, who are not allottees in the preferential allotment of 80,00,000 equity shares would not be under any restriction to transfer or sell their holding of free equity shares.

Response to query no. (ii): As mentioned above in response to query no. (i), Regulation 78(6) of ICDR Regulations specifies the lock-in requirement of pre-preferential allotment shareholding of the allottees only. Thus the expression "pre-preferential shareholding of allottees" used in Regulation 78(6) refers only to the shareholding of the "allottees" and not to the entire shareholding of the promoters(s) / promoter group.

Response to query no. (iii): As mentioned above in response to query no. (i), the "Explanation" mentioned in regulations 72(2) would not be applicable to Regulation 78(6) of SEBI (ICDR) Regulation, 2009.

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. Further, this letter 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 Securities and Exchange Board of India (ICDR) Regulations, 2009 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,


B. N. Sahoo