

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: PRASHANT SARAN, WHOLE TIME MEMBER**

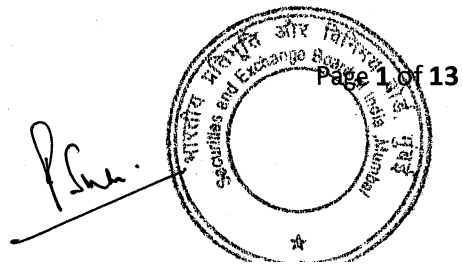
**ORDER UNDER SECTIONS 11(1), 11(2)(j), 11(4) AND 11 (B) OF THE SECURITIES
AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH SECTION 12A OF
SECURITIES CONTRACTS (REGULATION) ACT, 1956 IN RELATION TO THE
COMPLIANCE BY LISTED COMPANIES WITH THE REQUIREMENT OF MINIMUM
PUBLIC SHAREHOLDING**

1. The Securities Contracts (Regulation) Act, 1956 (SCRA) was enacted to prevent undesirable transactions in securities by regulating the business of dealings therein, and by providing for certain other matters connected therewith. Further for carrying out the mandate of the SCRA, the Securities Contracts (Regulation) Rules, 1957 (hereinafter referred to as 'SCRR') were framed by the Central Government. Section 21 of the SCRA mandates the compliance, by all listed companies, of the conditions of the listing agreement with the stock exchange. The SCRR *inter-alia*, prescribes the requirements which have to be satisfied by companies for the purpose of getting their securities listed on any stock exchange in India.
2. The SCRR was amended vide notification of the Securities Contracts (Regulation) (Amendment) Rules, 2010 ('First amendment') by the Central Government dated June 04, 2010 and amended once again vide Securities Contracts (Regulation) (Second Amendment) Rules, 2010 ('Second amendment') in terms whereof Rule 19(2)(b) was amended and a new rule; Rule 19(A) was introduced to the SCRR respectively.
3. The amended Rule 19(2)(b) and newly introduced Rule 19(A) of SCRR read as under:

Requirements with respect to the listing of securities on a recognised stock exchange.

19 (2)

(b) (i) *At least twenty five per cent of each class or kind of equity shares or debentures convertible into equity shares issued by the company was offered and allotted to public in terms of an offer document; or*



(ii) At least ten per cent of each class or kind of equity shares or debentures convertible into equity shares issued by the company was offered and allotted to public in terms of an offer document if the post issue capital of the company calculated at offer price is more than four thousand crore rupees:

Provided that the requirement of post issue capital being more than four thousand crore rupees shall not apply to a company whose draft offer document is pending with the Securities and Exchange Board of India on or before the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010, if it satisfies the conditions prescribed in clause (b) of sub-rule 2 of rule 19 of the Securities Contracts (Regulation) Rules, 1956 as existed prior to the date of such commencement:

Provided further that the company, referred to in sub clause (ii), shall increase its public shareholding to at least twenty five per cent, within a period of three years from the date of listing of the securities, in the manner specified by the Securities and Exchange Board of India.

Continuous Listing Requirement.

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

Provided that any listed company which has public shareholding below twenty five percent, on the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010, shall increase its public shareholding to at least twenty five per cent, within a period of three years from the date of such commencement, in the manner 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 sub-clause (ii) 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.

(3) Notwithstanding anything contained in this rule, every listed public sector company shall

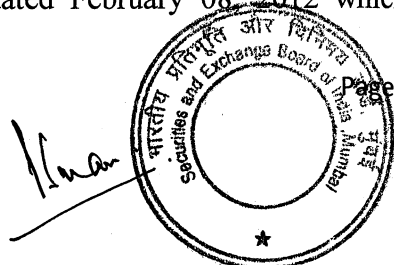
maintain public shareholding of at least ten per cent.:

Provided that a listed public sector company-

(a) which has public shareholding below ten per cent, on the date of commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2010 shall increase its public shareholding to at least ten per cent, in the manner specified by the Securities and Exchange Board of India, within a period of three years from the date of such commencement;

(b) whose public shareholding reduces below ten per cent, after the date of commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2010 shall increase its public shareholding to at least ten per cent, in the manner specified by the Securities and Exchange Board of India, within a period of twelve months from the date of such reduction,.

4. Thus the provisions quoted above require all listed companies in the private sector to achieve and maintain the minimum public shareholding of 25% of each class or kind of equity shares or debentures convertible into equity shares issued by such companies. Those companies with public shareholding of less than 25% are required to achieve the same, within a period of three years from the date of commencement of the first amendment i.e. by June 03, 2013 in the manner specified by the Securities and Exchange Board of India (SEBI).
5. In order to align the requirements in the Listing Agreement with the requirements specified in Rule 19(2)(b) and Rule 19A of SCRR and to specify the manner in which public shareholding may be raised to the prescribed minimum level, SEBI issued a Circular No CIR/CFD/DIL/10/2010 dated December 16, 2010 to suitably amend Clause 40A of the Listing Agreement. This circular *inter-alia* provided the following methods for complying with the minimum public shareholding requirement.
 - a. *Issuance of shares to the public through prospectus;*
 - b. *Offer for sale of shares held by promoters to public through prospectus;*
 - c. *Sale of shares held by promoters through the secondary market i.e. OFS through Stock Exchange;*
6. Subsequently, SEBI issued another circular dated February 08, 2012 which *inter-alia*

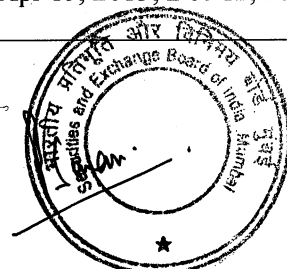


provided that listed companies may achieve the minimum public shareholding requirement through Institutional Placement Programme (IPP). With a view to further facilitate listed companies to comply with the minimum public shareholding requirements within the time specified in the SCRR, SEBI issued the circular dated August 29, 2012 which specified the following additional methods to comply with the minimum public shareholding requirements:-

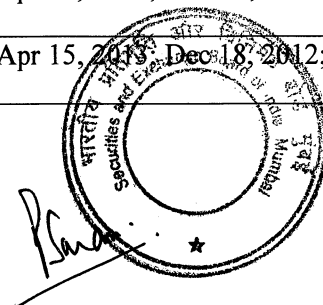
- a. *Rights Issues to public shareholders, with promoters/promoter group shareholders forgoing their rights entitlement.*
 - b. *Bonus Issues to public shareholders, with promoters/promoter group shareholders forgoing their bonus entitlement.*
 - c. *Any other method as may be approved by SEBI, on a case to case basis.*
7. I note that vide circular dated August 29, 2012, SEBI had specified that listed entities desirous of achieving the minimum public shareholding requirement through other means may approach it (SEBI) with appropriate details that would be considered by SEBI based on merit. SEBI also initiated a consultative process with these companies and market participants to elicit a concrete plan of action as regards ensuring compliance with the minimum public shareholding requirement and held a series of meetings with active companies to enable the process of complying with the minimum public shareholding requirement.
8. I have also noted that despite issuance of the above mentioned circulars and the efforts of SEBI to facilitate achieving the minimum public shareholding requirement, some companies have not fulfilled the said requirement.
9. Based on the details furnished by the National Stock Exchange of India Limited ('NSE') and the Bombay Stock Exchange Limited ('BSE'), the companies as detailed below were required to meet the minimum public shareholding requirement by June 03, 2013 but have failed to do so.

