

U. P. HOTELS LIMITED

Registered Office & Operations Head Quarters
1101, Surya Kiran Building, 19, K. G. Marg, New Delhi - 110 001
Phone No.: 011-23722596-8, 011-41510325-6 * Fax : 011-3312990
Email : clarkssuryakiran@yahoo.co.in * Web: www.hotelclarks.com
CIN: L55101DL1961PLC017307 *GSTIN: 07AADCS1783J3Z2
PAN: AADCS1783J



CLARKS
GROUP OF
HOTELS

Date: 03.06.2026

To,
BSE Limited
P J Towers,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400001,
Scrip code: 509960

Sub: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”) – Administrative Warning and Advisory Letter dated 21.05.2026 received from the Securities and Exchange Board of India (“SEBI”)

Dear Sir/ Madam,

This is in continuation to Company’s corporate announcement dated 22.05.2026 on the captioned subject matter. Pursuant to Regulation 30 (12) and Regulation 30(13) of SEBI LODR Regulations, please find below the details and relevant documents pertaining to the voluntary delisting process initiated in the Company:

1. The Ld. Whole Time Member (“**WTM**”), SEBI passed Ex-Parte Ad-Interim Order dated 04.06.2013 for non-compliance of Minimum Public Shareholding (“MPS”) requirements. A copy of the Interim Order dated 04.06.2013 is enclosed as **Annexure 1**.
2. The Ld. WTM, SEBI passed Confirmatory Order dated 02.12.2014. A copy of Confirmatory Order dated 02.12.2014 is enclosed as **Annexure 2**.

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3. The Company filed an appeal with Hon'ble Securities Appellate Tribunal (**Hon'ble Tribunal**) against the Interim Order dated 04.06.2013 and Confirmatory Order dated 02.12.2014. Hon'ble Tribunal vide Order dated 11.11.2016, had directed the Company to make an application to SEBI seeking permission to delist the shares of the Company.
4. The Company made an application to SEBI on 27.03.2017 seeking modifications of SEBI Orders dated 04.06.2013 and 02.12.2014 to the extent to allow the Company to voluntarily delist the shares of the Company from BSE Limited.
5. SEBI vide its Order dated 30.09.2019, granted relaxation from the applicability of Regulation 8(1B)(i) of the Delisting Regulations 2009 (to the extent of meeting MPS norm) for voluntary delisting of equity shares of the company. One of the conditions of SEBI's Order dated 30.09.2019 for voluntary delisting was that the delisting offer shall be considered as successful only if the promoters acquire at least 60% of the existing public shareholding of 11.61%, i.e. approximately 6.97% of the total shareholding of the Company. The copy of the SEBI Order dated 30.09.2019 is enclosed as **Annexure 3**.
6. The Company received In-principle Approval from BSE on 08.03.2022 for delisting of equity shares. Thereafter, the Company took all the necessary steps for voluntary delisting of the shares in terms of Delisting Regulations.
7. The book size of the offer was 6,27,040 shares. The floor price was Rs.154/- per share. The discovered price was Rs. 900/- per share. The

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offer of total valid 1,63,460 Equity Shares received from the shareholders in the price range of Rs.154/- per Equity Share and Rs.900/- per Equity Share (both inclusive). The shares of 1,63,460 Equity Shares represented only 3.03% of the total shareholdings of the Company which was well below the required target of 6.97% of the total shareholdings of the Company.

8. The delisting process was unsuccessful in terms of the conditions mentioned in SEBI's Order dated 30.09.2019.
9. On 25.03.2022, the BSE was intimated on outcome of Reverse Book Building process under Delisting Regulations 2021.
10. With effect from 16.11.2023, BSE Ltd initiated levying fine on quarterly basis on the Company for MPS non-compliance.
11. The Company again filed an application dated 08.12.2023 to SEBI under Regulation 42 of SEBI (Delisting of Equity Shares) Regulations, 2021 ('Delisting Regulations') with following requests:
 - a. to relax strict enforcement of Regulation 38 of LODR Regulation (MPS Requirements) as per Regulation 42(1)(c) of Delisting Regulations.
 - b. for Voluntarily Delisting the shares of the Company, the acquirers be allowed to acquire shares in such a manner that post offer shareholding of the acquirer, reaches ninety percent of the total issued shares of the class (Ref. Regulation 21(a) of Delisting Regulations).

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- c. to modify the directions of the Interim Order dated 04.06.2013 which has been confirmed by the Confirmatory Order dated 02.12.2014.
 - d. to direct BSE to defreeze the Demat accounts of Promoters/Promoter Groups, to the extent necessary to allow the promoters of the Company to buy the equity shares of the Company held by the public shareholders as may be available and tendered by them in the voluntary delisting process.
 - e. to grant relaxation from non-compliance with the requirement of 100% dematerialization of promoters shareholding, as may be necessary, so that such non-compliance does not become a hindrance in completion of the voluntary delisting process.
 - f. such other exemptions, as may be necessary, to enable the Company to voluntarily delist its shares and allow the public shareholders to exit from the Company.
12. SEBI vide its letter dated 03.12.2024, granted specific relaxations to the Company for the specific purpose of seeking voluntary delisting of equity shares of the company subject to certain directions and conditions. The copy of the SEBI order dated 03.12.2024 is enclosed as **Annexure 4**.
13. On 15.07.2025, the Company received a letter from Mr. Apurv Kumar and Mr. Anoop Kumar, members of the Promoter Group, expressing their intention to voluntarily delist the Company's equity shares from BSE Limited. On the same day, Srujan Alpha Capital Advisors LLP ('Merchant Banker') issued an Initial Public Announcement under

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SEBI Delisting Regulations, 2021, stating the acquirers' plan to purchase all public shareholding and delist the Company. The same was disclosed to BSE by the Company on 15.07.2025.

14. The Company vide letter dated 18.07.2025 intimated Stock Exchange that a Board Meeting has been scheduled on 27.07.2025 to consider the proposal for voluntary delisting of the equity shares of U. P. Hotels Limited from BSE Limited in reference to SEBI's letter dated 03.12.2024.
15. The Company submitted a letter dated 27.07.2025 to BSE Limited regarding the voluntary delisting process, postal ballot process, and cut-off date.
16. The Company submitted a letter dated 07.08.2025 to BSE Limited regarding the Newspaper Publication, Dispatch of Postal Ballot Notice, remote e-voting and Voluntary Delisting.
17. The Company submitted a letter dated 05.09.2025 to BSE Limited regarding the declaration of voting Results of Postal Ballot.
18. The Company vide its letter dated 13.10.2025, 09.12.2025 and 07.02.2026 requested SEBI for extension of time for ensuring compliances of voluntary delisting of equity shares of the Company. However, SEBI turned down the company's request for extension of time vide letters dated 09.12.2025, 02.02.2026 and 24.04.2026 respectively.
19. The Company has again filed an application dated 04.05.2026 to SEBI requesting for extension of time for ensuring compliances of

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voluntary delisting of equity shares of the Company. However, this time the Company intimated SEBI that the Company would also seek In-Principle approval of shareholders for supporting the Application dated 04.05.2026 filed with SEBI.

20. The Company vide letter dated 28.05.2026, intimated Stock Exchange about the postal ballot process, cut-off date, etc. with regard to seeking In-Principle approval of shareholders in support of the Application dated 04.05.2026 filed with SEBI.

We assure that the Company remains fully committed to uphold the highest standards of regulatory compliance. We request you to kindly take our submissions and the corrective actions taken on record.

Thanking you,

For U. P. Hotels Limited

Prakash Chandra Prusty
Head - Legal, Compliance & Company Secretary

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

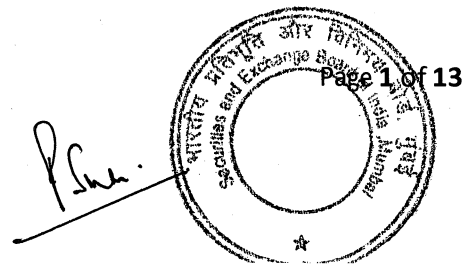
ORDER UNDER SECTIONS 11(1), 11(2)(j), 11(4) AND 11 (B) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH SECTION 12A OF SECURITIES CONTRACTS (REGULATION) ACT, 1956 IN RELATION TO THE COMPLIANCE BY LISTED COMPANIES WITH THE REQUIREMENT OF MINIMUM PUBLIC SHAREHOLDING

1. The Securities Contracts (Regulation) Act, 1956 (SCRA) was enacted to prevent undesirable transactions in securities by regulating the business of dealings therein, and by providing for certain other matters connected therewith. Further for carrying out the mandate of the SCRA, the Securities Contracts (Regulation) Rules, 1957 (hereinafter referred to as 'SCRR') were framed by the Central Government. Section 21 of the SCRA mandates the compliance, by all listed companies, of the conditions of the listing agreement with the stock exchange. The SCRR *inter-alia*, prescribes the requirements which have to be satisfied by companies for the purpose of getting their securities listed on any stock exchange in India.
2. The SCRR was amended vide notification of the Securities Contracts (Regulation) (Amendment) Rules, 2010 ('First amendment') by the Central Government dated June 04, 2010 and amended once again vide Securities Contracts (Regulation) (Second Amendment) Rules, 2010 ('Second amendment') in terms whereof Rule 19(2)(b) was amended and a new rule; Rule 19(A) was introduced to the SCRR respectively.
3. The amended Rule 19(2)(b) and newly introduced Rule 19(A) of SCRR read as under:

Requirements with respect to the listing of securities on a recognised stock exchange.

19 (2)

(b) (i) *At least twenty five per cent of each class or kind of equity shares or debentures convertible into equity shares issued by the company was offered and allotted to public in terms of an offer document; or*



(ii) At least ten per cent of each class or kind of equity shares or debentures convertible into equity shares issued by the company was offered and allotted to public in terms of an offer document if the post issue capital of the company calculated at offer price is more than four thousand crore rupees:

Provided that the requirement of post issue capital being more than four thousand crore rupees shall not apply to a company whose draft offer document is pending with the Securities and Exchange Board of India on or before the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010, if it satisfies the conditions prescribed in clause (b) of sub-rule 2 of rule 19 of the Securities Contracts (Regulation) Rules, 1956 as existed prior to the date of such commencement:

Provided further that the company, referred to in sub clause (ii), shall increase its public shareholding to at least twenty five per cent, within a period of three years from the date of listing of the securities, in the manner specified by the Securities and Exchange Board of India.

Continuous Listing Requirement.

19A. (1) Every listed company [other than public sector company] shall maintain public shareholding of at least twenty five per cent.:

Provided that any listed company which has public shareholding below twenty five percent, on the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010, shall increase its public shareholding to at least twenty five per cent, within a period of three years from the date of such commencement, in the manner specified by the Securities and Exchange Board of India.

Explanation: For the purposes of this sub-rule, a company whose securities has been listed pursuant to an offer and allotment made to public in terms of sub-clause (ii) of clause (b) of sub-rule (2) of rule 19, shall maintain minimum twenty five per cent public shareholding from the date on which the public shareholding in the company reaches the level of twenty five percent in terms of said sub-clause.

(2) Where the public shareholding in a listed company falls below twenty five per cent at any time, such company shall bring the public shareholding to twenty five per cent within a maximum period of twelve months from the date of such fall in the manner specified by the Securities and Exchange Board of India.

(3) Notwithstanding anything contained in this rule, every listed public sector company shall

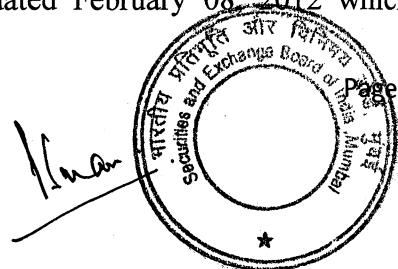
maintain public shareholding of at least ten per cent.:

Provided that a listed public sector company-

(a) which has public shareholding below ten per cent, on the date of commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2010 shall increase its public shareholding to at least ten per cent, in the manner specified by the Securities and Exchange Board of India, within a period of three years from the date of such commencement;

(b) whose public shareholding reduces below ten per cent, after the date of commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2010 shall increase its public shareholding to at least ten per cent, in the manner specified by the Securities and Exchange Board of India, within a period of twelve months from the date of such reduction,.

4. Thus the provisions quoted above require all listed companies in the private sector to achieve and maintain the minimum public shareholding of 25% of each class or kind of equity shares or debentures convertible into equity shares issued by such companies. Those companies with public shareholding of less than 25% are required to achieve the same, within a period of three years from the date of commencement of the first amendment i.e. by June 03, 2013 in the manner specified by the Securities and Exchange Board of India (SEBI).
5. In order to align the requirements in the Listing Agreement with the requirements specified in Rule 19(2)(b) and Rule 19A of SCRR and to specify the manner in which public shareholding may be raised to the prescribed minimum level, SEBI issued a Circular No CIR/CFD/DIL/10/2010 dated December 16, 2010 to suitably amend Clause 40A of the Listing Agreement. This circular *inter-alia* provided the following methods for complying with the minimum public shareholding requirement.
 - a. *Issuance of shares to the public through prospectus;*
 - b. *Offer for sale of shares held by promoters to public through prospectus;*
 - c. *Sale of shares held by promoters through the secondary market i.e. OFS through Stock Exchange;*
6. Subsequently, SEBI issued another circular dated February 08, 2012 which *inter-alia*



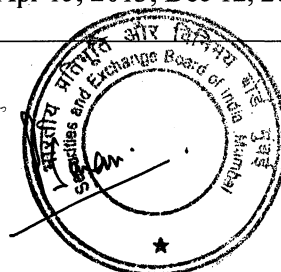
provided that listed companies may achieve the minimum public shareholding requirement through Institutional Placement Programme (IPP). With a view to further facilitate listed companies to comply with the minimum public shareholding requirements within the time specified in the SCRR, SEBI issued the circular dated August 29, 2012 which specified the following additional methods to comply with the minimum public shareholding requirements:-

- a. *Rights Issues to public shareholders, with promoters/promoter group shareholders forgoing their rights entitlement.*
- b. *Bonus Issues to public shareholders, with promoters/promoter group shareholders forgoing their bonus entitlement.*
- c. *Any other method as may be approved by SEBI, on a case to case basis.*

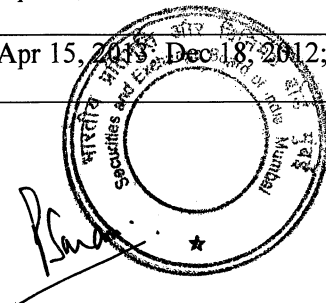
7. I note that vide circular dated August 29, 2012, SEBI had specified that listed entities desirous of achieving the minimum public shareholding requirement through other means may approach it (SEBI) with appropriate details that would be considered by SEBI based on merit. SEBI also initiated a consultative process with these companies and market participants to elicit a concrete plan of action as regards ensuring compliance with the minimum public shareholding requirement and held a series of meetings with active companies to enable the process of complying with the minimum public shareholding requirement.
8. I have also noted that despite issuance of the above mentioned circulars and the efforts of SEBI to facilitate achieving the minimum public shareholding requirement, some companies have not fulfilled the said requirement.
9. Based on the details furnished by the National Stock Exchange of India Limited ('NSE') and the Bombay Stock Exchange Limited ('BSE'), the companies as detailed below were required to meet the minimum public shareholding requirement by June 03, 2013 but have failed to do so.

