

KIL/SH/ST.EX/PB/2016

February 23, 2016

To

The BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001.
(Stock Code – 502937)

National Stock Exchange of India Limited
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex,
Bandra (E),
Mumbai - 400 051.
(Symbol – KESORAMIND)

The Calcutta Stock Exchange Limited
7 Lyons Range,
Kolkata - 700001.
(Scrip Code – 10000020)

Dear Sirs,

1. Please find attached herewith six copies of the Notice to the shareholders dated February 16, 2016 along with Explanatory Statement, forwarded to the shareholders/beneficial owners of the Kesoram Industries Limited (the “**Company**”) in connection with the passing of resolutions for the proposed Preferential Issue of Equity Shares of face value of Rs. 10 each (“**Equity Shares**”) and Optionally Convertible Redeemable Preference Shares of face value of Rs. 100 each (“**OCRPS**”) of the Company in accordance with Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, by postal ballot, pursuant to Section 110 of the Companies Act, 2013 read with the provisions of the Companies (Management and Administration) Rules, 2014.
2. The relevant date for the purpose of determination of price in the proposed preferential issue shall be February 22, 2016, (the date that is 30 days prior to the last date for receipt of the postal ballot forms, i.e., March 23, 2016, which is the date on which the meeting of the shareholders would be deemed to have been convened to consider the proposed Preferential Issue).
3. Subject to shareholders’ approval, the following securities are proposed to be allotted: (i) up to 7,500,000 Equity Shares of Rs 10 each at a price of Rs. 120 each for an aggregate amount of up to Rs. 90 crore; and (ii) up to 750,000 OCRPS of Rs100 each at a price of Rs 1200 each for an aggregate amount of up to Rs. 90

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crore, each OCRPS being convertible into 10 Equity Shares (computed exclusive of the yield and dividend payable on the OCRPS) and the conversion price per Equity Share shall be not less than Rs. 120.

This is for your information and records. Please acknowledge receipt of this letter.

Thank you.

Yours faithfully,

For Kesoram Industries Limited


Gautam Ganguli
Company Secretary

Encl: As above.





KESORAM INDUSTRIES LIMITED

Registered Office: 8th Floor, Birla Building, 9/1 R N Mukherjee Road, Kolkata - 700 001

CIN : L17119WB1919PLC003429

Phone: +91 33 2243 5453, 2242 9454, 2248 0764, 2213 0441; Fax: +91 33 2210 9455

Website: www.kesocorp.com; Email: corporate@kesoram.net

Dear Shareholder(s),

NOTICE OF POSTAL BALLOT

NOTICE is hereby given in accordance with Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014, as amended, that the Company proposes to pass the following Resolutions through Postal Ballot :

To consider and if thought fit, to give assent or dissent to the following Special Resolutions:

Item No.1

Issue of Equity Shares on Preferential Basis to Manav Investment and Trading Company Limited

“RESOLVED THAT in accordance with Sections 42, 62(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 and the applicable rules thereunder (the **“Companies Act”**) and any applicable subsisting provisions of the Companies Act, 1956, as amended and the enabling provisions of the Memorandum and Articles of Association of the Company, and subject to and in accordance with any other applicable law or regulation, including without limitation, the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the **“ICDR Regulations”**), the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the listing agreements entered into with the respective Stock Exchanges where the shares of the Company are listed, the provisions of the Foreign Exchange Management Act, 1999, as amended and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by the Government of India (the **“GOI”**), the Reserve Bank of India (the **“RBI”**), the Securities and Exchange Board of India (the **“SEBI”**), the Ministry of Corporate Affairs (the **“MCA”**), the Stock Exchanges where the shares of the Company are listed (the **“Stock Exchanges”**), and / or any other competent regulatory authorities, and subject to any other required approvals, consents, permissions and / or sanctions of any appropriate statutory or regulatory authority and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting such approvals, consents, permissions and / or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter called the **“Board”**, which term shall be deemed to include any Committee which the Board has constituted or may hereinafter constitute to exercise its powers including the power conferred by this Resolution), the consent, authority and approval of the Company be and is hereby accorded to the Board to create, issue, offer and allot up to 7,500,000 Equity Shares of the Company of face value Rs. 10/- each (the **“Equity Shares”**) to Manav Investment and Trading Company Limited, an unlisted promoter group entity (**“Manav”**), for an aggregate amount up to Rs. 90 crores, the entire consideration being payable to the Company on or before allotment, in accordance with the provisions of Chapter VII of the ICDR Regulations and the Companies Act (the **“Preferential Issue”**) in such manner and on such terms and conditions, as may be deemed appropriate by the Board at its absolute discretion but subject to applicable laws and regulations;