Table I - Active Companies:

Sr. No.	Name of the company	SEBI Communication
1.	Adani Ports and Special Economic Zone Ltd.	Apr 15, 2013; Dec 11, 2012
2.	Advance Lifestyles Ltd.	Apr 15, 2013; Dec 11, 2012; Feb 01, 2013
3.	Batliboi Ltd	Apr 15, 2013; Nov 08, 2012
4.	Best Eastern Hotels Limited	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
5.	BGR Energy Systems Limited	Apr 15, 2013; Jan 02, 2013; Feb 02, 2013
6.	Bhagyashree Leasing & Finance Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
7.	Bombay Rayon Fashions Ltd.	Nov 08, 2012
8.	Brady & Morris Engineering Co. Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
9.	Chettinad Cement Corporation Limited	Dec 18, 2012
10.	Classic Electricals Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
11.	Dalal Street Investments Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
12.	DPSC Ltd	Apr 15, 2013; Nov 30, 2012
13.	Dr. Agarwals Eye Hospital Ltd.	Apr 15, 2013; Dec 18, 2012
14.	EICL Ltd	Apr 15, 2013; Dec 18, 2012; Feb 02, 2013
15.	Elantas Beck India Ltd	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
16.	Essar Ports Ltd	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012
17.	Fairfield Atlas Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
18.	Foseco India Ltd	Apr 23, 2013; Nov 08, 2012
19.	Fresenius Kabi Oncology Limited	Apr 15, 2013; Dec 12, 2012
20.	Gujarat Themis Biosyn Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
21.	Hira Automobiles Ltd.	Apr 15, 2013; Dec 12, 2012; Feb 02, 2013



22.	Hubtown Limited	Apr 15, 2013; Nov 08, 2012
23.	Integrated Technologies Ltd.	Apr 23, 2013; Dec 12, 2012
24.	JCT Electronics Ltd.	Apr 15, 2013; Dec 12, 2012; Feb 02, 2013
25.	Jolly Boards Ltd.	Apr 15, 2013; Nov 08, 2012
26.	Kampani Consultants Ltd.	Apr 15, 2013; Nov 08, 2012
27.	Khoday India Ltd.	Apr 15, 2013; Dec 22, 2012
28.	Kovalam Investment & Trading Co. Ltd.	Apr 15, 2013; Dec 12, 2012; Feb 02, 2013
29.	Marathon Nextgen Realty Ltd	Apr 15, 2013; Nov 08, 2012
30.	Miven Machine Tools Ltd.	Apr 15, 2013; Dec 22, 2012; Feb 02, 2013
31.	Monotype India Ltd.	Apr 15, 2013; Nov 30, 2012; Feb 02, 2013
32.	Mudra Lifestyle Limited	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012
33.	N.B. Footwear Ltd.	Apr 15, 2013; Dec 18, 2012; Feb 02, 2013
34.	Nagarjuna Agrichem Ltd	Apr 15, 2013; Jan 02, 2013
35.	Neycer India Ltd.	Apr 15, 2013; Dec 18, 2012; Feb 02, 2013
36.	Ocean Agro (India) Limited	Apr 15, 2013; Dec 11, 2012; Feb 01, 2013
37.	Omaxe Limited	Apr 15, 2013; Dec 12, 2012
38.	Parshwanath Corporation Limited	Apr 15, 2013; Dec 11, 2012
39.	Plethico Pharmaceuticals Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012
40.	Polson Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
41.	Pranavaditya Spinning Mills Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
42.	Pushpsons Industries Ltd.	Apr 15, 2013; Dec 12, 2012; Feb 02, 2013
43.	Ras Resorts & Apart Hotels Ltd	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012
44.	REIL Electricals India Limited	Apr 15, 2013; Jan 02, 2013
45.	Remi Metals Gujarat Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
46.	Sah Petroleums Ltd.	Apr 15, 2013; Nov 08, 2012
47.	Saptarishi Agro Industries Ltd	Apr 15, 2013; Dec 18, 2012; Feb 02, 2013



