

**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 requirement of minimum public shareholding by listed companies

In respect of Ras Resorts & Apart Hotels Limited

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") had 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. Ras Resorts & Apart Hotels Limited (hereinafter referred to as "the Company") is one such company against whom the *interim order* was passed. The equity shares of the Company are listed on the Bombay Stock Exchange Limited ("BSE").

3. The Company filed its replies to the *interim order* vide letters dated June 10, 2013, June 13, 2013 and June 28, 2013. An opportunity of personal hearing was afforded to the Company on August 05, 2013, when its compliance officer Mr. B.H. Joshi and its consultant Mr. Ajay Kumar appeared and made submissions. The Company submitted that it has undertaken a bonus issue of equity shares and has allotted 1,69,743 equity shares to its public shareholders on June 26, 2013, for the purposes of complying with the MPS norms. The Company also submitted that the shares so issued are listed and permitted to trade on the BSE with effect from July 01, 2013. During the personal hearing, while reiterating such submissions, the representatives submitted that the Company is now compliant with the minimum public shareholding norms and requested SEBI to withdraw the directions issued in *paragraph 17* of the *interim order*.

4. I have considered the replies and the submissions made by the Company. The Company has allotted bonus shares on June 26, 2013 only to its public shareholders, as submitted by it, for complying with the MPS requirement. I also note from the intimation received from BSE vide e-mail dated July 15, 2013 that the Company has achieved compliance with the MPS requirement and that the public shareholders now hold 25.66% in the Company. I have also perused the notice dated June 28, 2013 of BSE which informed its members that the bonus shares issued by the Company are listed and permitted for trading from July 01, 2013.

5. As regards the delay in complying with the MPS requirement, I note from the records that the Company, vide its letter dated February 27, 2013, had initially proposed for a rights issue of shares to its existing shareholders excluding the promoters/promoter group, for complying with the MPS requirement. Subsequently, vide its letter dated April 16, 2013, the Company informed that its Board had proposed to issue bonus shares to its public shareholders with the promoters forgoing their entitlement for such shares. I note that the Board of Directors of the Company proposed to issue bonus shares on April 10, 2013 subject to the shareholders' approval. The shareholders of the Company approved the proposed issue of bonus shares on June 15, 2013 and pursuant to the same, the board of directors decided to announce the bonus issue of shares. Thereafter, 1,69,743 bonus shares were allotted to its public shareholders by the Company, to achieve compliance with the MPS norms.

6. In this regard, I find that the Company was aware that it was mandated under the SCRR to raise the minimum public shareholding to 25% on or before June 03, 2013. The Company had proposed to issue bonus shares only on April 10, 2013 and decided to issue bonus shares on June 15, 2013, when the due date for compliance was June 03, 2013. If only the Company had decided much earlier, as to the mode and manner as permitted under law, for complying with the MPS requirement, it could have become compliant with the MPS norms within the due date.

7. The Company has definitely delayed in complying with the MPS requirements under the SCRR, even when it was under notice for three years for achieving such compliance. The Company is, therefore, warned for the same and is advised to ensure compliance with all the applicable laws and regulations administered by SEBI that govern its activities in the securities market. Considering the fact that the Company is now compliant with the stipulated minimum public shareholding level, I do not propose to initiate further action against the Company, its directors, promoters and promoter group, as contemplated in paragraph 18 of the *interim order*.

8. 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 revoke the directions issued vide the *interim order* dated June 04, 2013 against the company, Ras

Resorts & Apart Hotels Limited, its directors, promoters and promoter group, with immediate effect.

9. 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 : August 22, 2013
Place : Mumbai**