RESOLVED FURTHER that the allotment of Equity Shares pursuant to the Preferential Issue as referred to above shall be completed within 15 days from the date of passing of this Resolution or such other time as may be permitted under the ICDR Regulations from time to time and at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VII of the ICDR Regulations;

RESOLVED FURTHER that for the Preferential Issue under Chapter VII of the ICDR Regulations, the relevant date for the purpose of pricing of the Equity Shares shall be February 22, 2016;

RESOLVED FURTHER that in pursuance of the above, the Equity Shares to be offered, issued and allotted :

- shall be subject to the provisions of the Memorandum and Articles of Association of the Company; and
- shall rank *pari passu* with the existing Equity Shares of the Company in all respects subject to the provisions of the Memorandum and Articles of Association of the Company and applicable laws and regulations;

RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds and things, including but not limited to finalisation and approval of the private placement offer letter, determining the form and manner of the issue, number of Equity Shares to be allotted, issue price, face value, discounts permitted under applicable law (now or hereafter), premium amount on issue of the Equity Shares, if any, execution of various agreements, deeds, instruments and other

documents, including the private placement offer letter in accordance with the provisions of the Companies Act, as it may in its absolute discretion deem fit, necessary, proper or desirable, and to give instructions or directions and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Equity Shares, utilisation of the issue proceeds and listing of the allotted Equity Shares on the Stock Exchanges and to accept and to give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions as may be required by SEBI, the Registrar of Companies, the Stock Exchanges, or other authorities or agencies involved in or concerned with the issue of the Equity Shares on preferential basis and as the Board may in its absolute discretion deem fit and proper in the best interest of the Company without being required to seek any further consent or approval of the shareholders or otherwise, and that all or any of the powers conferred on the Company and the Board pursuant to this Resolution may be exercised by the Board, and all actions taken by the Board, in connection with any matter(s) referred to or contemplated in this Resolution be and is/are hereby approved, ratified and confirmed in all respects;

RESOLVED FURTHER that the Board be and is hereby authorised to delegate (to the extent permitted by law) all or any of the powers herein conferred to the Board, to any Committee of Directors, or any of the Company's Key Managerial Personnel (as defined under the Companies Act) as it may think fit to give effect to this Resolution."

Item No.2

Issue of Optionally Convertible Redeemable Preference Shares on Preferential Basis to IndusInd Bank Limited

"RESOLVED THAT in accordance with Sections 42, 62(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 and the applicable rules thereunder (the **"Companies Act"**) and any applicable subsisting provisions of the Companies Act, 1956, as amended, and the enabling provisions of the Memorandum and Articles of Association of the Company, and subject to and in accordance with any other applicable law or regulation, including without limitation, the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the **"ICDR Regulations"**), the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the listing agreements entered into with the respective Stock Exchanges where the shares of the Company are listed, the provisions of the Foreign Exchange Management Act, 1999, as amended and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by the Government of India (the **"GOI"**), the Reserve Bank of India (the **"RBI"**), the Securities and Exchange Board of India (the **"SEBI"**), the Ministry of Corporate Affairs (the **"MCA"**), the Stock Exchanges where the shares of the Company are listed (the **"Stock Exchanges"**), and / or any other competent regulatory authorities, and subject to any required approvals, consents, permissions and / or sanctions of any appropriate statutory or regulatory authority and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting such approvals, consents, permissions and / or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter called the **"Board"**, which term shall be deemed to include any committee which the Board has constituted or may hereinafter constitute to exercise any of its powers including the power conferred by this Resolution), the consent, authority and approval of the Company be and is hereby accorded to the Board to create, issue, offer and allot up to 750,000 Optionally Convertible Redeemable Preference Shares of the Company of face value of Rs. 100/- each (**"OCRPS"**) to IndusInd Bank Limited (**"IndusInd"**), a banking company listed on the Stock Exchanges for an aggregate amount up to Rs. 90 crores, (**"the Preferential Issue"**), the entire consideration being payable to the Company on or before allotment, either convertible into Equity Shares at the option of the allottee 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 may be deemed appropriate by the Board at its absolute discretion but subject to applicable laws and regulations, including the provisions of Chapter VII of the ICDR Regulations and the Companies Act;