48.	Shalimar Wires Industries Ltd.	Apr 15, 2013; Nov 30, 2012; Feb 02, 2013
49.	Shantivijay Jewels Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
50.	Shikhar Leasing and Trading Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
51.	Shree Karthik Papers Ltd.	Apr 15, 2013; Dec 18, 2012
52.	Siel Financial Services Ltd.	Apr 15, 2013; Dec 11, 2012; Feb 01, 2013
53.	Starcom Information Technology Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
54.	Steelco Gujarat Ltd	Apr 15, 2013; Dec 11, 2012; Feb 01, 2013
55.	Suashish Diamonds Ltd.	Apr 15, 2013; Nov 08, 2012
56.	Sundaram Clayton Ltd.	Mar 12, 2013
57.	Tata Teleservices (Maharashtra) Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
58.	Thacker & Co. Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
59.	Titan Trading & Agencies Ltd.	Apr 15, 2013; Nov 08, 2012
60.	Transformers and Rectifiers (India) Ltd.	Apr 15, 2013; Dec 11, 2012; Feb 01, 2013
61.	Tulive Developers Limited	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
62.	U M S Technologies Limited.	Apr 15, 2013; Dec 18, 2012; Feb 02, 2013
63.	U.P. Hotels Ltd.	Apr 15, 2013; Dec 12, 2012
64.	Vaadar Ventures Ltd	Apr 15, 2013; Nov 08, 2012
65.	Velan Hotels Ltd.	Apr 15, 2013; Dec 18, 2012
66.	Vintron Informatics Ltd.	Apr 15, 2013
67.	Vippy Industries Ltd.	Apr 15, 2013; Dec 11, 2012; Dec 02, 2012; Feb 01, 2013
68.	Vishnu Sugar Mills Ltd.	Apr 15, 2013; Nov 30, 2012; Feb 02, 2013

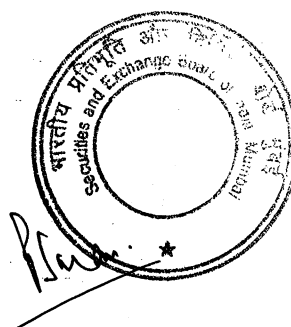


Table II - Previously suspended - now active companies- :

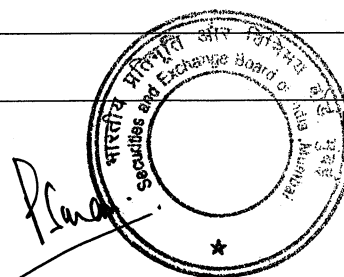
Sr. No.	Name of the company
69.	Anka India Ltd.
70.	Magnanimous Trade & Finance Ltd.

Table III - Previously compliant - now non-compliant companies- :

Sr. No.	Name of the company	Remarks
71.	Premier Synthetics Ltd.	As per shareholding pattern (as on March 31, 2013), the promoter shareholding increased beyond 75%
72.	Videocon Industries Ltd.	As per shareholding pattern (as on March 31, 2013), the promoter shareholding increased beyond 75%.

Table IV - Suspended Companies:

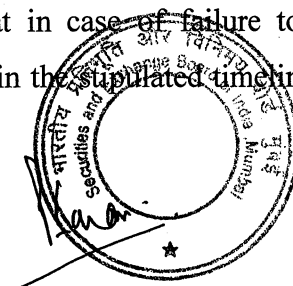
Sr. No.	Name of the company
73.	Aeonian Investments Co. Ltd.
74.	Andhra Pradesh Tanneries Ltd.
75.	Automobile Products of India Ltd.
76.	Bagalkot Udyog Limited
77.	Bhilai Engineering Corporation Ltd.
78.	Citurgia Biochemicals Ltd.
79.	Eider Telecom Ltd.
80.	Gandhidham Spg. & Mfg. Co. Ltd.
81.	Ganga Papers India Ltd
82.	Golkonda Engineering Enterprises Ltd.
83.	Herman Milkfoods Ltd.
84.	Hindustan Breweries & Bottling Ltd.
85.	Hindustan Wires Ltd.
86.	India Sugars And Refineries Ltd.



