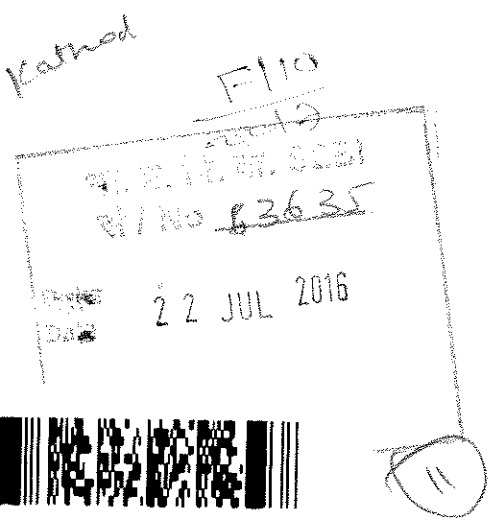


June 30th, 2016

The Corporation Finance Department
Division of Issues and Listing
The Securities and Exchange Board of India
SEBI Bhavan, Plot No. C4-A
G-Block, Bandra Kurla Complex
Mumbai 400 051



SEBI/IW/P/20160725/0000063635



Sub: Request for Interpretative Letter under the SEBI (Informal Guidance) Scheme, 2003 regarding lock-in provisions applicable to Optionally Convertible Redeemable Preference Shares issued under Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009

I. Facts

1. Kesoram Industries Limited (the "**Company**") is a public limited company incorporated under the laws of India with its registered office located at 8th Floor, Birla Building, 9/1 R.N. Mukherjee Road Kolkata 700 001, West Bengal. The equity shares of the Company are listed on the BSE Limited, the National Stock Exchange of India Limited and the Calcutta Stock Exchange Limited.
2. The issued and paid-up share capital of the Company currently consists of 117,268,650 Equity Shares of face value of Rs. 10 each (the "**Equity Shares**") and 750,000 optionally convertible redeemable preference shares of face value of Rs.100 each ("**OCRPS**").
3. On March 31, 2016, the Company allotted 750,000 OCRPS to IndusInd Bank Limited ("**IndusInd Bank**") on a preferential basis in accordance with the provisions of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "**SEBI ICDR Regulations**").
4. IndusInd Bank is a banking company listed on the stock exchanges. is not a promoter of the Company and does not form a part of the promoter group of the Company.
5. The OCRPS were allotted at a price of Rs.1,200 per OCRPS (including securities premium of Rs.1,100 per OCRPS) for an aggregate consideration of Rs.90 crore. Each OCRPS is either convertible into 10 Equity Shares at Rs. 120 per Equity Share at the option of IndusInd Bank within a time frame not exceeding 18 months from the date of allotment or subject to redemption by the Company at the end of such time frame in such manner and on such terms and conditions as agreed between the Company and IndusInd. Subject to applicable law, the OCRPS and the Equity Shares arising from the conversion of the OCRPS are freely transferable. The OCRPS are not listed on any stock exchange.
6. A copy of the notice of postal ballot seeking approval of the Company's shareholders to issue the OCRPS to IndusInd Bank and the results of such postal ballot are enclosed as **Annexure A and B**, respectively. A certified true copy of the resolution of the board of directors of the Company approving the allotment of the OCRPS to IndusInd Bank is enclosed as **Annexure C**.

II. Relevant Provisions of the SEBI ICDR Regulations

1. The relevant provisions applicable to lock-in of specified securities allotted on a preferential basis as contained in Chapter VII of the SEBI ICDR Regulations are reproduced below:

“Lock-in of specified securities.

78.

...

(2) The specified securities allotted on preferential basis to persons other than promoter 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 one year from the date of trading approval.

(3) The lock-in of equity shares allotted pursuant to conversion of convertible securities other than warrants, issued on preferential basis shall be reduced to the extent the convertible securities have already been locked-in.

...”

“Transferability of locked-in specified securities and warrants issued on preferential basis.

79.

...

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

III. Applicability of the Relevant Provisions

1. The SEBI ICDR Regulations set out in para II above refer to the “date of trading approval” as the date of commencement of the lock-in period. The OCRPS allotted to IndusInd Bank are not listed and as such, the concept of trading approval is not relevant for such type of a security until the OCRPS holder chooses to exercise their option to convert the OCRPS into Equity Shares.
2. The OCRPS are freely transferable subject to the provisions of applicable law, including the lock-in provisions prescribed under the SEBI ICDR Regulations.
3. It is our understanding that the intention of Regulation 78(2) read with Regulation 78(3) of the SEBI ICDR Regulations is to impose a lock-in period of one year on the allottee from the date of allotment of an unlisted convertible security (other than warrants), such as the OCRPS issued by the Company to IndusInd Bank. Accordingly, the OCRPS shall be subject to lock-in commencing on the date of their allotment (i.e., from March 31, 2016) and ending one year thereafter (i.e., on March 31, 2017). In the event the OCRPS are converted into Equity Shares prior to the expiry of such lock-in period, the Equity Shares arising from the conversion shall be locked-in for the remainder of the lock-in period (i.e., until March 31, 2017).
4. Further, our understanding of Regulation 79(2) of the SEBI ICDR Regulations read with the heading of the Regulation is that it seeks to prescribe transfer restrictions on locked-in securities. Accordingly, if the OCRPS have not been converted into Equity Shares prior to the expiry of the one year lock-in period, then after the completion of such lock-in period, the OCRPS can be freely transferred.

IV. Guidance sought

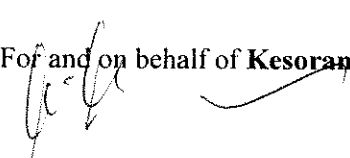
In light of the above, we write to seek guidance from the Securities and Exchange Board of India under the SEBI (Informal Guidance) Scheme on interpretation of Regulations 78(2), 78(3) and 79(2) of the SEBI ICDR Regulations in order to determine:

- a) whether the lock-in period applicable to the unlisted OCRPS commences from the date of allotment of the OCRPS and ends one year thereafter;
- b) whether the OCRPS can be transferred before completion of the one year period referred to in (a) above if they have not been converted into Equity Shares;
- c) whether the Equity Shares arising from the conversion of the OCRPS prior to the expiry of the lock-in period shall be subject to lock-in only for the remaining part of the one-year period referred to in (a) above; and
- d) whether the Equity Shares arising from the conversion of the OCRPS after the expiry of the one-year period referred to in (a) above will be subject to any additional lock-in restrictions.

In accordance with the applicable guidelines, a demand draft no. 516150.....dated 19th July 2016 drawn on State Bank Of India for Rs.25,000 (Rupees Twenty Five Thousand) towards fees payable for seeking an interpretive letter under the provisions of the SEBI (Informal Guidance) Scheme, 2003 is enclosed with this application.

Please treat the contents of this letter, your interpretative response and any further communication between us on this matter as strictly confidential, in accordance with the provisions of the Scheme.

For and on behalf of **Kesoram Industries Limited**


Name: Mr Gautam Ganguli
Title: Company Secretary

Encl: As above