RESOLVED FURTHER that the allotment of the OCRPS pursuant to the Preferential Issue as referred to above shall be completed within 15 days from the date of passing of this Resolution or such other time as may be permitted under the ICDR Regulations and at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VII of the ICDR Regulations;

RESOLVED FURTHER that where IndusInd exercises the conversion option, each OCRPS shall be convertible into 10 Equity Shares of the Company and that the OCRPS, upon issue, shall rank in priority to the Company's Equity Shares with respect to payment of dividend and repayment of capital and IndusInd, in its capacity as the holder of the OCRPS, shall be entitled to: (i) participate in surplus funds, surplus assets and profits of the Company on winding up, which may remain after the entire capital has been repaid, in priority to the holders of the Equity Shares; and (ii) vote only on resolutions placed before the Company which directly affect the rights attached to the OCRPS and any resolution for the winding up of the Company or for the repayment or reduction of its Equity or Preference Share Capital, in accordance with the provisions of the Companies Act and the subsisting provisions of the Companies Act, 1956;

RESOLVED FURTHER that for the Preferential Issue under Chapter VII of the ICDR Regulations, the relevant date for the purpose of pricing of the OCRPS shall be February 22, 2016;

RESOLVED FURTHER that in pursuance of the above, the OCRPS to be offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company;

RESOLVED FURTHER that in pursuance of the above, any Equity Shares to be issued and allotted pursuant to the conversion of the OCRPS:

- i. shall be subject to the provisions of the Memorandum and Articles of Association of the Company; and
- ii. shall rank *pari passu* with the existing Equity Shares of the Company in all respects subject to the provisions of the Memorandum and Articles of Association of the Company and applicable laws and regulations.

RESOLVED FURTHER that the OCRPS will carry a cumulative dividend rate of 0.001% per annum per OCRPS ;

RESOLVED FURTHER that should IndusInd choose not to exercise the conversion option, the OCRPS held by IndusInd will be redeemed by the Company together with the cumulative dividend and applicable yield within a period not exceeding 18 months or such extended time as may be legally permissible based upon such terms and conditions and at such price as may be mutually agreed between the Company and IndusInd;

RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds and things, as it may in its absolute discretion deem fit, necessary, proper or desirable, and to give instructions or directions and to settle all questions, difficulties or doubts that may arise in this regard and to give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions as may be required, and that all or any of the powers conferred on the Company and the Board pursuant to this Resolution may be exercised by the Board or such Committee thereof as the Board has constituted or may constitute in this behalf, and all actions taken by the Board or any Committee constituted by the Board to exercise its powers, in connection with any matter(s) referred to or contemplated in this Resolution be and are hereby approved, ratified and confirmed in all respects;

RESOLVED FURTHER that the Board be and is hereby authorised to delegate (to the extent permitted by law) all or any of the powers herein conferred to the Board, to any Committee of Directors, or any of the Company's Key Managerial Personnel (as defined under the Companies Act) to give effect to this Resolution."

By Order of the Board

Gautam Ganguli

Company Secretary

Membership No. ACS 2040

Place: Kolkata

Dated: February 16, 2016

NOTES AND INSTRUCTIONS :

