

August 27, 2018

To
The Chief General Manager,
Corporation Finance Department,
The Securities Exchange Board of India
SEBI Bhawan BKC,
Plot No.C4-A, 'G' Block
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400051, Maharashtra

Kind Attn: Mr. Jayanta Jash

Dear Sir,

Sub: Request for Interpretative Letter under the SEBI (Informal Guidance Process) Scheme, 2003, regarding applicability of certain provisions of SEBI ICDR.

GMR Infrastructure Limited ('GIL' or 'the Company') is a Public Limited Company, having its Registered Office in Mumbai, Maharashtra. The Equity Shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Limited.

Current Proposal:

GIL proposes to issue unlisted unsecured Optionally Convertible Debentures (OCDs) to an Indian party and a subsidiary of the foreign company (Security Holder), in settlement of a debt due to the Security Holder. The Terms of the OCD are briefly stated in the table below. Since the OCD proposed to be issued is a debt instrument with an Option to convert into equity, GIL proposes to issue the OCD in terms of provisions of Section 42 and 62(3) of the Companies Act, 2013.

Terms and Conditions of OCD

Type of Debenture	Optionally Convertible Debenture (OCD)
Issuer	GMR Infrastructure Limited (GIL)
Investor	____ (Investor)
Face Value	4 OCDs of Rs.43,01,86,080 each and 4 OCDs of Rs.57,35,81,450 each
Rating & Listing	Unrated & unlisted
Coupon rate	0%
Facility Amount	Rs.401.50 Crores
Yield	Zero



Registered Office:
Naman Centre, 7th Floor
Opp. Dena Bank, Plot No. C-31
G Block, Bandra Kurla Complex
Bandra (East), Mumbai
Maharashtra, India - 400051

Tenure – Redeemable in eight quarterly instalments	OCDs proposed to be issued during October 2018, are proposed to be redeemed in quarterly instalments commencing from March 2019 and going upto December 2020.
Option for Redemption	<ul style="list-style-type: none"> • Redemption of the Debentures will occur in the following manner – <ul style="list-style-type: none"> ➤ By exercise of Call Option by GIL not earlier than 45 days and not later than 30 days of Redemption Date (being the end date of each quarterly installment). ➤ If GIL does not exercise Call Option, then Investor can exercise Put Option not earlier than 30 days and not later than 10 days of the Redemption Date. ➤ If neither GIL nor Investor exercises the Call or Put Option, then the shares shall convert into equity shares of GIL.
Conversion Formula	<ul style="list-style-type: none"> • The conversion price will be the higher of 26 weeks average and 2 weeks average of the price of the equity shares on the stock exchange.

Legal Provisions:

It may be noted that Section 62 of the Companies Act, 2013 and the Chapter VII of the ICDR provide for the following:

- Section 62(3) states that for an issue of Debenture with an option to convert into equity, nothing in Section 62 shall apply, including the pricing guideline prescribed under Section 62(1)(c).
- In terms of Regulation 70(1)(a) quoted hereinafter, nothing under Chapter VII shall apply for issue of equity shares pursuant to conversion debentures issued under Section 62(3).

As such, from combined reading of the above, it appears that a debenture / loan with an option attached for conversion of such debenture / loan into equity, is not covered under the provisions of preferential guidelines either under the Companies Act, 1956 or the Chapter VII of the SEBI ICDR, probably since upfront approval of the shareholders is being obtained under Section 62(3), along with the terms of issue.



Request for Interpretative Letter:

In the above context and stated terms of issue, we seek guidance from SEBI in the form of an interpretative letter, on the following aspects:

1. Would the issue of proposed OCDs by GIL be exempt from compliances of Chapter VII of the ICDR, as stated under Reg. 70(1)(a), reproduced below for ready reference?

Chapter VII not to apply in certain cases.

70. (1) The provisions of this Chapter shall not apply where the preferential issue of equity shares is made:

(a) pursuant to conversion of loan or option attached to convertible debt instruments in terms of sub-sections (3) and (4) of sections 81 of the Companies Act, 1956 [or sub-section (3) and (4) of section 62 of the Companies Act, 2013, whichever applicable];

2. Accordingly would GIL be free to fix the conversion period to be beyond 18 months and would the resultant equity shares be free from any kind of lock in restrictions?
3. Can the conversion price be as may be approved by the Shareholders of GIL, prior to the issue of the OCDS instead of the price specified under Chapter VII of the ICDR?

Requisite Fee:

The prescribed fee of Rs.25,000/- by means of a Demand Draft drawn on Axis Bank Limited , dated August 24, 2018 is enclosed herewith.

Request for Confidentiality:

We request your good office to keep the information shared by us in this informal guidance application, confidential and request not to share the same in public domain.

We shall be glad to provide any other information / clarification that you may need in this regard.

Thanking you,

For GMR Infrastructure Limited



**T. Venkat Ramana
Company Secretary & Compliance Officer**