87.	Indore Wire Co. Ltd.
88.	Jyothy Consumer Products Limited
89.	Kanumanek Trading Co. Ltd.
90.	Kesar Petroproducts Ltd
91.	Kumaka Industries Limited
92.	Kusum Iron & Steel Ltd
93.	Kutch Salt & Allied Industries Ltd.
94.	Sanathnagar Enterprises Limited
95.	Sanghvi Asbestos Cements Ltd.
96.	Shayona Petrochem Ltd.
97.	Shree Vatsaa Finance & Leasing Ltd.
98.	Sirhind Steel Ltd.
99.	Somaiya Organics (India) Ltd.
100.	Swastik Surfactants Ltd.
101.	Tea Time Ltd.
102.	Vishva-Vishal Engineering Ltd.
103.	International Constructions Limited
104.	Growth Techno Projects Limited
105.	Eider Infotech Limited

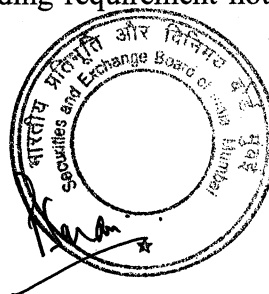
10. I have noted that SEBI had vide letters, the dates of which are mentioned in Table I, advised these companies to initiate appropriate steps to ensure compliance with the stipulated timelines and further advised them to notify SEBI in writing the steps taken or likely to be taken to ensure compliance with the minimum public shareholding requirement and the tentative date of compliance with the minimum public shareholding requirement within ten (10) days from the date of receipt of the communication.

11. The companies were also advised to note that in case of failure to comply with the minimum public shareholding requirement within the stipulated timeline prescribed under



SCRR, SEBI would consider initiating appropriate proceedings or any other action as may be deemed appropriate.

12. However, despite repeated cautionary advise and providing enabling methods as detailed in paras 5 and 6 above to all the companies to comply with the requirement of minimum public shareholding within the specified timelines, the said companies have failed to comply with the requirement of minimum public shareholding within the specified timelines.
13. I am of the considered opinion that the persons forming part of the promoter/ promoter group and the directors of such non-complaint companies are mainly responsible for the non compliance with the minimum public shareholding requirements within specified timelines. The promoters/ promoter group of such companies would have an advantage on account of their disproportionate stake compared to the public in their respective companies and also place them in a more advantageous position as compared to the promoter/ promoter groups of the compliant companies on account of violating the regulatory requirement prescribed in the SCRR by the Central Government and as specified by SEBI.
14. The availability of a minimum portion/number of shares (floating stock) of the listed securities with the public ensures that there is a reasonable depth in the market and the prices of the securities are not susceptible to manipulation. Moreover a dispersed shareholding structure is also essential for the sustenance of a continuous market for listed securities to provide liquidity to the investors and to discover fair prices.
15. As such, in order to ensure an equitable participation of the promoter / promoter group and the directors *qua* the public shareholders in the affairs of a private listed company and also provide a level playing field for the promoter/ promoter groups of these companies with the promoter/ promoter groups of the other companies that have already complied with the above-mentioned provisions of SCRR and in the manner as specified by SEBI, it is imperative that this balance be restored and the disproportionate advantage arising out of non-compliance of the minimum public shareholding requirement not be permitted to be vested with the promoter/ promoter group.



16. In view thereof, in the interest of all investors and the orderly development of the securities market, it is necessary to pass suitable directions against the promoter/promoter group and directors of the above mentioned non-compliant companies while not adversely affecting the interests of the public shareholders.

17. Hence in exercise of the powers conferred upon me by virtue of section 19 and under Sections 11(1), 11(2)(j), 11(4) and 11(B) of the Securities and Exchange Board of India Act, 1992 ('SEBI Act') read with section 12A of Securities Contracts (Regulation) Act, 1956 ('SCRA'), pending passing of the final order in these cases, I hereby:

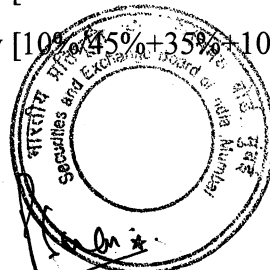
a. direct freezing of *voting rights* and *corporate benefits* like dividend, rights, bonus shares, split, etc. with respect to the excess of proportionate promoter/promoter group shareholding in the above mentioned non-compliant companies, till such time these companies comply with the minimum public shareholding requirement.

i. For the purpose of above direction, proportionate promoter/promoter group shareholding shall be computed on the basis of the public shareholding in the company; e.g. if public shareholding in a company after the deadline is less than 25%, say 10%, in such case, the proportionate promoter shareholding would be 30% (i.e. three times the existing public shareholding). Thus the excess promoter/promoter group holding i.e. 60% shall be frozen till the minimum public shareholding requirement is complied with.

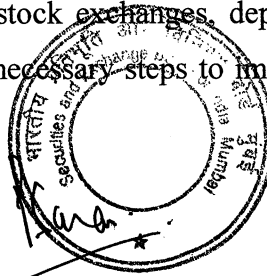
ii. In case of more than one entity in the promoter/promoter group in a company, the excess promoter holding for the purpose of taking action shall be computed on a proportionate basis. For illustrating the example above, if there are three promoters; A, B and C with shareholdings of 45%, 35% and 10% respectively; the excess promoter holding of 60% shall be allocated as follows:

1. A:- (60% multiplied by $[45\%/45\%+35\%+10\%]$) = 30.00%
2. B:- (60% multiplied by $[35\%/45\%+35\%+10\%]$) = 23.33%
3. C:- (60% multiplied by $[10\%/45\%+35\%+10\%]$) = 06.67%

Total = 60.00%



- b. prohibit the promoters/promoter group and directors of these non-compliant companies from buying, selling or otherwise dealing in securities of their respective companies, either directly or indirectly, in any manner whatsoever, except for the purpose of complying with minimum public shareholding requirement till such time these companies comply with the minimum public shareholding requirement.
 - c. restrain the shareholders forming part of the promoter/promoter group in the non-compliant companies from holding any new position as a director in any listed company, till such time these companies comply with the minimum public shareholding requirement;
 - d. restrain the directors of non-compliant companies from holding any new position as a director in any listed company, till such time these companies comply with the minimum public shareholding requirement.
18. This order is without prejudice to the right of SEBI to take any other action, including the following against the non-compliant companies, their promoters and/or directors or issuing such directions in accordance with law:
- a. Levying monetary penalty under adjudication proceedings;
 - b. initiating criminal proceedings by way of prosecution proceedings
 - c. moving the scrip to trade-to-trade segment;
 - d. excluding the scrip from F&O segment;
 - e. any other action/direction as may be deemed appropriate.
19. The Board/audit committee of these non-compliant companies shall, at the end of each quarter, submit compliance report, to the stock exchanges where the shares of company are listed, giving the extent to which compliance has been achieved and the efforts taken therefor.
20. Copies of this order shall be served on the stock exchanges, depositories and the non-compliant companies to enable them to take necessary steps to implement the order. The



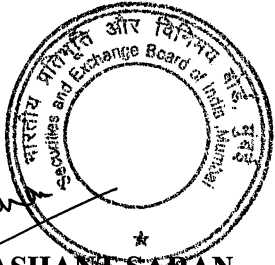
stock exchanges and depositories shall collaborate for the purpose of implementing the order. Depositories shall rely on the filings made with the stock exchanges for ascertaining the promoters, their shareholding and public shareholding. Stock exchanges shall provide the aforesaid data to the depositories to enable them to take necessary action as mentioned above.

21. The entities/persons against whom this order is being passed may file their replies, if any, within 21 days from the date of this order. The entities mentioned herein may also, if they so desire indicate in their replies whether they wish to avail of the opportunity of personal hearing before the Securities and Exchange Board of India at its Head Office at SEBI Bhavan, Plot C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051 on a date and time to be fixed on a specific request.

22. For the purpose of paragraph 18 above, this order shall be treated as show cause notice.

23. This order shall come into force with immediate effect.

DATE: 04/06/2013
PLACE: MUMBAI


PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA