

**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 NB Footwear 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. NB Footwear 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 17.01%. The shares of the Company are listed on the Bombay Stock Exchange Limited ('BSE'), Vododara Stock Exchange Limited ('VSE') and the Madras Stock Exchange Limited ('MSE').
3. The Company vide its letter dated June 13, 2013 requested for extension of time for achieving the MPS. Vide another letter dated June 18, 2013, the Company filed its reply to the *interim order* informing that it has complied with the MPS requirements. Thereafter, an opportunity of personal hearing was afforded to the Company on July 29, 2013, when Mr. T.S. Raju, Company Secretary and Mr. Rajen Desai, Director appeared and made submissions. The Company has submitted that for the purpose of complying with the MPS norms it had opted for OFS on June 14, 2013 and the promoter's holding was brought down to 74.91%. It was also submitted that the delay in compliance be condoned as the circumstances were beyond its control. The Company also represented that it is now compliant with the minimum public shareholding norms and requested SEBI to withdraw the directions issued in paragraph 17 of the *interim order*. Written submissions dated July 25, 2013 were also filed.

4. I have considered the reply of the Company, the oral submissions, the written submissions and the documents submitted before me. The company has submitted that as per the order passed by the Board for Industrial and Financial Reconstruction ('BIFR') on July 07, 2008, it was allowed to increase the authorised share capital from ₹5 Crores to ₹20 Crores and to convert the unsecured loan of ₹9 Crores received from the promoter/ promoter group into equity share capital. Thereafter, BIFR vide another order dated May 20, 2010 reiterated the order dated July 07, 2008. Accordingly, the Company allotted 90,00,000 equity shares for ₹10 each on September 17, 2010 to the promoter/ promoter group on preferential basis subject to lock-in period of three years which resulted in the increase of promoter/ promoter group holding beyond 75%. The Company has also said that it was under the genuine impression that in view of its submission before SEBI and stock exchanges, it has been given time upto June 30, 2013 for compliance with Clause 40A of the listing agreement governing MPS. Having seen the submission of the Company, I note that no extension was granted to it, as can be seen from SEBI's letter dated April 15, 2013, which clearly mentions the last date of compliance as June 03, 2013.
5. I note that the Company has definitely delayed in its compliance with the MPS requirement when it was under notice for three years for achieving such compliance. Therefore, 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. However, considering the fact that the Company has complied with the MPS norms, though belatedly, as observed above, I do not propose to initiate further action against the Company as contemplated in paragraph 18 of the *interim order*.
6. 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, NB Footwear Limited, its directors, promoters and promoter group, with immediate effect.
7. 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: August 21, 2013

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA