



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

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CFD/DIL-2/NS/NR/13604/1/2016
May 10, 2016

VC Corporate Advisors Pvt. Ltd.
31, Ganesh Chandra Avenue, 2nd floor,
Suite No. 2C
Kolkata – 700013

Kindly Attention: Mr. Anup Kumar Sharma

Dear Sir,

Sub: Interpretative letter of opinion under SEBI (Informal Guidance) Scheme, 2003 in the matter of M/s Beeyu Overseas Limited ("BOL").

1. This has reference to your letter dated March 7, 2016 seeking guidance by way of an interpretative letter under the Scheme.
2. You have, *inter alia*, represented as follows:
 - a. BOL is a company listed on BSE with a shareholding of 1,41,41,453 fully paid up equity shares, the promoter holding being 38,82,417 (27.46%) equity shares.
 - b. The company was engaged in the business of manufacturing and trading in tea. In August 2008, the Tea Board of India revoked the factory registration of BOL issued under the provisions of Tea Act, 1953 and the company had to cease all operations. Since presently the company is not engaged in any business activity and has an accumulated loss of Rs. 22,66,99,574 at the end of FY 2015, which is higher than the paid up equity share capital of company, the promoters of BOL want to implement an urgent restructuring plan for the effective revival of the company and to prevent any further financial deterioration.
 - c. The promoters have identified two operating tea gardens, held by two operating private limited companies for the purpose of takeover and have initiated discussions with the owners of those companies. The initial due-diligence is underway and the promoters intend to acquire those companies out of their own funds.
 - d. The promoters want to implement a revival plan for the company which shall include a reduction in 90% of the nominal value of Rs 10 per share. The face value of the equity shares shall be re-converted into face value of Rs 10 per share and the share capital of BOL post reduction would be 14,14,145 equity shares. Post reduction of share capital, the promoters intend to merge the two operating private limited companies into BOL and their existing shareholders would be paid the consideration for the assets via issue of fresh shares.

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

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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- e. Pursuant to the issue of shares by BOL in lieu of the merger, the promoters shareholding in the company would increase to an estimated 90% of the post-merger share capital and the public shareholding in the company would fall below 25%.
 - f. The promoters undertake to dilute their shareholding in the company within a span of one year from the date of listing of the equity shares of the company post-merger.
3. On the basis of the above, you have sought interpretative letter from SEBI as to whether BOL shall be eligible to get a no objection from SEBI and BSE for the proposed scheme of arrangement where the promoter shareholding will cross 75% limit based on an undertaking to bring it to a level specified by SEBI within one year of the listing of shares of BOL post-merger.
 4. Without necessarily agreeing with your analysis given in your above mentioned letter, our interpretation on the above query is as under:
 - a. Reference is drawn to Rule 19A (2) of the Securities Contracts (Regulation) Rules, 1957, which mandates that *"where the public shareholding in a listed company falls below twenty-five per cent at any time, such company shall bring the public shareholding to twenty-five per cent within a maximum period of twelve months from the date of such fall in the manner specified by the Securities and Exchange Board of India."*
 - b. BOL is therefore mandated to bring the public shareholding to twenty-five percent within a maximum period of twelve months from the date of such fall in the manner specified by SEBI.
 - c. You are further advised to comply with the SEBI Circular CIR/CFD/CMD/16/2015 dated November 30, 2015.
 - d. A dispersed shareholding structure is an essential ingredient for the sustenance of a continuous market for listed securities to provide liquidity to the investors and to discover fair price.
 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 question 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 Contracts (Regulation) Rules, 1957 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 faithfully,

Narendra Rawat