



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

CHIEF GENERAL MANAGER  
CORPORATION FINANCE DEPARTMENT  
Phone no: 022-26449200

CFD/PC/IG/CB/23756/12  
October 25, 2012

M/s Weizmann Forex Limited  
Empire House, 214, Dr D N road  
Ent. A K Nayak Marg  
Fort, Mumbai-400001

Dear Sir,

**Sub: Request for "Interpretative Letter" under the SEBI (Informal Guidance) Scheme, 2003 {Scheme} by M/s. Weizmann Forex Limited in the matter of M/s. Weizmann Forex Limited {Target Company} under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 {Takeover Regulations}.**

1. This has reference to your letter dated August 24, 2012 on the captioned subject.
2. You have, *inter alia*, represented as follows-
  - a. M/s. Weizmann Forex Limited ("Company") is listed on the National Stock Exchange and the Bombay Stock Exchange.
  - b. Paid-up share capital of the Company consists of 1,15,64,357 equity shares of face value of Rs. 10/- each. Shareholding of Promoter and Promoter Group as on 30<sup>th</sup> June 2012 is 86,26,301 shares which represent 74.59% of the total share capital and Shareholding of Public Shareholders is 29,38,056 shares which represent 25.41% of the total paid-up share capital.
  - c. The Hon'ble High Court of Bombay had sanctioned a Composite Scheme of Arrangement between Weizmann Limited (listed company), Weizmann Forex Limited, Karma Energy Limited (both subsidiary companies), Chanakya Holdings Limited and Karma Wind Power Limited (both resultant companies) vide its Order dated 29<sup>th</sup> October 2010 . As per the said Scheme, the subsidiary companies Weizmann Forex Limited and Karma Energy Limited (both transferor companies) were amalgamated with Weizmann Limited (Transferee Company) with effect from merger appointed date 1<sup>st</sup> April 2009.
  - d. Post amalgamation of the subsidiary companies under the same Composite scheme of arrangement, the Forex business undertaking of Weizmann Limited was demerged into the resultant company Chanakya Holdings Limited. Similarly, the Power business undertaking of Weizmann Limited was demerged into the resultant company Karma Wind Power Limited. Both the demergers were effective from demerger appointed date 1<sup>st</sup> April 2010.

145

1

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.), 26449000 / 40459000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in



अनुवर्ती:  
Continuation :

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

- e. As per the same composite scheme of arrangement and after complying with procedural aspects with the Registrar of Companies, the two resultant companies viz. Chanakya Holdings Limited and Karma Wind Power Limited were renamed as Weizmann Forex Limited and Karma Energy Limited respectively.
- f. Pursuant to the said composite scheme of arrangement, equity shares of face value of Rs.10/- each of the resultant companies i.e. Weizmann Forex Limited and Karma Energy Limited were allotted to the shareholders of Weizmann Limited vide allotment dated 16<sup>th</sup> December 2010. The basis of allotment was that for every three equity shares of face value of Rs.10/- each held in Weizmann Limited, the shareholders received two equity shares of face value of Rs.10/- each from each of the said resultant companies Weizmann Forex Limited and Karma Energy Limited
- g. The aforesaid Equity shares of the resultant companies viz. Weizmann Forex Limited and Karma Energy Limited were listed on BSE and NSE on 28<sup>th</sup> June 2011 pursuant to relaxation of Rule 19(2) (b) of Securities Contracts (Regulation) Rules, 1957 granted by SEBI vide letter dated 15<sup>th</sup> April 2011.
- h. The Promoter named in the Information Memorandum filed with the authorities in both the companies is Mr. Chetan D Mehra. The Promoter Group amongst others include Mr. Dharmendra G Siraj, Sitex India Private Limited, Hansneel Impex Private Limited and Kotta Enterprises Limited hereinafter referred collectively as "the Proposed Transferors of Equity Shares of WFL" and Tapi Energy Projects Limited, a RBI registered NBFC, and Windia Infrastructure Finance Limited, the proposed transferees.
- i. The target company was listed in BSE and NSE from 28.06.2011 only post restructuring of Weizmann Group. Further the resultant company M/s. Chanakya Holdings Limited which was a closely held company and now renamed as Weizmann Forex limited as per the scheme of arrangement approved by the Hon'ble High Court of Bombay has been in existence since 1985.
- j. Further pursuant to the aforesaid scheme of arrangement, equity shares of face value of Rs.10/- each in the resultant company have been issued to the Equity Shareholders of Weizmann Limited.
- k. The relevant provisions of SEBI (Substantial Acquisition of Shares and Takeovers) 2011 are reproduced below :

*Regulation 10 (1) of the SEBI (Substantial Acquisition of Shares and Takeovers) 2011*

*General exemptions:*

*The following acquisitions shall be exempt from the obligation to make an open offer under regulation 3 and regulation 4 subject to fulfillment of the conditions stipulated therefor —*

19/5



अनुवर्ती:  
Continuation :

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

(a) acquisition pursuant to inter se transfer of shares amongst qualifying persons being—

(i) .....

(ii) persons named as promoters in the shareholding pattern filed by the target company in terms of the listing agreement or these regulations for not less than three years prior to the proposed acquisition.

In view of the above, you have sought interpretive guidance from SEBI on the following queries :-

- a. Whether shareholding of the proposed transferors in demerged company Weizmann Limited (Listed Company) and resultant company Chanakya Holdings Limited (Unlisted prior to it being listed on 28.06.2011 post renaming as Weizmann Forex Limited), which is the target company can be considered for satisfying the criteria of the names appearing in the shareholding pattern for minimum three years prior to transfer ?
  - b. Whether shareholding of the proposed Transferee Company Tapi Energy Projects Limited (Promoter Group) in the resultant company in scheme of arrangement detailed above viz. Chanakya Holdings Limited prior to its renaming as Weizmann Forex Limited (Target Company) listed on 28.06.2011 and the shareholding of the said Transferee Company from June 2010 onwards till date can be counted for satisfaction of the subject Regulation 10(1) of SAST, 2011?
3. We have considered the submission made by you in your letter under reference and without necessarily agreeing with your analysis; our views on the issues are as under:
- a. As per Regulation 10(1)(a)(ii) of the Regulations, one of the conditions for claiming exemption with regard to inter se transfer of shares among promoters is that the transferor(s) as well as the transferee(s) should have been holding shares in the target company collectively for a period of at least three years prior to the proposed acquisition.
  - b. In the instant case, as represented by you, the transferors have been holding shares in Weizmann Limited (the demerged company) for a period of more than 3 years and one of the transferor has been holding shares in both Chanakya Holdings limited (now renamed as Weizmann Forex Limited/target company) and Weizman Limited for a period of more than 3 years. One of the transferees Windia Infrastructure Finance Limited has been holding shares in Chanakya Holdings Limited and Weizmann Limited for more than 3 years and it holds

185



अनुवर्ती :  
Continuation :

भारतीय प्रतिभूति  
और विनियम बोर्ड

**Securities and Exchange  
Board of India**

18.89% shares in Weizmann Limited pursuant to demerger. However, the other transferee Tapi Projects Limited is not holding shares in the target company for a period of 3 years prior to the proposed acquisition.

- c. The condition of 3 years shareholding by the transferees prior to the proposed acquisition would be deemed to be fulfilled in case all the transferees collectively hold shares for a period of 3 years prior to the proposed acquisition provided the other conditions for availing the exemption are fulfilled.
4. In the facts and circumstances as represented, the proposed transfer of shares would be eligible for exemption under regulation 10(1)(a)(ii). The transferee shall be under an obligation to make disclosure under regulations 10(5) and 10(6) and also to file the report in accordance with regulation 10(7) of the Takeover regulations.
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 questions referred.
6. Vide your letter dated August 24, 2012, you have requested for confidentiality in respect of your interpretative letter. Acceding to your request, it has been decided that the interpretative 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.
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 Securities and Exchange Board of India (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,

**V S Sundaresan**