

April 15, 2019

To,
✓ **Shri Jayanta Jash - Chief General Manager,**
Corporate Finance Department,
Division of Corporate Restructuring,
Securities and Exchange Board of India,
SEBI Bhavan, Plot No. C4-A, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400 051, Maharashtra,
India.

Dear Sir,

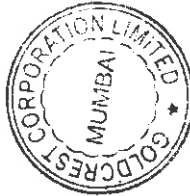
Subject: Request of informal guidance by way of interpretative letter under the provisions of Securities and Exchange Board of India (Informal Guidance) Scheme, 2003.

With reference to captioned subject, please find enclosed (i) application for seeking informal guidance and (ii) Pay Order in compliance with clause 6(ii) of Securities and Exchange Board of India (Informal Guidance) Scheme, 2003.

Request your acknowledgement on receipt of this letter.

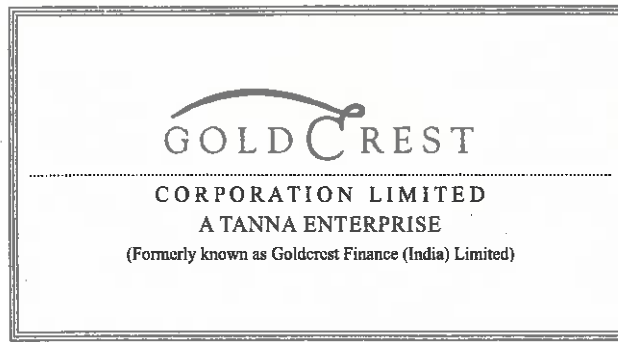
Thankyou,
For and on behalf of Goldcrest Corporation Limited


Anupa Tanna Shah,
Managing Director
Din No:- 01587901



Enclosed: As mentioned above.

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Shri Jayanta Jash - Chief General Manager,
Corporate Finance Department,
Division of Corporate Restructuring,
Securities and Exchange Board of India,
SEBI Bhavan, Plot No. C4-A, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400 051,
Maharashtra, India.

Dear Sir,

Subject: Request of informal guidance by way of interpretative letter under the provisions of Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 ("Scheme"), in relation to restrictions imposed under regulation 24 of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ("Delisting Regulations").

1. BACKGROUND OF THE GOLDCREST CORPORATION LIMITED ("GCL"):

GCL (*formerly known as Goldcrest Finance (India) Limited*) was incorporated on February 25, 1983, under the provisions of the Companies Act, 1956. The Company is engaged in the business of maintaining and operating a tech park and other ancillary businesses. GCL is a listed entity and equity shares of GCL are listed on BSE Limited ("BSE").

2. BRIEF FACTS OF THE MATTER:

- a. Bhor Industries Limited ("BIL"), is a company that was erstwhile listed on the National Stock Exchange of India Limited ("NSE") and BSE Limited. Pursuant to circular no. NSE/CML/3423 dated March 6, 2017 of NSE and notice no. 20170821-27 dated August 21, 2017 of BSE, the promoters of BIL were required to undertake an exit offer to the public shareholders of BIL under the compulsory delisting route. Subsequently, the promoters of BIL undertook the open offer in consultation with NSE and merchant bankers and have provided an exit opportunity to the public shareholders. Accordingly, the equity shares of BIL were compulsorily delisted from the respective stock-exchanges.
- b. In accordance with regulation 24 of the Delisting Regulations, BIL, its whole time directors, its promoters and the companies which are promoted by any of them were prohibited from accessing the securities market or seeking listing for any



equity shares for a period of ten years from the date of such delisting. BIL was a jointly promoted entity by three family groups and Mr. Tushar Tanna as one of the directors of BIL represented the interest of one of the family groups. Due to various business reasons, the business of BIL was discontinued and BIL was also in the past referred to Board of Industrial and Financial Reconstruction. Mr. Tushar Tanna is also a promoter of GCL, which is an independent listed entity without the involvement of the other two family groups.

- c. It is further pertinent to note that shareholding ownership of Mr. Tushar Tanna in GCL has significantly reduced over past years and Mr. Tushar Tanna currently owns only 0.01% representing 418 equity shares in GCL. Prior to July 2007, Mr. Tushar Tanna owned 14.60% representing 8,86,400 equity shares in GCL. Mr. Tushar Tanna is also no longer a director on the board of GCL, but due to his earlier capacity as a promoter of GCL, the restrictions under regulation 24 of the Delisting Regulations were also applicable to GCL. In addition, it is pertinent to note that the directors in BIL and the composition of the board of BIL; are completely unrelated to that of GCL.
- d. GCL is a listed entity in its own right and has 27.13% public shareholding. GCL is a well-managed company, being in compliance with securities and other law.
- e. GCL has various real estate assets that have been leased out to lessees on a long-term basis. As a part of business requirement, GCL is exploring the divestiture of whole or part of its real-estate assets to potential buyers. Accordingly, the following alternatives are being considered:

i. **Scenario 1: Sale of the entire business by way of transfer of shareholding of GCL to the buyer group:**

Under this alternative, GCL's existing promoter and promoter group may sell their entire controlling stake and management control to a potential buyer entity, who shall acquire such controlling stake and the management control, subject to compliance of applicable law, including compliance of open offer process under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SAST"). Further, since the entire existing promoter group will divest its shareholding, post the consummation of contemplated transaction and the open offer, the existing promoter and promoter group of the GCL shall no longer be associated with GCL in any manner.

ii. **Scenario 2: Sale of part of business of GCL by way of a demerger through a NCLT scheme:**

Under this alternative, GCL is exploring a de-merger of its specified business into a new entity ("new entity") in accordance with section 2(19AA) of Income-tax Act, 1961 and other applicable law, if any. The resulting entity would have mirror shareholding pattern as that of GCL.



3. CLARIFICATIONS SOUGHT

- a. Scenario 1: Considering the provisions of regulation 24 of the Delisting Regulations read with SEBI Circular (as defined below), if the existing promoters and promoter group sell their entire shareholding and cease management control in favour of an independent third party, whether the restrictions mentioned in regulation 24, will continue on GCL, under its new management (inducted after compliance of open offer requirements under SAST), considering that Mr. Tushar Tanna and the existing promoters and promoter group, will have no direct or indirect shareholding, management participation and any involvement in GCL?
- b. Scenario 2: Considering the provisions of regulation 24 of Delisting Regulations read with SEBI circular no. SEBI/HO/CFD/DCR/CIR/P/2016/81 dated September 07, 2016 ("SEBI Circular"), if GCL undertakes a de-merger under a scheme as approved by the stock exchanges and NCLT under section 230-240 of the Companies Act, 2013, whether the restrictions mentioned in regulation 24, will be imposed on the new entity, considering that the demerger is through a scheme approved by the National Company Law Tribunal ("NCLT") with all compliances under applicable law and further, and the existing GCL (being the demerged entity) continues to operate with the applicable restrictions under regulation 24?

In view of the above points, we hereby request you to provide us an "informal guidance" on the queries mentioned above.

4. OUR INTERPRETATION

- a. Extract of regulation 24 of Delisting Regulations:

"Where a company has been compulsorily delisted under this Chapter, the company, its whole time directors, its promoters and the companies which are promoted by any of them shall not directly or indirectly access the securities market or seek listing for any equity shares for a period of ten years from the date of such delisting."

- b. Extract of paragraph 4 of SEBI Circular:

"4. In addition to the restriction imposed under Regulation 24 of the Delisting Regulations, in order to ensure effective enforcement of exit option to the public shareholders in case of compulsory delisting and taking into account the interests of investors, it is felt necessary to strengthen the regulatory mechanism in this regard. Accordingly, it is hereby directed that in case of such companies whose fair value is positive: -

a. such a company and the depositories shall not effect transfer, by way of sale, pledge, etc., of any of the equity shares and corporate benefits like dividend, rights, bonus shares, split,



etc. shall be frozen, for all the equity shares, held by the promoters/promoter group till the promoters of such company provide an exit option to the public shareholders in compliance with sub-regulation (3) of regulation 23 of the Delisting Regulations, as certified by the concerned recognized stock exchange;

b. the promoters and whole-time directors of the compulsorily delisted company shall also not be eligible to become directors of any listed company till the exit option as stated at 4.a. above is provided."

- c. Upon reading of the above relevant extracts, we understand that, the measure of preventing the entities/persons connected with the compulsorily delisted company from accessing the capital market has been provided, to ensure the "effective enforcement of exit option of the public shareholders" and to ensure that a company that has been debarred from being listed and traded on the stock exchange, cannot, subject to a cool-off period i.e. of 10 years, be allowed to raise money from public, however, no explicit provision has been mentioned with respect to debarring the resulting entity or acquiring entity (as mentioned above) in the event the resulting entity or acquiring entity is legitimately formed and which is directly and indirectly independent, from the debarred person/entities.
- d. In our understanding that the restriction imposed on the person/entity under regulation 24 of the Delisting Regulations read with SEBI Circular, is in keeping with the spirit imposed to keep away the debarred 'individuals' and 'entities floated by the debarred individuals' to access the capital market. In the Scenario 1 above, it is important to note that post the open-offer by the acquirer under SAST, the entire shareholding of the promoter and promoter group of GCL (including that of Mr. Tushar Tanna, being the debarred individual) shall be acquired by the new acquirer. GCL would then operate under a new promoter and management that has no connection with the existing promoters and promoter group of GCL. In such a situation, given that the debarred individual and all his related entities are no longer associated with GCL, the restrictions on GCL (arising only because of GCL's association with the debarred individual) should also be discontinued? It is also pertinent to note that, the restrictions are applicable on GCL, solely on account of the debarred individual being the promoter of GCL. It would also be detrimental to the interest of the general public shareholders of GCL and the new promoters of GCL if the restrictions would continue to apply to GCL despite no association or connection with the debarred individual.
- e. We, further understand that in relation to Scenario 2, wherein the existing GCL is demerged through a NCLT driven process, the resultant new entity shall have be newly incorporated and shall have no shareholding of the debarred individual. Further, even post the demerger, the shareholding of the debarred individual would be at a fraction of 0.01% of the overall share capital of the resultant entity. Given this specific situation the resultant new entity which is not promoted by the debarred individual, nor has any meaningful shareholding of the debarred individual, should also be exposed to the restrictions under regulation 24 of the Delisting Regulations? It is pertinent to note the GCL, being the demerged



company will continue to operate under the restrictions of regulation 24 of the Delisting Regulations.

5. REQUEST FOR CONFIDENTIALITY

Considering that the above contemplated transactions may be material event and/or price sensitive information, we request you that this letter and its contents be kept confidential for the maximum period permissible under the Scheme i.e. up to 90 (ninety) days or for such numbers of days as you may deem fit, from the date of issue of response by your good office.


6. COMPLIANCE WITH PARAGRAPH 6 OF THE SCHEME

We have enclosed herewith a pay order no. 242430 dated 10/04/2019 of INR. 25,000/- (Indian Rupees Twenty Five Thousand Only) in favour of "Securities and Exchange Board of India" drawn on Kotak Mahindra Bank Limited, Branch Mumbai- Fort, towards for obtaining informal guidance as specified under clause 6 of the Scheme.

7. All material facts, circumstances and legal provisions which in our opinion are relevant for the purpose of determination of this request are stated herein. In view of above mentioned details, we request your good offices to provide us informal guidance by way of interpretive letter.
8. Any request for further clarification/information sought in relation to this letter, can be addressed to:

Goldcrest Corporation Limited
3rd Floor, Devidas Mansion,
Merewether Road, Colaba,
Mumbai - 400 039,
Maharashtra, India.
E-mail Address: manish@goldcrestgroup.com
Tel. No.: 022 22837489/90

Thankyou,
For and on behalf of Goldcrest Corporation Limited


Anupa Tanna Shah,
Managing Director
Din No:- 01587901



Enclosed: As mentioned above.