



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

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SEBI/HO/CFD/DCR1/OW/P/2018/11859/1

April 17, 2018

Bhoruka Finance Corporation of India Limited

Plot No. 69, TCI House
Sector-32, Institutional Area
Gurgaon - 122 207

Kind Attention: Shri. R C Pahuja, Authorized Signatory

Dear Sir,

Sub: Request for informal guidance by way of "no action letter" under the SEBI (Informal Guidance) Scheme, 2003 with respect to Regulation 10(1)(d)(iii) of SEBI (SAST) Regulations, 2011 ("SAST") in relation to the proposed merger/ demerger of promoter group entities of Transport Corporation of India Limited, TCI Express Limited and TCI Developers Limited

1. This has reference to your letter dated February 19, 2018 and also your subsequent letters/e-mails dated March 27, 2018 and April 02, 2018 on the captioned subject
2. You have, *inter alia*, represented as under:
 - i. Bhoruka Finance Corporation of India Limited ('Applicant'/'BFCIL') is one of the promoter group entities of Transport Corporation of India Limited ('TC-1'), TCI Express Limited ('TC-2') and TCI Developers Limited ('TC-3') [*collectively referred to as the 'Target Companies'*]. The equity shares of TC-1, TC-2 and TC-3 are listed on BSE and NSE.
 - ii. Bhoruka International Private Limited ('BIPL'), TCI Global Logistics Limited ('TGLL'), TCI India Limited ('TIL') and XPS Cargo Services Limited ('XCSL') are also part of the promoter group of TC-1, TC-2 and TC-3.
 - iii. BIPL, TGLL, investment division of TIL and investment division of XCSL are collectively referred to as the '**Transferor Companies**' and BFCIL is referred to as the '**Transferee Company**'. The proposed scheme of arrangement involves the four Transferor Companies merging with the Transferee Company and further demerger of 3 PL Logistics Division, Express Cargo Division and Real Estate Division of Transferee Company into three separate companies as, namely, Bhoruka Supply Chain Solutions

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- Holdings Limited ('BSCSHL'), Bhoruka Express Consolidated Limited ('BECL') and TDL Real Estate Holdings Limited ('TREL'). BSCSHL, BECL and TREL are collectively referred to as the '**Demerged Undertakings** of Transferee Company'.
- iv. At the first stage, amalgamation of BIPL, TGLL and demerger of investment division of TIL and investment division of XCSL, *i.e.* the Transferor Companies into BFCIL (Transferee Company) takes place. Immediately thereafter, demerger of 3 PL Logistics Division, Express Cargo Division and Real Estate Division of BFCIL (Merged BFCIL) into BSCSHL, BECL and TREL (Demerged Undertaking of Transferee Company) shall take place. BSCSHL, BECL and TREL, currently, do not hold any stake in the target companies.
- v. The proposed amalgamation of the Transferor Companies (BIPL, TGLL, XCSL and TIL) into the Transferee Company (BFCIL) and the subsequent demerger of the Transferee Company (Merged BFCIL) into three demerged undertakings (BSCSHL, BECL and TREL) is part and parcel of one and the same proposed scheme of arrangement to be placed before the NCLT bench at New Delhi pursuant to the Companies Act, 2013.
- vi. The existing shareholding of each of the Transferor Companies, Transferee Company and the Demerged Undertakings of the Transferee Company in TC-1, TC-2 and TC-3 as on December 31, 2017 is as under:

Name of Company	Percentage shareholding in Transport Corporation of India Limited (TC-1)	Percentage shareholding in TCI Express Limited (TC-2)	Percentage shareholding in TCI Developers Limited (TC-3)
BIPL	13.83	13.83	14.96
TGLL	3.01	3.01	3.07
TIL	5.28	5.28	6.14
XCSL	1.27	1.27	1.32
BFCIL	20.77	20.77	21.41
BSCSHL	-	-	-
BECL	-	-	-
TREL	-	-	-

- vii. The shareholding of each of the remaining Transferor Company, Transferee Company and the Demerged Undertakings of the Transferee Company in TC-1, TC-2 and TC-3, upon approval and implementation of the said scheme of arrangement, shall be as under:



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Name of Company	Percentage shareholding in Transport Corporation of India Limited (TC-1)	Percentage shareholding in TCI Express Limited (TC-2)	Percentage shareholding in TCI Developers Limited (TC-3)
BIPL	-	-	-
TGLL	-	-	-
TIL	-	-	-
XCSL	-	-	-
BFCIL	-	-	-
BSCSHL	44.16	-	-
BECL	-	44.16	-
TREL	-	-	46.90