1. The Explanatory Statement, as required under Section 102 of the Companies Act, as amended (the "**Companies Act**") in respect of the business specified above is annexed.
2. The notice for the postal ballot will also be available on the Company's website www.kesocorp.com and the website of the National Securities Depository Limited ("**NSDL**") at www.evoting.nsdl.com.
3. As per Section 110(1) of the Companies Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, as amended, the items of business set out in the attached Notice are proposed to be adopted by postal ballot. The items of business may also be transacted through the electronic voting system and the Company is providing the facility for voting by electronic means as specified more fully in Clause 18 hereunder.
4. The Board of Directors of the Company (the "**Board**") has appointed Salil Banerjee, a practicing Company Secretary, as the Scrutiniser for conducting the postal ballot voting process in accordance with law in a fair and transparent manner.
5. Shareholders can exercise their voting rights either by using the attached postal ballot form or through electronic means. No other form or photocopy of the attached form will be permitted. The physical postal ballot form, duly completed, signed and sealed, should be returned in the enclosed self-addressed, postage pre-paid envelope directly to the Scrutiniser so as to reach him before **5:00 PM on March 23, 2016**. Responses received from any shareholders thereafter shall be treated as if no response has been received from them. Shareholders are requested to send the duly completed postal ballot form well before this date allowing sufficient time for postal transit.
6. Envelopes containing the postal ballot form will also be accepted if a physical copy thereof, duly sealed inside the attached postage pre-paid envelope is sent by any other mode at the expense of the shareholder. The postal ballot(s) may also be deposited personally at the Company's registered office at 8th Floor, Birla Building, 9/1 R. N. Mukherjee Road, Kolkata - 700 001 ("**Registered Office**").

7. The attached self-addressed pre-paid envelope bears the name and address of the Scrutiniser appointed by the Board. The postal ballot form, after casting of vote, should be put inside the same and the envelope duly sealed.
8. The physical postal ballot form should be signed by the shareholder as per the specimen signature registered with the Company. In case shares are jointly held, such postal ballot form should be completed and signed (as per the specimen signature registered with the Company) by the first named shareholder and, in his/her absence, by the next named shareholder. Holders of powers of attorney ("PoA") on behalf of a shareholder may vote on the postal ballot mentioning the Registration No. of the PoA registered with the Company or attach a copy of the PoA attested by a notary. Unsigned postal ballot forms will be rejected.
9. Shareholders holding shares in dematerialised form are advised, in their own interest, to get their signatures verified by their bankers/depository participants ("DPs"). The signature should be verified by their bankers /DPs by affixing a rubber stamp/seal mentioning name and address of the bankers /DP and name, stamp and signature of the authorised signatory of the said bankers / DPs.
10. Voting will be reckoned in relation to a shareholder's holding of the paid-up Equity Share capital of the Company as at close of business on **February 12, 2016**. A person who is not a shareholder as on February 12, 2016 should treat this notice for information purpose only.
11. In the event that equity shares are held by companies, trusts, societies or other bodies corporate, the duly completed postal ballot form should be accompanied by a certified copy of Board resolution/authorisation, together with the attested specimen signature(s) of the duly authorised signatory(ies) giving the requisite authority to the person voting on the postal ballot form.
12. Shareholders are requested not to send any document (other than the resolution/authorisation mentioned in Clause 8 and 11 above) along with the completed postal ballot form inside the enclosed self-addressed pre-paid envelope, as all such envelopes without opening will be sent to the Scrutiniser. Should any extraneous matter be found in any such envelope, such matter will not be considered and would be destroyed by the Scrutiniser. Shareholders are also requested not to write anything on the form other than their assent or dissent and affixing their signature.
13. There will be only one postal ballot form for each folio/client id. Exercise of vote through postal ballot is not permitted through proxy.
14. A postal ballot form shall be considered invalid if –
 - (i) A form other than one issued by the company has been used;
 - (ii) It has not been signed by or on behalf of the shareholder;
 - (iii) Signature on the postal ballot form doesn't match the specimen signatures with the Company;
 - (iv) It is not possible to determine without any doubt the assent or dissent of the shareholder;
 - (v) Neither assent nor dissent is mentioned;
 - (vi) Any competent authority has given directions in writing to the Company to freeze the Voting Rights of the shareholder;
 - (vii) The envelope containing the postal ballot form is received after the last date prescribed;
 - (viii) The postal ballot form, signed in a representative capacity, is not accompanied by a certified copy of the relevant specific authority;
 - (ix) It is defaced or mutilated in such a way that its identity as a genuine form cannot be established; and
 - (x) The shareholder has made any amendment to the resolution or imposed any condition while exercising his/her vote.
15. The Scrutiniser will submit his report to the Company after completion of scrutiny of postal ballot form. The result of the postal ballot will be announced by 3:00 P.M. on Monday, March 28, 2016 at the Registered Office of the Company.

