



VC CORPORATE ADVISORS PVT LTD.

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Dated : 07.03.2016

VCC/03/16/11

To
The Chief General Manager
Corporate Finance Department
Division of Corporate Restructuring
The Securities and Exchange Board of India
Bandra Kurla Complex
Mumbai - 400 051.

K.A. Ms. Harini Balaji

Respected Madam,

भा. प्र. वि. बो. SEBI
सं / No 19100
Date 09 MAR 2016

SEBI/IW/P/20160310/000019100

RE: REQUEST OF OUR CLIENT M/S. BEEYU OVERSEAS LIMITED FOR INTERPRETATIVE LETTER OF OPINION UNDER SEBI (INFORMAL GUIDANCE) SCHEME, 2003 IN RESPECT OF RULE 19A OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957 READ WITH REGULATION 38 OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

1. BACKGROUND

- 1.1 Beeyu Overseas Limited ("BOL") having its registered office at Fulhara (Bhimgachh), P.O. Ramganj, Block Islampur, Dist. Uttar Dinajpur, West Bengal – 733 207 and Corporate Office at "Beeyu House", 64A, Ballygunge Circular Road, Kolkata – 700 019, is a company duly incorporated under the provisions of the Companies Act, 1956. The shares of the Company are listed on BSE Limited ("BSE") only.
- 1.2 The Issued, Subscribed & Paid-up Equity Share Capital of the Company is Rs. 14,14,14,530 divided into 1,41,41,453 equity shares of Rs.10/- each. The Company does not have any partly paid up equity shares.
- 1.3 The shareholding of the Promoter / Promoter Group of the Company is as under:

Sr. no.	Name	No. of Shares	%age shareholding
1	Classic Nirman Private Limited	19,41,209	13.73
2	Quantum Wealth Solutions Pvt. Ltd.	19,41,208	13.73
	Total	38,82,417	27.46



- 1.4 The Company was engaged in the business of manufacturing and trading in tea. The Company's tea factory was located at Ooty Rural, Doddabetta Panchayat, Near Government Chincona Plantations, Ooty – 643 002. However, in August 2008 the Tea Board of India revoked its factory registration under the provisions of Tea (Marketing) Control order, 2003 issued under the provisions of the Tea Act, 1953 and the company had to cease all operation. The company had to sell its factory and land along with all other assets to repay its secured creditors and currently has no assets except a building on lease, which also it has had to sub-lease in order to meet its expenses. The company has barely any income and has no assets.
- 1.5 As per the Auditors Report for the financial year ended 31.03.2015, the Company has an accumulated loss of Rs. 22,66,99,547 at the end of the FY 2015. The Company has incurred cash loss of Rs. 1,45,251 during the FY ended 31.03.2015. The Company's accumulated loss as on March 31, 2015 far exceeds fifty percent of the net worth.
- 1.6 Since presently the Company is not engaged in any business activity and has an accumulated loss of Rs. 22,66,99,547/- (Rupees Twenty Two Crores Sixty Six Lacs Ninety Nine Thousand Five Hundred Forty Seven Only) at the end of the FY 2015 which is higher than the paid up equity share capital of Rs. 14,14,14,530, the Promoters of the Company want to implement an urgent restructuring plan under Section 101, 394-394 of the Companies Act 1956 or under Section 66, 230-234 of the Companies Act 2013 for the effective revival of the Company and to prevent any further financial deterioration.
- 1.7 Mere infusion of funds will not benefit the shareholders of the Company. Even if the Company starts implementing any new project, it will take at least a few years to stabilize and generate cash flows, within which time things may become even more difficult. Also, any new business will have its own risks and may or may not succeed. Also, even if the company registers profits in coming years, no dividend can be paid out of profits unless existing accumulated losses are wiped out.
- 1.8 As discussed, there are several pitfalls in initiating a new project with uncertain cash flows. Instead, the promoters are of the opinion that the company should take over established business with robust cash flows, valuations and profitability to ensure immediate revenues and profits. However, the company has no funds to pay for taking over such businesses.
- 1.9 The Promoters have identified 2 operating tea gardens in Assam and Dooars, held by two operating private limited companies for the purpose of takeover and have initiated discussions with the owners / shareholders of those companies for such takeover. The initial due diligence is underway and the Promoters intends to acquire those companies out of their own funds.



Tea has also been the traditional business of the Company and it will be much easier for it to revive past business links and expand its business again.

- 1.10 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 shares in the paid up share capital of the Company. The face value of the equity shares shall be re-converted into face value of Rs. 10/- per share. The pre and post reduction share capital structure of the Company shall be as under:

Particulars	Before Reduction in Capital		After Reduction of Capital	
	No. of shares of Rs. 10/- each	% to total shares	No. of shares of Rs. 10/- each	% to total shares
Promoters and Promoter Group	38,82,417	27.46	3,88,324	27.46
Public Holding	1,02,59,036	72.54	10,25,821	72.54
	1,41,41,453	100.00	14,14,145	100.00

- 1.11 Such reduction will also present the true financial position of the Company. It will also enable the company to clean up its balance sheet and reduce the losses on the books.
- 1.12 Post reduction of capital, the promoters intend to merge the two operating private limited companies identified into BOL. BOL intends to pay the consideration for the assets via issue of fresh shares to the existing share holders of the two private companies.
- 1.13 Pursuant to the issue of shares by the Company in lieu of the merger, the Promoters shareholding in the Company shall increase to an estimated 90% of the post merger share capital of the Company, i.e., the public shareholding in the Company shall fall below minimum level of 25% as prescribed in Rule 19A of the Securities Contract Regulation Rules, 1957 and Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 ('**LODR Regulations**'). The Promoters undertake to dilute their shareholding in the Company in compliance with SEBI Circular reference no. CIR/CFD/CMD/14/2015 dated November 30, 2015 within a span of one year from the date of listing of the equity shares of the Company post merger. The promoters view this as the quickest and most efficient way of reviving the company for the benefit of all stakeholders.
- 1.14 Post Restructuring the Company will have a sizeable asset base and a viable business and the merger will also consolidate the entire tea business of the two separate companies into a single entity thereby minimizing cost of compliance of maintaining separate companies and further deriving economies of scale.



1.15 The Promoters of the Company are confident that with the successful implementation of the scheme of restructuring there shall be an immediate turnaround in the fortunes of the Company.

1.16 As per regulation 37 of the LODR Regulation read with SEBI circular reference no. CIR/CFD/CMD/16/2015 dated November 30, 2015, all listed companies are required to obtain Observation Letter or No-Objection Letter from SEBI and Stock Exchange on any scheme of arrangement proposed to be filled with High Court under Section 101, 394-394 of the Companies Act 1956 or under Section 66, 230-234 of the Companies Act 2013.

1.17 The applicable regulation 11, 37, 38 and 94 of the LODR Regulations and Rule 19A of the Securities Contract Regulation Rules, 1957 is enumerated below:

Regulation 11 of LODR Regulations

SCHEME OF ARRANGEMENT

11. The listed entity shall ensure that any scheme of arrangement /amalgamation /merger /reconstruction /reduction of capital etc. to be presented to any Court or Tribunal does not in any way violate, override or limit the provisions of securities laws or requirements of the stock exchange(s):

Provided that this regulation shall not be applicable for the units issued by Mutual Fund which are listed on a recognised stock exchange(s).

Regulation 37 of LODR

Draft Scheme of Arrangement & Scheme of Arrangement.

37. (1) Without prejudice to provisions of regulation 11, the listed entity desirous of undertaking a scheme of arrangement or involved in a scheme of arrangement, shall file the draft scheme of arrangement, proposed to be filed before any Court or Tribunal under sections 391-394 and 101 of the Companies Act, 1956 or under Sections 230-234 and Section 66 of Companies Act, 2013, whichever applicable, with the stock exchange(s) for obtaining Observation Letter or No-objection letter, before filing such scheme with any Court or Tribunal, in terms of requirements specified by the Board or stock exchange(s) from time to time.

(2) The listed entity shall not file any scheme of arrangement under sections 391-394 and 101 of the Companies Act, 1956 or under Sections 230-234 and Section 66 of Companies Act, 2013, whichever applicable, with any Court or Tribunal unless it has obtained observation letter or No-objection letter from the stock exchange(s).



(3) The listed entity shall place the Observation letter or No-objection letter of the stock exchange(s) before the Court or Tribunal at the time of seeking approval of the scheme of arrangement:

Provided that the validity of the 'Observation Letter' or No-objection letter of stock exchanges shall be six months from the date of issuance, within which the draft scheme of arrangement shall be submitted to the Court or Tribunal.

(4) The listed entity shall ensure compliance with the other requirements as may be prescribed by the Board from time to time.

(5) Upon sanction of the Scheme by the Court or Tribunal, the listed entity shall submit the documents, to the stock exchange(s), as prescribed by the Board and/or stock exchange(s) from time to time.

Regulation 38 of LODR

Minimum Public Shareholding.

38. The listed entity shall comply with the minimum public shareholding requirements specified in Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 in the manner as specified by the Board from time to time:

Provided that provisions of this regulation shall not apply to entities listed on institutional trading platform without making a public issue.

Regulation 94 of LODR

Draft Scheme of Arrangement & Scheme of Arrangement.

94. (1) The designated stock exchange, upon receipt of draft schemes of arrangement and the documents prescribed by the Board, as per sub-regulation (1) of regulation 37, shall forward the same to the Board, in the manner prescribed by the Board.

(2) The stock exchange(s) shall submit to the Board its Objection Letter or No-Objection Letter on the draft scheme of arrangement after inter-alia ascertaining whether the draft scheme of arrangement is in compliance with securities laws within thirty days of receipt of draft scheme of arrangement or within seven days of date of receipt of satisfactory reply on clarifications from the listed entity and/or opinion from independent chartered accountant, if any, sought by stock exchange(s), as applicable.

(3) The stock exchange(s), shall issue Observation Letter or No-objection letter to the listed entity within seven days of receipt of comments from the Board, after suitably incorporating such comments in the Observation Letter or No-objection letter:

Provided that the validity of the 'Observation Letter' or No-objection letter of stock exchanges shall be six months from the date of issuance.



(4) The stock exchange(s) shall bring the observations or objections, as the case may be, to the notice of Court or Tribunal at the time of approval of the scheme of arrangement.

(5) Upon sanction of the Scheme by the Court or Tribunal, the designated stock exchange shall forward its recommendations to the Board on the documents submitted by the listed entity in terms of sub-regulation (5) of regulation 37.

Rule 19A of the Securities Contract Regulation Rules, 1957
Continuous Listing Requirement.

19A. (1) Every listed company shall maintain public shareholding of at least twenty five per cent.:

Provided that every listed public sector company which has public shareholding below 25%, on the date of commencement of the Securities Contract (Regulation) (second amendment) rules, 2014, shall increase its public shareholding to at least twenty five per cent, within a period of three years in the manner as may be specified by the Securities and Exchange Board of India.

Explanation: For the purposes of this sub-rule, a company whose securities has been listed pursuant to an offer and allotment made to public in terms of clause (b) of sub-rule (2) of rule 19, shall maintain minimum twenty five per cent, public shareholding from the date on which the public shareholding in the company reaches the level of twenty five percent in terms of said sub-clause.

(2) 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.

2. QUERY

2.1 In light of the above and assuming compliance of all other applicable provisions by the Company, whether the Company shall be eligible get a no objection from SEBI and BSE Limited for the proposed scheme of arrangement where the promoters shareholding will cross 75% mark based on an undertaking to bring it to a level specified by SEBI within one year of the listing of shares of the Company post merger.

2.2 In addition, we would appreciate receiving any other recommendation you may have in this regard.



3. COMPLIANCE WITH PARAGRAPH 6 OF THE SEBI (INFORMAL GUIDANCE) SCHEME, 2003

- 3.1 In accordance with paragraph 6 of the SEBI (Informal Guidance) Scheme, 2003, this request for an Interpretive Letter is addressed to Ms. Neelam Bharadwaj, The Chief General Manager of the SEBI, and is accompanied with a Pay Order dated 3rd March 2016 bearing no. 243889 for Rs. 25,000 (Rupees Twenty Five Thousand Only) drawn on Lakshmi Vilas Bank Ltd, Kolkata branch. Further, all material facts, circumstances and legal provisions that in our opinion are relevant for the purposes of determination of this request, are stated herein.
- 3.2 Since the modalities contained in the instant letter are related to the proposed restructuring in the Company which is confidential in nature we hereby request SEBI to kindly provide it confidential treatment as mentioned in clause 11 (a) of the SEBI (Informal Guidance) Scheme, 2003 for a period of 90 days from the date of your response.
- 3.3 We would appreciate receiving your opinion at your earliest convenience. For further assistance or clarifications we request that you contact us at the address detailed below:

Attention: MR. ANUP KUMAR SHARMA

C/o: VC Corporate Advisors Pvt. Ltd.

31, Ganesh Chandra Avenue,

2nd Floor, Suite No. – 2C,

Kolkata – 700 013

Tel No: (033) 2225 - 3940;

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Thanking You,

FOR VC CORPORATE ADVISORS PVT LTD



ANUP KUMAR SHARMA
(Vice President)

Encl : Bank Draft

