

Deputy General Manager
Corporate Finance Department
Division of Corporate Restructuring
Tel: 2644 9380

CFD/DCR/IG/SKM/153559/09

February 09, 2009

Khaitan & Co
Meher Chambers,
4th & 5th Floors
R K Marg, Ballard Estate
Mumbai - 400 001

Dear Sir,

Sub.:- Request for no-action letter under the SEBI (Informal Guidance) Scheme, 2003- and SEBI (substantial Acquisition of shares and Takeover) Regulations, 1997 [Regulations]- regarding Williamson Financial Services Limited.

1. Please refer your letter dated October 29, 2008, seeking 'no action letter' under SEBI (Informal Guidance) scheme, 2003 and subsequent clarification vide your e-mail dated 26.11.2008 in this regard.
2. In your letter and e-mail under reference you have *inter alia* represented as follows:-
 - a. Williamson Financial Services Limited(the "**Target Company**") , formerly known as Makum Tea Co. (India) Limited , is a company incorporated under Companies Act ,1956, and has its Registered office at House No. 37, 5th Bye Lane, Mother Teresa Road, Zoo-Narengi Road, Guwahati-781021, Assam , India.
 - b. The Target Company is listed on the Bombay Stock Exchange, Calcutta Stock Exchange and the Guwahati Stock Exchange.
 - c. The Makum (Assam) Tea Company Limited, a company incorporated under the laws of England and Wales and having its registered office at 95 Promendade, Cheltenham, Gloucestershire ("**Makum**"), and the Namdang Tea Company Limited, a company incorporated under the laws of England and Wales and having its registered office at P.O. Box 641, No 1 seaton Place, St. Helier, jersey, JE48YJ, Channel Islands ("**Namdang**") are promoters of the Target Company. As on 30th June 2008, Makum owns 1,130,050 shares in the Target Company aggregating to 13.20% of its equity share capital and Namdang owns

1,243,450 shares in the Target Company aggregating to 14.87% of its equity share capital.

- d. Makum has held the shares in the Target Company since 28 September 1995 and Namdang has held shares in the Target Company since 9 September 1995.
- e. Makum has a total of 666,006 shares, of which Twinswitsh Limited, a company incorporate under the laws England and Wales and having its registered office at 95 Promendade, Cheltenham, Gloucestershire, GL50 1WG(**"Twinswitch"**), owns 666,004 shares and EFG secretaries owns 2 shares . EFG Secretaries is the Administrator of Makum and is acting in concert with Twinswitch; therefore, Twinswitch effectively controls 100% of Makum.
- f. Namdang has total of 980,001 shares, of which Twinswitsh owns 980,000 shares, and EFG secretaries owns 2 shares. EFG Secretaries is the Administrator of Namdang and is acting in concert with Twinswitch; therefore, Twinswitch effectively controls 100% of Namdang.
- g. Twinswitsh has a total of 2 shares. Maknam Mcleod Limited , a company incorporate under the laws England and Wales and having its registered office at 95 Promendade, Cheltenham, Gloucestershire, GL50 1WG(**"Maknam Mcleod "**), owns 1 share and EFG secretaries owns 1 share in Twinswitch and is acting in concert with Maknam Mcleod; therefore , Maknam Mcleod effectively controls 100% of Twinswitch.
- h. Maknam Mcleod has a total of 11,923,021 shares of which Williamson Maknam Limited (**"WM"**) , a company incorporate under the laws jersey, owns 11,923,020 share and EFG secretaries owns 1 share. EFG Secretaries is the Administrator of Maknam Mcleod and is acting in concert with WM; therefore, WM effectively controls 100% of Maknam Mcleod.
- i. Thus, effectively, WM is ultimately the holding company of the Target Company and also controls the Target Company. However it does not directly hold shares in the Target Company.
- j. Makum, Namdang, Twinswitch and Maknam Mcleod are proposed to be wound up and the shareholding of Makum and Namdang (**"Transferors"**) in the Target Company (**"Sale Shares"**) is proposed to be transferred to WM (**"Transferee"**).
- k. The transferor and transferee have not been shown as group in the last published annual report of the Target Company.

1. The transferor and transferee have been in compliance with the provisions of Regulation 6 & 8 of the SEBI (SAST) Regulations, 1997. The transferor and transferee have yet not made any disclosures under Regulation 3(3) and Regulation 7 of the Takeover Regulations, and they will comply with the said regulation, if they are able to proceed with transaction based on the guidance received from SEBI, within stipulated time.
- m. Both the transferors are promoters of the Target Company and have been holding the sale shares in the Target Company for more than 3 years. The transferee has not held shares in the Target Company for 3 years directly. However, the entire holding structure illustrated in the application has been existence for more than 3 years and transferee had been indirectly holding shares and in control of the target company for more than 3 years.
3. In terms of Regulations 3(1)(e) of the Takeover Regulations, interse transfer of share amongst:
 - i. 3(1)(e)(i) :- group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act,1969 where persons constituting such group have been shown as group in the last published Annual Report of the Target Company; and
 - ii. 3(1)(e)(iii):- qualifying promoters is exempt from applicability of Regulation 10,11,and 12 provided the transferor as well as the transferee have held the shares of the target company ,directly or indirectly for a period of at least three years prior to the proposed acquisition.
4. In view of the above submission made by you, you have sought an informal guidance as to whether the proposed acquisition would be exempted under Regulation 3(1)(e)(i) or Regulation 3(1)(e)(iii) of Takeover Regulations.
5. We have considered the submissions made by you in your letter under reference and without necessarily agreeing with your analysis our views on the issue are as under:-
 - a. As per Regulations 3(1)(e)(i) of Takeover Regulations , an acquisition pursuant to interse transfer among Group is eligible for exemption from applicability of the regulations 10,11& 12 of the Takeover Regulations if following conditions are fulfilled:-
 - i. The acquirer and transferor are from “ group” coming within the definition of “group” as defined in the MRTP Act , 1969(54 of 1969).
 - ii. Persons constituting such group have been shown as “group” in the last published Annual Report of the Target Company.

- iii. The transferor as well as the transferee ought to have complied with disclosure requirement under Regulation 6, 7 & 8 of SEBI (SAST) Regulation 1997 as may be applicable.
 - iv. The transferee should inform the stock exchanges atleast 4 working days in advance of the date of proposed acquisition in case of acquisition exceeding 5% of the voting share capital of the target company in terms of Regulation 3(3) of the Takeover Regulations.
 - v. The Transferee shall file a report with SEBI in the specified format within 21 days of the date of acquisition along with requisite fees prescribed, in terms of Regulations 3(4) and 3(5) of the Takeover Regulations.
- b. The conditions mentioned at points (iv) & (v) above would be required to be complied with if the transferee/transferor have satisfied the conditions at points (i)-(iii) and are desirous of seeking exemption from applicability of Regulations.
- c. It is observed that, both the transferor and transferee have not been shown as group in the last published Annual Report of the target Company. Hence, they are not fulfilling the condition (i) and (ii) stated above at para 5(a). Therefore, the proposed acquisition would not be eligible for exemption under Regulation 3(1)(e)(i) of the Takeover Regulations.
- d. Further, as per Reg. 3(1)(e)(iii) of the Takeover Regulations, interse transfer of shares amongst qualifying promoters and foreign collaborators or amongst qualifying promoters is eligible for exemption from the applicability of the Regulations 10, 11 and 12 of the Regulations subject to the fulfillment of the following conditions:-
 - i. The transferee(s) and transferor(s) are qualifying promoters/foreign collaborators in terms of provisions of Explanation to regulation 3(1)(e)(iii)(b) of the Takeover Regulations.
 - ii. The transferees collectively as well as transferors collectively have been holding shares in the target company for a period of atleast three years prior to the date of acquisition.
 - iii. The provisions of Regulations 6, 7 and 8 have been complied within the specified time-limit by both the transferees and transferors.
 - iv. The interse transfer price should not exceed 125% of the price determined in terms of Regulation 20(4) and 20(5), as applicable.
 - v. The transferee should inform the stock exchanges atleast 4 working days in advance of the date of proposed acquisition in case of acquisition exceeding 5% of the voting share capital of the target company in terms of Takeover Regulation 3(3).
 - vi. The transferee shall file a report with the Board in the format specified, within 21 days of the date of acquisition along with requisite fees prescribed, in terms of Regulations 3(4) and 3(5).

- e. The conditions mentioned at points (iv)-(vi) above would be required to be complied with if the transferee/transferor have satisfied the conditions at points (i)-(iii).
- f. In the instant case, the transferors i.e. Makum, Namdang have direct and the transferee i.e. WM have indirect control over the Target Company. The transferors directly and the transferee indirectly had been holding shares in the Target Company for a period more than 3 years. Therefore, the transferors and transferee can be classified as qualifying promoters and can be stated to have directly/indirectly held shares in the Target Company for a period of minimum three years. Hence, they are fulfilling the condition (i) and (ii) stated above at para 5(d).
- g. As regards the compliance with Chapter II of the Takeover Regulation, the same should have been complied with by the transferors and the transferee (Acquirer) or any of their subsidiaries who are directly holding shares in the Target Company. In this regard you have clarified that, the transferors and the transferee are and have been in compliance with disclosures required to be made under Regulation 6 and Regulation 8 of the Takeover Regulation as applicable and shall make disclosures under Regulation 3(3) and Regulation 7 of the Takeover Regulations within the stipulated time, if the proposed transaction is completed.
- h. The transferee should also ensure that the acquisition price should not exceed 125% of the price as determined under regulations 20(4) & 20(5) of the Takeover Regulations.

6. In view of the above we advise as under:-

In view of the facts and circumstance as stated above, the proposed transfer of shares of the Target Company from the transferors to transferee would be eligible for exemption under Regulation 3(1)(e)(iii). However, if any of the condition as enumerated in para 5 (d), (i) to (iv) are not fulfilled, the exemption would not be available and the transferee would be under obligation to make public announcement under Takeover Regulations. Further if the exemption is availed the acquirer shall ensure disclosures and reporting requirements under Regulation 3(3), 3(4) read with 3(5) and regulation 7 of the Takeover Regulations.

- 7. The above position is based on the representation made to the Division in your letter and e-mail under reference. Different facts or conditions might call for a different advice. This letter does not express decision of the Board on the questions referred.
- 8. Please note that this position is only with respect to applicability of SEBI (Substantial Acquisition and Takeovers) Regulations, 1997 and does not affect applicability of any law and other SEBI Regulation, Guidelines and circulars administered by SEBI or any other authority.

Yours faithfully

SOMA MAJUMDER