

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 11B of the Securities and Exchange Board of India Act, 1992 read with section 12A of the Securities Contracts (Regulation) Act, 1956 in the matter of non-compliance with the minimum public shareholding requirements

In respect of UMS Technologies Limited

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') passed an *interim* order dated June 04, 2013 (hereinafter referred to as 'the *interim* order') with respect to 105 listed companies who did not comply with the Minimum Public Shareholding ('MPS') norms as stipulated under rules 19(2)(b) and 19A of the Securities Contracts (Regulation) Rules, 1957 (hereinafter referred to as 'SCRR') within the due date i.e., June 03, 2013. The *interim* order was passed without prejudice to the right of SEBI to take any other action, against the non-compliant companies, their promoters and/ or directors or issuing such directions in accordance with law. The *interim* order was to be treated as a show cause notice by those companies for action contemplated in paragraph 18 thereof.
2. UMS Technologies Limited (hereinafter referred to as 'the Company') is one such company against whom the *interim* order was passed as the public shareholding in it as on the date of the *interim* order was 5.08%. The shares of the Company are listed on the Bombay Stock Exchange Limited ('BSE'). The Company filed its replies to the *interim* order vide letters dated June 21, 2013 and October 11, 2013, expressing its intention to delist. Upon consideration of the submissions of the Company, SEBI vide order dated February 25, 2014 (hereinafter referred to as 'second order'), modified the directions issued vide the *interim* order dated June 04, 2013, and directed that the *interim* order dated June 04, 2013, shall not hinder the already commenced voluntary delisting process initiated by the Company and that its promoter Gedee Investments Pvt. Limited and Venture Investments Pvt. Limited would be permitted to buy the equity shares from the public shareholders as part of the delisting offer. The Company was also asked to complete the delisting process within a period of five (5) months from the date of the second order.
3. The Company vide its letter dated August 11, 2014, intimated SEBI about the steps taken by it in its delisting process and submitted as under:

- a. The reverse book building process for the delisting offer was opened on July 18, 2014 and completed on July 24, 2014. The exit price was fixed by the Acquirers for accepting the equity shares validly tendered under the delisting offer.
 - b. The delisting offer in terms of Regulation 17 of the SEBI (Delisting of Equity Shares) Regulations, 2009 (hereinafter referred to as 'Delisting Regulations'), was successful and a total of 90,200 equity shares have been validly tendered at or below the fixed exit price, which was higher than the minimum number of equity shares required to be acquired for the success of delisting offer. Post offer the holding of the promoters and promoter group is 97.50%.
 - c. The Company has made public announcement in the newspaper on August 04, 2014, about the success of the delisting offer.
 - d. The payment process to the public shareholders whose shares have been accepted in the reverse book building process and returning of all equity shares which were not accepted has been completed by the Acquirers by August 08, 2014.
 - e. The Company also said that it is in the process of filing the application to BSE for obtaining the final delisting order.
4. The Company vide its another letter dated September 15, 2014, submitted that it has filed an application with BSE for obtaining the final delisting order on August 20, 2014. It also submitted that substantial process of delisting was completed on July 24, 2014 (within the time period of five (5) months granted by SEBI to complete the delisting process). The Company submitted that the entire process could not be completed on time, despite the best efforts of the Acquirers as time was consumed in tracing the public shareholders who were widely spread across the country and also that the entire shareholding were held in physical form. In view of the submissions, the Company requested to condone the delay in the completion of the delisting process and accord extension of time for completing the process of delisting of the shares from the BSE, on the ground that the substantial process was completed within the time frame as per SEBI order and the shareholders of the Company have been provided an exit opportunity.
5. Before proceeding further, an opportunity of personal hearing was afforded to the Company on October 29, 2014, when Mr. T. Vasu Dev Anand, the Compliance Officer of the Company appeared along with Mr. Jeyakumar S. and Mr. Indrajit Bhagat (both from Dalmia Securities Pvt. Limited) and reiterated the submissions made vide letters dated August 11, 2014 and September 15, 2014.

6. I have considered the submissions and steps taken by the Company in compliance with the order of SEBI dated February 25, 2014, wherein the Company was permitted to delist its shares in accordance with the provisions of the Delisting Regulations within a period of five (5) months from the date of the second order. I note that the Company had completed the reverse book building process for the delisting of shares by July 24, 2014. The Company has said that the payment to the public shareholders for acquiring validly tendered shares was completed within ten working days from the date of closure of the delisting offer as prescribed under the Delisting Regulations. The Company has also submitted that it has filed its application with BSE for the final delisting order.
7. I note that BSE vide its email dated November 17, 2014, has stated "*..... the Company had exceeded the time limit mandated by SEBI vide order passed in February 25, 2014. Accordingly, the Exchange had advised the Company to take the required approval for the extension of time period of delisting from SEBI.*" BSE has also stated that as and when the Company reverts with the required extension for implementing the delisting, it would on reconfirmation of the Company's compliance with the Listing Agreement and subject to any investor complaints, issue the delisting notice within a period of ten days.
8. Considering the steps taken by the Company towards completing the delisting and the stage where the process has halted, I find it reasonable to extend the time granted for completing the process of delisting of the shares from BSE and to accordingly modify the directions issued vide the second order dated February 25, 2014.
9. In view of the foregoing, I, in exercise of the powers conferred upon me under section 19 of the Securities and Exchange Board of India Act, 1992 read with Sections 11(1), 11(2)(j), 11(4) and 11B thereof and section 12A of the Securities Contracts (Regulation) Act, 1956, hereby grant two (2) months time from the date of this order to complete the delisting process.
10. As directed, vide SEBI order dated February 25, 2014:
 - i. The direction contained in 17(b) of the *interim* order dated June 04, 2013 shall be re-imposed/ revived immediately (*without the need for passing of a separate order*) in case the delisting process of the Company is not successful within the period directed in paragraph 9 above.

- ii. The directions contained in paragraphs 17(a), (c) and (d) of the *interim* order dated June 04, 2013 shall continue to be in effect till such time the Company is delisted from the stock exchanges or till the time the Company becomes compliant with the MPS norms, whichever is earlier.
11. This Order shall come into force with immediate effect.
12. The aforesaid directions are issued without prejudice to the right of SEBI to initiate action as contemplated in paragraph 18 of the *interim* order dated June 04, 2013 in case the delisting process of the Company is not successful within the period as directed in paragraph 9 above.
13. Copy of this Order shall be served on the stock exchanges and depositories for their information and action that may deem fit and necessary in this case.

PLACE: Mumbai
DATE: December 17th, 2014

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA