

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3344

ANSWERED ON:12.12.2014

DELISTING OF COMPANIES

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Will the Minister of FINANCE be pleased to state:

- (a) whether the delisting process of companies from Indian stock exchanges is set to become less cumbersome and more effective for investors;
- (b) if so, the details thereof and the time by which it is likely to be implemented;
- (c) whether Securities and Exchange Board of India (SEBI) have received complaints against companies who have started the process of delisting;
- (d) if so, the details of the companies and the action taken/being taken by the Government in the matter; and
- (e) the other steps taken/being taken by the Government to protect the investors?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a)& (b): Yes, Madam. Securities and Exchange Board of India (SEBI) has received various representations from the market participants, stock exchanges, industry representatives and investor associations highlighting challenges faced in the existing delisting process.

To address these concerns and to make the delisting process less cumbersome, SEBI Board in its meeting held on 19th November 2014 has approved certain proposals to review the existing regulatory framework on delisting for making it more effective by amending the SEBI (Delisting of Equity Shares) Regulations, 2009. The proposals approved, among others, includes conditions for the delisting to be successful, the process of the determination of offer price through reverse book building process, reducing timeline for completing the delisting process etc.

(c)& (d): Yes, Madam. SEBI has informed that it has received seven complaints against companies which have started the process of delisting. Appropriate actions wherever applicable have been initiated by SEBI. Apart from the above seven complaints, SEBI has stated that it has also dealt with matters relating to Astrazeneca Pharma India Ltd and Cable Corporation of India Limited (CCI).

In the matter of Astrazeneca Pharma India Ltd, SEBI passed an ad interim ex-parte order dated 24th June 2014 directing BSE Ltd. and National Stock Exchange of India Ltd. (NSE) to closely monitor the entire delisting process of the company. SEBI also received complaints from two minority shareholders on 04th July, 2014, who also filed writ petitions against the voluntary delisting of equity shares from stock exchanges. The Hon'ble High Court of Mumbai heard the petition on 08th October, 2014 and disposed off the matter. The minority shareholder has filed an appeal to SAT on 17th November 2014 against SEBI order.

On the other matter of CCI, SEBI received complaints of rigging in the reverse book building (RBB) process of CCI. SEBI has informed that after seeking explanation from the concerned parties, the matter was closed, as there was no adverse finding.

(e): As per the provisions of section 11(1) of the SEBI Act, 1992, it shall, inter alia, be the duty of SEBI to protect the interest of investors in securities. SEBI has been taking various measures over the years to protect the interest of investors like reviewed the eligibility criteria for both profit-making and non-profit making issuer, to ensure that only reasonably credible issuers with adequate disclosures in their offer documents are allowed to access the public issuances route, SEBI has put in place a framework for rejection of draft offer documents through issue of a general order, prescribed "Call Auction" session in the light of high volatility and price movement observed on the first day of trading and in case of IPOs of issue size up to Rs. 250 crore, the shares of the issuer shall be traded in the `Trade for Trade` segment for the first 10 days from commencement of trading etc.