- viii. There is no involvement of cash and cash equivalents in the consideration to be paid under the proposed Scheme of Arrangement and the entire consideration at the first stage would be discharged by the Transferee Company (BFCIL) by issue of its equity shares to the shareholders of the Transferor Companies (BIPL, TGLL, XCSL and TIL) and subsequently, the demerged undertakings of the Transferee Company (BSCSHL, BECL and TREL) shall discharge the consideration to the shareholders of the Transferee Company (Merged BFCIL) by issue of its equity shares only. Therefore, the upper limit of twenty five per cent of consideration to be paid in cash does not arise at all. Accordingly, the first condition for exemption under Regulation 10(1)(d)(iii) of SAST stands fulfilled.
- ix. As regards the second condition, the demerged undertakings of the Transferee Company (BSCSHL, BECL and TREL) are directly or indirectly owned and controlled by the same promoters and promoter group who held the promoters' shareholding of the Transferor Companies (BIPL, TGLL, TIL, XCSL) and the Transferee Company (BFCIL) before implementation of the proposed Scheme of Arrangement. The shareholders of the Transferor Companies and the Transferee Company are also promoters of the three demerged undertaking of Transferee Company. After the implementation of the proposed Scheme of Arrangement, the same promoters and promoter group (holding stake in the Transferor companies and Transferee) shall hold at least 33% of the voting rights in the Demerged Undertakings of the Transferee Company (BSCSHL, BECL and TREL). Hence, pursuant to the proposed Scheme of Arrangement, there shall not be any consequential change in the control of the Demerged Undertakings of the Transferee Company (BSCSHL, BECL and TREL). In a nutshell, shareholders of Transferor Companies and Transferee Company are directly or indirectly promoters of the Demerged Undertakings of the Transferee Company (BSCSHL, BECL and TREL). Hence, the second condition stated in Clause B of the regulation 10(1)(d)(iii) of SAST



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also stands fulfilled.

- x. Accordingly, the aforesaid transaction would fulfil the conditions under regulation 10(1)(d)(iii) of SAST to be eligible for exemption from the requirements to make an open offer.
3. In view of the above, you have sought a 'no action letter' with respect to confirmation that the transfer and vesting of shares of Target Companies i.e. Transport Corporation of India Limited, TCI Express Limited and TCI Developers Limited in the Demerged Undertakings of Transferee Company pursuant to the proposed scheme of arrangement of promoter/ promoter group will be exempted from the obligation to make an open offer under Regulation 3, Regulation 4 and Regulation 5 by virtue of Regulation 10(1)(d)(iii) of SAST.
4. We have considered the submissions made by you and without necessarily agreeing with your analysis, we are issuing a no-action letter as under:
- i. As per Regulation 10(1) (d) (iii) of the SEBI SAST Regulations, 2011, any acquisition pursuant to a scheme of arrangement not directly involving the target company as a transferor company or as a transferee company, or reconstruction not involving the target company's undertaking, including amalgamation, merger or demerger, pursuant to an order of a court or a competent authority under any law or regulation, Indian or foreign, would be exempt only if the following conditions are complied –
- A. *The component of cash and cash equivalent is less than 25% of the total consideration paid in the scheme and,*
- B. *Where after implementation of the scheme of arrangement, persons directly or indirectly holding at least thirty-three per cent of the voting rights in the combined entity are the same as the persons who held the entire voting rights before the implementation of the scheme.*
- ii. You have represented that the entire consideration for the said transaction would be discharged by way of issue of equity shares to the shareholders and hence, there is no involvement of cash or cash equivalents in the aforementioned transactions. Further, you have also confirmed vide your e-mail dated April 02, 2018 that the demerged undertakings of the Transferee Company would be directly or indirectly owned and controlled by the same promoters and promoter group who held the promoters' shareholding of the Transferee Company and the Transferor Companies before implementation of the proposed Scheme of Arrangement and hence, the persons directly or indirectly holding at least 33% of the voting rights in the combined entity/demerged entities are the same as the persons who held the entire voting rights before the implementation of the scheme.

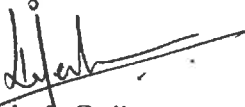


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- iii. In view of the above, as represented by you, it appears that the aforementioned two conditions of Regulation 10(1)(d)(iii) (A) and (B) of the SEBI SAST Regulations, 2011 would be complied by the entities. Therefore, transfer and vesting of shares of the Target Companies in the Demerged Undertakings of Transferee Company would be exempt from the open offer obligations by virtue of Regulation 10(1)(d)(iii) of SAST subject to the approval of the scheme of arrangement by the Court/ Tribunal and also subject to the other conditions to be complied under Regulation 10 of the SEBI SAST Regulations, 2011.
5. Vide your aforesaid letter, you have requested for confidentiality in respect of your application. Accordingly, it has been decided that the no-action letter issued to you in this matter will not be made public for a period of 90 days from the date of issuance of this letter.
6. 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 questions referred.
7. 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 SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 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,


Rajesh Gujjar