The result along with the Scrutiniser's Report will be displayed at the Registered Office of the Company and hosted on the website of the Company www.kesocorp.com, the weblink being http://www.kesocorp.com/DOCS/management_corner.php#slide_2.

The result will also be simultaneously communicated to NSDL as well as the Stock Exchanges where the shares of the Company are listed.
16. The resolutions, where assented to by the requisite majority of the shareholders by means of postal ballot (which shall also include the results of e-voting), will be deemed to have been duly adopted at a general meeting convened in that behalf on the last date for receipt of completed postal ballot form i.e. **March 23, 2016**. The Scrutiniser's decision on the validity of a completed postal ballot form shall be final and binding.
17. The Company is also providing the facility of voting through the electronic voting system ("e-voting") under an arrangement with NSDL and will also consider votes cast through the e-voting system while declaring the results of the postal ballot form. **A shareholder cannot vote both by post and e-voting. If he/she votes both by post and e-Voting, his/her vote by post shall be treated as invalid.**
18. For those shareholders opting for e-voting, the process and manner of e-voting will be as follows:
 - A. The e-voting period begins from **9.00 A.M. on February 23, 2016** and ends at **5.00 P.M. on March 23, 2016**. During this period, shareholders holding Equity Shares, either in physical form or in dematerialised

- form, as on **February 12, 2016**, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.
- B. In case a shareholder receives an email from NSDL he/she is to:
- Open the email and open the pdf file titled "KIL e-Voting.pdf" with their client id or folio number as the password. This pdf file contains the user ID and password/PIN for remote e-voting. Shareholders are to note that such password is an initial password.
 - Launch an internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - Click on **Shareholder – Login**.
 - Use the user ID and password as initial password/PIN noted in step (i) above and click **Login**.
 - When the password change menu appears, change the password/PIN with a new password of their choice with a minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended that shareholders do not share their password with any other person and take utmost care to keep their password confidential.
 - When the homepage of remote e-voting opens, click on **Remote e-Voting: Active Voting Cycles**.
 - Select **"EVEN"** of **"Kesoram Industries Limited"**.
 - Now you are ready for remote e-voting as **Cast Vote** page opens.
 - Shareholders should cast their vote by selecting the appropriate option and click on **"Submit"** and also **"Confirm"** when prompted.
 - Upon confirmation, the message **"Vote cast successfully"** will be displayed.
 - Shareholders are to note that once they have voted on a resolution, they will not be allowed to modify their vote.
 - Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send a scanned copy (pdf/jpg format) of the relevant Board resolution/authorisation letter, etc. together with an attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser through email to banerjeesalil@rediffmail.com with a copy marked to evoting@nsdl.co.in. Corporates should send scanned copy of their PoA to the Scrutiniser's email id. In case such PoA is not received by the Scrutiniser, he will be at liberty to reject the votes cast.
- C. In case a shareholder receives physical copy of this notice and the postal ballot form:

- The initial password is provided at the bottom of the postal ballot form:

EVEN (E-Voting Event Number)	LOGIN ID	PASSWORD

- The steps from Clause 18B (ii) to (xii) above, are to be followed, to cast a vote.
If a shareholder is already registered with NSDL for remote e-voting then they may use their existing user ID and password/PIN for casting their vote. They may also update their mobile number and email id in the user profile details of the folio which may be used for sending future communication(s).
In case a shareholder has any questions or issues regarding remote e-voting, they may refer to the Frequently Asked Questions and remote e-voting user manual for shareholders available at the "downloads" section at www.evoting.nsdl.com or call on the toll-free number **1800-222-990**. Further questions relating to e-voting or resolutions proposed to be passed through postal ballot form, may be addressed to Gautam Ganguli, Company Secretary at the following email : gg@kesoram.net or sharedepartment@kesoram.net.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item Nos.1 and 2

The Company has been actively considering measures to further strengthen its net worth as at March 31, 2016. This process dovetails into the various initiatives taken by the Company in the recent past to restructure itself so that it can ably negotiate challenges that lie ahead.

