

**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 Miven Machine Tools 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. Miven Machine Tools Limited (hereinafter referred to as "the Company") is one such company against whom the *interim order* was passed. After considering the submissions made by the Company, SEBI, vide Order dated July 11, 2014, had issued the following directions, for the reasons stated therein:

".....

9. *Accordingly, 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 issue the following directions :*

- (i) *The direction issued in paragraph 17(b) of the interim order dated June 04, 2013 stands modified to the extent that it shall not hinder the voluntary delisting process initiated by the Company/promoters and that its promoters shall be permitted to buy shares of the Company held by public shareholders in their offer for delisting.*
- (ii) *The Company shall endeavour to complete the delisting process on or before October 29, 2014 and shall report the outcome of the delisting process to SEBI within a period of two weeks thereafter.*

- (iii) *The direction issued in paragraph 17(b) of the interim order dated June 04, 2013 shall be re-imposed immediately (without the need for passing of a separate order) in case the delisting process of the Company is not completed successfully within the period directed in sub-paragraph (ii) above.*
- (iv) *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.*

10. *This Order shall come into force with immediate effect.*

11. *The aforesaid directions are issued without prejudice to the right of SEBI to initiate action as contemplated in paragraph 18 of the interim order in case the delisting process of the Company is not successful within the period as directed above.*

..... "

3. The Company, thereafter, vide letter dated October 28, 2014 (received in SEBI on November 03, 2014) *inter alia* submitted the following :

- a) The Company had obtained approval for its delisting proposal from the Bangalore Stock Exchange Limited.
- b) The Company has applied for in-principle approval from the Delhi Stock Exchange Limited (DSE) and the Bombay Stock Exchange Limited (BSE). The approval from DSE would be granted on receipt of approval from BSE.
- c) The Company was constantly following up with BSE and had clarified the queries and issues that were raised. The Company's Chairman also met the BSE officials on October 19, 2014 with respect to the queries.
- d) The Company was hopeful of obtaining the in-principle approval soon.
- e) However, as the shareholders' approval and the due date for completion of the delisting process was expiring on October 29, 2014, the promoters would not be in a position to complete the process within the given timelines.
- f) Accordingly, the Company requested SEBI to-
 - (i) Permit it to seek fresh approval from its shareholders by postal ballot for delisting the equity shares as required under regulation 8(1)(b) of the SEBI (Delisting of Equity Shares) Regulations, 2009;
 - (ii) Modify the SEBI Order dated July 11, 2014 in the manner as deemed fit; and
 - (iii) afford an opportunity of personal hearing in the matter.

4. As requested, an opportunity of personal hearing was granted on January 23, 2015. On the request of the Company, the personal hearing was rescheduled to February 11, 2015. In the personal hearing held on February 11, 2015, the Company was represented by Mr. Vikram Sirur, Chairman, Mr. V. Sreedharan, Practising Company Secretary and Mr. S. B. Yadav (Whole Time Director and CFO) and Ms. Poorna Pikle (AVP) from BOB Capital Markets Limited. The representatives made submissions on the lines of those made in the Company's letter dated October 28, 2014.

5. I have considered the submissions made by the Company. The direction issued vide paragraph 17(b) of the interim order was modified in order to allow the Company/promoter to take steps for initiating and completing the process of delisting as requested by them. Time till October 29, 2014 was granted for completing the same considering the fact that the shareholders' approval was obtained on October 30, 2013. In this regard, the SEBI Order dated July 11, 2014 had *inter alia* observed the following :

"8. Considering the fact that the shareholders have, on October 30, 2013, approved the proposal for delisting vide their special resolution and also the submissions that the Company has traced more than 50% of its public shareholders, I am of the considered view that the Company/promoters could be allowed to proceed with the delisting process and also to suitably relax the directions issued against the Company's promoters to enable them to purchase shares in the delisting offer to be made by them. As regards the request for time for completing the delisting process, I note that the special resolution approving the proposal for delisting the Company was passed on October 30, 2013. In terms of regulation 8(1)(d) of the Delisting Regulations, the final application should be filed within one year of passing of special resolution, i.e., on or before October 29, 2014. The Company has also submitted that it would approach the stock exchanges for in-principle approval as soon as SEBI permits the promoter to proceed with the delisting proposal. Therefore, on consideration of the above facts and circumstances of the case, I am of the opinion that time till October 29, 2014, as discussed above, be granted to the Company/promoters to conclude their delisting process."

6. The Company has submitted that it was not able to complete the process of delisting within the due date (i.e., October 29, 2014) as it did not receive in-principle approval from the BSE. BSE, vide e-mail dated December 01, 2014, has informed SEBI that the Company filed an application seeking in-principle approval vide letter dated July 15, 2014. However, it was not able to grant approval as the Company did not comply with certain clauses of the Listing Agreement. I also note that BSE has subsequently informed SEBI that the Company has complied with clauses 31a, 35, 41, 49 and 54 of the Listing Agreement and regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996.

7. In view of the above facts and circumstances of this case, it would be reasonable to afford further time to the Company/its promoters to approach its shareholders for a fresh approval for the delisting proposal and initiate the process. Accordingly, 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 issue the following directions:

- (i) The direction issued in paragraph 17(b) of the *interim order* dated June 04, 2013 stands modified to the extent that it shall not hinder the voluntary delisting process initiated/to be initiated by the Company/promoters and that its promoters shall be permitted to buy shares of the Company held by public shareholders in their offer for delisting.
- (ii) The Company/its promoter are at liberty to approach its shareholders for seeking their consent with respect to the delisting proposal.
- (iii) The Company shall endeavour to complete the delisting process within a period of **four (4) months** and shall report the outcome of the delisting process to SEBI within a period of two weeks thereafter.
- (iv) The direction issued in paragraph 17(b) of the *interim order* dated June 04, 2013 shall be re-imposed immediately (*without the need for passing of a separate order*) in case the delisting process of the Company is not completed successfully within the period directed in sub-paragraph (iii) above.
- (v) 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.

8. This Order shall come into force with immediate effect.

9. The aforesaid directions are issued without prejudice to the right of SEBI to initiate action as contemplated in paragraph 18 of the *interim order* in case the delisting process of the Company is not successful within the period as directed above.

10. Copy of this Order shall be served on the stock exchanges and depositories for their information and necessary action.

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA

Date : March 4th, 2015
Place : Mumbai