

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

ORDER

Under section 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 requirement of minimum public shareholding by listed companies

In respect of Adani Ports and Economic Zone 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. Adani Ports and Special Economic Zone Limited (hereinafter referred to as "the Company") is one such company against whom the *interim order* was passed. The public shareholding in the Company on the date of the *interim order* was 22.50%. The shares of the Company are listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

3. The Company filed its reply dated June 07, 2013 to the *interim order*. An opportunity of personal hearing was afforded to the Company on July 08, 2013, when Mr. B. Ravi, Chief Financial Officer of the Company, appeared and made submissions. Mr. Ajay Pancholi, Managing Director, DSP Merrill Lynch Limited, was also present in the hearing.

4. The Company has submitted that in order to comply with the MPS norms, it had undertaken an issue of its equity shares through an Institutional Placement Programme ("IPP") in terms of Chapter VIIIA of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. According to the Company, the Finance Committee of the Board of Directors, vide a resolution passed on June 07, 2013, had allotted 6,66,57,520 equity shares of ₹2/- each at a price of ₹150/- per equity share, after the receipt of listing approvals (*for the shares issued in the IPP, which were tradable from June 10, 2013*) from the stock exchanges. The Company also represented that it is now compliant with the MPS norms and requested SEBI not to take further action.

5. I have perused the letter dated June 07, 2013 of the National Securities Depository Limited ("NSDL") addressed to the Company, wherein it is stated that 6,66,57,520 shares of the Company were

credited to the demat accounts on June 07, 2013. The NSE and BSE, vide letters dated June 07, 2013, have granted listing and trading permissions to the Company with respect to the shares allotted in the IPP. Pursuant to the aforesaid allotment of shares, the shareholding of the promoter and promoter group in the Company has reduced from 77.50% to 75%. The public shareholders presently hold 25%, which is the minimum shareholding required to be held by public shareholders in a listed company, under the MPS norms.

6. From the aforesaid documents, it is clear that the Company has not complied with the MPS requirements on or before June 03, 2013, i.e., the prescribed due date. It was submitted that in order to become MPS compliant, the Board of Directors of the Company had approved further issue of shares pursuant to section 81(1A) of the Companies Act, 1956 on May 14, 2012 and the shareholders had also approved the same on August 09, 2012. However, I note that despite these approvals, the Company has allotted further shares only on June 07, 2013, which was much after the due date, in order to achieve compliance. This conduct indicates to me that the Company was not serious in complying with the MPS norms well within the due date. During the personal hearing, it was submitted that two other listed companies of the Adani Group had complied with the MPS norms before the prescribed time frame. Considering the above and the fact that the Company has complied with the MPS norms, though belatedly, I do not propose to initiate further action against the Company as contemplated in paragraph 18 of the *interim order*. However, the Company is warned for its conduct and is advised to ensure compliance with all the applicable laws and regulations administered by SEBI, in letter and spirit.

7. With the above observations, 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 revoke the directions vide the *interim order* dated June 04, 2013 against the company, Adani Ports and Special Economic Zone Limited, its directors, promoters and promoter group, with immediate effect.

8. 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.

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA

Date : July 26, 2013
Place : Mumbai