With the above objective in view, the Board of Directors of the Company ("**Board**") at its Meeting held on February 16, 2016 proposed to create, issue, offer and allot the following securities through a preferential issue (the "**Preferential Issue**"):

- up to 7,500,000 (Seventy five lakh) Equity Shares of the Company of face value Rs. 10/- (Rupees Ten Only) each (the "**Equity Shares**") for an aggregate amount of up to Rs. 90 crores to Manav Investment and Trading Company Limited ("**Manav**"), an unlisted company incorporated in India with registered office address at 9/1 R N Mukherjee Road, Kolkata 700001 having CIN U67120WB1988PLC043869 and a promoter group entity; and
- up to 750,000 (Seven lakh fifty thousand) Optionally Convertible Redeemable Preference Shares of Rs. 100/- each ("**OCRPS**") of the Company to IndusInd Bank Limited ("**IndusInd**"), a banking company incorporated in

India, listed on the Stock Exchanges with registered office at 2401 Gen Thimmayya Road, Cantonment, Pune - 411001 and having CIN L65191PN1994PLC076333, for an aggregate amount of up to Rs. 90 crores. Such OCRPS, upon issue, will be converted into Equity Shares at the option of IndusInd within a period not exceeding 18 months from the date of allotment. Should IndusInd choose not to convert these OCRPS, they will be redeemed by the Company together with the cumulative dividend and applicable yield at the end of 18 months from the date of allotment or within such extended time as may be legally permissible based upon such terms and conditions and at such price as may be mutually agreed between the Company and IndusInd. Each OCRPS shall carry a cumulative dividend of 0.001% per annum, and such dividend will be payable annually subject to applicable laws.

The Preferential Issue will be governed by Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**ICDR Regulations**").

Pursuant to the provisions of Section 62(1)(c) of Companies Act, 2013 (the "Companies Act") any preferential allotment of securities needs to be approved by shareholders by way of a special resolution. The Special Resolutions incorporated in Item Nos. 1 and 2 of the attached notice seek to give the Board powers to create, issue, offer and allot Equity Shares to Manav and OCRPS to IndusInd in accordance with the provisions of Chapter VII of the ICDR Regulations. The Board may create a Committee of Directors who shall exercise all powers on behalf of the Board in connection with the issuance of Equity Shares or OCRPS pursuant to the Special Resolutions and references to the term "**Board**" herein shall be deemed to include references to any such Committee. The Board may also authorise any of the Company's Key Managerial Personnel (as defined under the Companies Act) in this respect.

In terms of Regulation 73 of the ICDR Regulations, the following further disclosures are made hereunder :

i. **The objects of the Preferential Issue :**

The Company plans to, *inter alia*, utilise the net proceeds of the Preferential Issue for general corporate purposes.

ii. **The proposal of the promoters, promoter group companies, directors or key management personnel of the Company to subscribe to the offer :**

Manav is a promoter group entity and intends to subscribe to up to 7,500,000 (Seventy five lakh) Equity Shares for an aggregate consideration of up to Rs. 90 crores.

IndusInd is a banking company listed on the Stock Exchanges and is not part of the promoter group of the Company.

None of the Directors, Key Managerial Personnel and Promoter or any member of the Promoter Group of the Company other than stated in (vii) below intend to subscribe to the Preferential Issue.

iii. **Relevant Date :**

In accordance with the ICDR Regulations, the Relevant Date for the purpose of pricing of the Equity Shares as well as the OCRPS shall be February 22, 2016 ("**Relevant Date**"), i.e., 30 days prior to the last date for receipt of postal ballot forms, which is the date on which the Meeting of the shareholders would be deemed to have been convened to consider the Preferential Issue.

iv. **Basis or Justification of Price :**

The issue price of the Equity Shares and the OCRPS will be determined in accordance with the provisions of Regulation 76 of Chapter VII of the ICDR Regulations.

Since the Equity Shares of the Company are traded on both BSE Limited and the National Stock Exchange of India Limited, the trading volume of Equity Shares of the Company on the Stock Exchanges will be considered to determine the highest trading volume for computation of issue price.

The entire consideration for subscription to the Equity Shares by Manav and the OCRPS by IndusInd shall be paid by Manav and IndusInd, respectively, on or before the date of allotment of the Equity Shares to Manav and the OCRPS to IndusInd.

Where IndusInd exercises the conversion option, each OCRPS shall be convertible into 10 Equity Shares of the Company (such computation being exclusive of yield and dividend on the OCRPS) and the conversion price per Equity Share shall be not less than Rs. 120 or the minimum price per Equity Share determined in accordance with the pricing formula provided under the ICDR Regulations, whichever is higher.

v. **Undertaking to re-compute price :**

If required, the Company shall re-compute the issue price of the Equity Shares and OCRPS mentioned above in accordance with the ICDR Regulations. Further, if the amount payable on account of the re-computation of issue price is not paid by the Manav or IndusInd (as applicable) within the time stipulated under the ICDR Regulations, the Equity Shares or OCRPS allotted to Manav or IndusInd (as applicable) shall continue to be locked-in till the time such amounts are paid by Manav or IndusInd (as applicable).

vi. **Terms of the OCRPS to be issued to IndusInd :**

- a) Up to 750,000 (Seven lakh fifty thousand) OCRPS of face value of Rs. 100/- each are proposed to be allotted to IndusInd through the Preferential Issue with the aggregate consideration realisable by the Company being up to Rs.90 crores.

- b) Each OCRPS shall carry a cumulative dividend of 0.001% per annum, and such dividend will be payable annually subject to applicable laws.
 - c) The OCRPS will be convertible into Equity Shares at the option of IndusInd within a period not exceeding 18 months from the date of allotment. Should IndusInd choose not to convert these OCRPS, they will be redeemed by the Company together with the cumulative dividend and applicable yield at the end of 18 months from the date of allotment or within such extended time as may be legally permissible based upon such terms and conditions and at such price as may be mutually agreed between the Company and IndusInd.
 - d) The OCRPS shall rank in priority to Equity Shares with respect to payment of dividend and repayment of capital. IndusInd, in its capacity as the holder of the OCRPSs, shall be entitled to: (i) participate in surplus funds, surplus assets and profits of the Company on winding up, which may remain after the entire capital has been repaid, in priority to the holders of the Equity Shares; and (ii) vote only on Resolutions placed before the Company which directly affect the rights attached to the OCRPS and any Resolution for the winding up of the Company or for the repayment or reduction of its equity or preference share capital, in accordance with the provisions of the Companies Act and subsisting provisions of the Companies Act, 1956.
 - e) The conversion price per Equity Share shall not be less than Rs. 120 or the minimum price per Equity Share determined in accordance with the pricing formula provided under the ICDR Regulations, whichever is higher.
 - f) Equity shares issued pursuant to the conversion of OCRPS shall rank pari passu in all respects including with respect to dividend, with the then fully paid up equity shares of the Company. For details related to dilution, see below.
 - g) Any variation in the terms of the OCRPS shall be subject to applicable law, including the Companies Act and the Rules made thereunder.
- vii. **The identity of the natural persons who are the ultimate beneficial owners of the securities proposed to be allotted and/or who ultimately control the investors, the percentage of post Preferential Issued capital that may be held by them and change in control, if any, in the Company consequent to the Preferential Issue :**
- a. The natural person who is the ultimate beneficial owner of Manav is Manjushree Khaitan. IndusInd is a banking company listed on the Stock Exchanges.
 - b. Each OCRPS shall be convertible into 10 Equity Shares of the Company.

Name of proposed allottee	Pre-issue shareholding	Maximum No. of Equity Shares proposed to be allotted	Maximum No. of OCRPS proposed to be allotted	No. of Equity Shares to be allotted after conversion of OCRPS (10 Equity shares per OCRPS converted)	Percentage of post-preferential issue capital held (%)*
Manav Investment and Trading Company Limited	7.87%	7,500,000	Nil	Nil	12.93
IndusInd Bank Limited	Nil	Nil	750,000	7,500,000	6.01

* The percentage of post-preferential issue capital held is computed assuming the allotment of the maximum number of Equity Shares proposed to be allotted and the conversion of the maximum number of OCRPS into Equity Shares at a conversion price per Equity Share of not less than Rs. 120.

- c. Manav is a member of the Company's Promoter Group. The existing promoter of the Company will continue to be in control of the Company and there will not be any change in the management or control of the Company as a result of the Preferential Issue, except a corresponding change in shareholding pattern as well as voting rights.

viii. **The shareholding pattern of the Company before and after the Preferential Issue (including the percentage of Post-Preferential Issue capital that will be held by investors**):**

Sl. No.	Category of Investor	Pre - Issue*		On date of allotment**			Post - Conversion OCRPS***	
		No. of Shares	% of Share-holding	No. of Equity Shares	No. of OCRPS	% of Equity Share-holding	No. of Equity Shares	% of Share-holding
A.	PROMOTERS SHAREHOLDING	50,504,989	46.01	58,004,989	Nil	49.46	58,004,989	46.49
	Promoter	402,496	0.37	402,496	Nil	0.34	402,496	0.32
	Promoter Group	50,102,493	45.64	57,602,493	Nil	49.12	57,602,493	46.17
B	PUBLIC SHAREHOLDING	59,263,661	53.99	59,263,661	750,000	50.54	66,763,661	53.51
I	INSTITUTIONAL INVESTORS	12,123,994	11.04	12,123,994	750,000	10.34	19,623,994	15.73
	Mutual Funds	312,440	0.28	312,440	Nil	0.27	312,440	0.25
	Financial Institutions/Banks	5,656,810	5.15	5,656,810	750,000	4.82	13,156,810	10.55
	Foreign Institutional Investors	6,154,744	5.61	6,154,744	Nil	5.25	6,154,744	4.93
II	NON INSTITUTIONAL INVESTORS	47,139,667	42.95	47,139,667	Nil	40.20	47,139,667	37.78
	Bodies Corporate	11,472,110	10.45	11,472,110	Nil	9.78	11,472,110	9.19
	Resident Individuals/ HUFs	24,210,179	22.06	24,210,179	Nil	20.65	24,210,179	19.41
	NRIs	659,840	0.60	659,840	Nil	0.56	659,840	0.53
	Others	10,797,538	9.84	10,797,538	Nil	9.21	10,797,538	8.65
	Total (A+B)	109,768,650	100.00	117,268,650	750,000	100.00	124,768,650	100.00

* Shareholding as on February 12, 2016.

** The above table shows the expected shareholding pattern of the Company on the date of allotment assuming the allotment of the maximum number of Equity Shares proposed to be allotted.

*** The above table shows the expected shareholding pattern of the Company after conversion of the OCRPS assuming the allotment of the maximum number of Equity Shares proposed to be allotted and assuming the conversion of the maximum number of the OCRPS into Equity Shares. It further assumes that the post-issue shareholding of all the other shareholders will remain the same. Yield and dividend on the OCRPS have not been considered in the above computation in the post preferential issued capital.

ix. **The time within which the Preferential Issue shall be completed :**

The Preferential Issue of the Equity Shares and the OCRPS shall be completed within 15 days from the date of the Shareholder Resolution approving such offer or such other time as may be permitted under the ICDR Regulations or as amended from time to time.

x. **Lock-in and transfer restrictions :**

The Equity Shares and OCRPS shall be subject to lock-in and transfer restrictions as stipulated under the ICDR Regulations.

xi. **Others :**

The Certificate to be furnished by Price Waterhouse, Chartered Accountants, the Company's Auditors, as per Regulation 73(2) of the ICDR Regulations will be hosted on the Company's website www.kesocorp.com. Equity Shares allotted pursuant to the Preferential Issue (including pursuant to the conversion of any OCRPS) will be listed on the Stock Exchanges where the shares of the Company are listed at present.

As it is proposed to issue and allot the aforesaid Equity Shares and OCRPS on preferential basis, Special Resolutions proposed in Item Nos. 1 and 2 of the Postal Ballot Notice have to be approved by Shareholders pursuant to the provisions of Section 62(1)(c) of the Companies Act and Chapter VII of the ICDR Regulations. The Board is of the opinion that the proposed Preferential Issue will be in the interest of the Company and its Shareholders. The Board, therefore, recommends passing of the aforesaid Special Resolutions proposed.

No director, key managerial personnel or their respective relatives and promoters of the Company are in any way concerned or interested, financially or otherwise in the proposed Resolutions, except to the extent of their shareholding in the Company, if any. Pursuant to the proviso to Section 102(2) of the Companies Act, it is clarified that the proposed Resolutions do not relate to or affect any other Company save and except Manav to the extent indicated in (vii) above.

By Order of the Board

Gautam Ganguli

Company Secretary

Membership No. ACS 2040

Place : Kolkata

Dated : February 16, 2016