Table I - Active Companies:

Sr. No.	Name of the company	SEBI Communication
1.	Adani Ports and Special Economic Zone Ltd.	Apr 15, 2013; Dec 11, 2012
2.	Advance Lifestyles Ltd.	Apr 15, 2013; Dec 11, 2012; Feb 01, 2013
3.	Batliboi Ltd	Apr 15, 2013; Nov 08, 2012
4.	Best Eastern Hotels Limited	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
5.	BGR Energy Systems Limited	Apr 15, 2013; Jan 02, 2013; Feb 02, 2013
6.	Bhagyashree Leasing & Finance Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
7.	Bombay Rayon Fashions Ltd.	Nov 08, 2012
8.	Brady & Morris Engineering Co. Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
9.	Chettinad Cement Corporation Limited	Dec 18, 2012
10.	Classic Electricals Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
11.	Dalal Street Investments Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
12.	DPSC Ltd	Apr 15, 2013; Nov 30, 2012
13.	Dr. Agarwals Eye Hospital Ltd.	Apr 15, 2013; Dec 18, 2012
14.	EICL Ltd	Apr 15, 2013; Dec 18, 2012; Feb 02, 2013
15.	Elantas Beck India Ltd	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
16.	Essar Ports Ltd	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012
17.	Fairfield Atlas Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
18.	Foseco India Ltd	Apr 23, 2013; Nov 08, 2012
19.	Fresenius Kabi Oncology Limited	Apr 15, 2013; Dec 12, 2012
20.	Gujarat Themis Biosyn Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
21.	Hira Automobiles Ltd.	Apr 15, 2013; Dec 12, 2012; Feb 02, 2013



22.	Hubtown Limited	Apr 15, 2013; Nov 08, 2012
23.	Integrated Technologies Ltd.	Apr 23, 2013; Dec 12, 2012
24.	JCT Electronics Ltd.	Apr 15, 2013; Dec 12, 2012; Feb 02, 2013
25.	Jolly Boards Ltd.	Apr 15, 2013; Nov 08, 2012
26.	Kampani Consultants Ltd.	Apr 15, 2013; Nov 08, 2012
27.	Khoday India Ltd.	Apr 15, 2013; Dec 22, 2012
28.	Kovalam Investment & Trading Co. Ltd.	Apr 15, 2013; Dec 12, 2012; Feb 02, 2013
29.	Marathon Nextgen Realty Ltd	Apr 15, 2013; Nov 08, 2012
30.	Miven Machine Tools Ltd.	Apr 15, 2013; Dec 22, 2012; Feb 02, 2013
31.	Monotype India Ltd.	Apr 15, 2013; Nov 30, 2012; Feb 02, 2013
32.	Mudra Lifestyle Limited	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012
33.	N.B. Footwear Ltd.	Apr 15, 2013; Dec 18, 2012; Feb 02, 2013
34.	Nagarjuna Agrichem Ltd	Apr 15, 2013; Jan 02, 2013
35.	Neycer India Ltd.	Apr 15, 2013; Dec 18, 2012; Feb 02, 2013
36.	Ocean Agro (India) Limited	Apr 15, 2013; Dec 11, 2012; Feb 01, 2013
37.	Omaxe Limited	Apr 15, 2013; Dec 12, 2012
38.	Parshwanath Corporation Limited	Apr 15, 2013; Dec 11, 2012
39.	Plethico Pharmaceuticals Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012
40.	Polson Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
41.	Pranavaditya Spinning Mills Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
42.	Pushpsons Industries Ltd.	Apr 15, 2013; Dec 12, 2012; Feb 02, 2013
43.	Ras Resorts & Apart Hotels Ltd	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012
44.	REIL Electricals India Limited	Apr 15, 2013; Jan 02, 2013
45.	Remi Metals Gujarat Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
46.	Sah Petroleums Ltd.	Apr 15, 2013; Nov 08, 2012
47.	Saptarishi Agro Industries Ltd	Apr 15, 2013; Dec 18, 2012; Feb 02, 2013



48.	Shalimar Wires Industries Ltd.	Apr 15, 2013; Nov 30, 2012; Feb 02, 2013
49.	Shantivijay Jewels Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
50.	Shikhar Leasing and Trading Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
51.	Shree Karthik Papers Ltd.	Apr 15, 2013; Dec 18, 2012
52.	Siel Financial Services Ltd.	Apr 15, 2013; Dec 11, 2012; Feb 01, 2013
53.	Starcom Information Technology Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
54.	Steelco Gujarat Ltd	Apr 15, 2013; Dec 11, 2012; Feb 01, 2013
55.	Suashish Diamonds Ltd.	Apr 15, 2013; Nov 08, 2012
56.	Sundaram Clayton Ltd.	Mar 12, 2013
57.	Tata Teleservices (Maharashtra) Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
58.	Thacker & Co. Ltd.	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
59.	Titan Trading & Agencies Ltd.	Apr 15, 2013; Nov 08, 2012
60.	Transformers and Rectifiers (India) Ltd.	Apr 15, 2013; Dec 11, 2012; Feb 01, 2013
61.	Tulive Developers Limited	Apr 15, 2013; Nov 08, 2012; Dec 02, 2012; Feb 01, 2013
62.	U M S Technologies Limited.	Apr 15, 2013; Dec 18, 2012; Feb 02, 2013
63.	U.P. Hotels Ltd.	Apr 15, 2013; Dec 12, 2012
64.	Vaarad Ventures Ltd	Apr 15, 2013; Nov 08, 2012
65.	Velan Hotels Ltd.	Apr 15, 2013; Dec 18, 2012
66.	Vintron Informatics Ltd.	Apr 15, 2013
67.	Vippy Industries Ltd.	Apr 15, 2013; Dec 11, 2012; Dec 02, 2012; Feb 01, 2013
68.	Vishnu Sugar Mills Ltd.	Apr 15, 2013; Nov 30, 2012; Feb 02, 2013

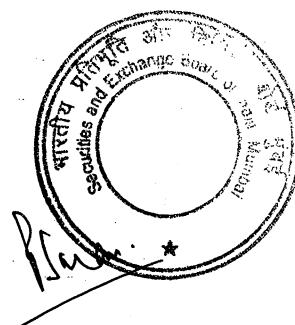


Table II - Previously suspended - now active companies- :

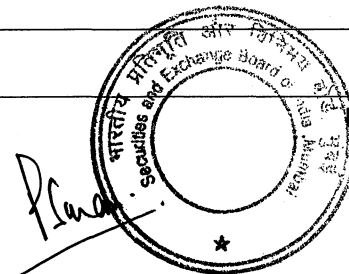
Sr. No.	Name of the company
69.	Anka India Ltd.
70.	Magnanimous Trade & Finance Ltd.

Table III - Previously compliant - now non-compliant companies- :

Sr. No.	Name of the company	Remarks
71.	Premier Synthetics Ltd.	As per shareholding pattern (as on March 31, 2013), the promoter shareholding increased beyond 75%
72.	Videocon Industries Ltd.	As per shareholding pattern (as on March 31, 2013), the promoter shareholding increased beyond 75%.

Table IV - Suspended Companies:

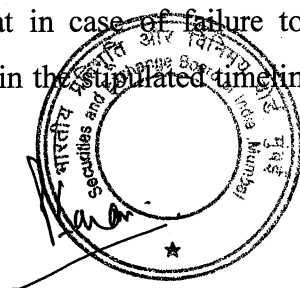
Sr. No.	Name of the company
73.	Aeonian Investments Co. Ltd.
74.	Andhra Pradesh Tanneries Ltd.
75.	Automobile Products of India Ltd.
76.	Bagalkot Udyog Limited
77.	Bhilai Engineering Corporation Ltd.
78.	Citurgia Biochemicals Ltd.
79.	Eider Telecom Ltd.
80.	Gandhidham Spg. & Mfg. Co. Ltd.
81.	Ganga Papers India Ltd
82.	Golkonda Engineering Enterprises Ltd.
83.	Herman Milkfoods Ltd.
84.	Hindustan Breweries & Bottling Ltd.
85.	Hindustan Wires Ltd.
86.	India Sugars And Refineries Ltd.



87.	Indore Wire Co. Ltd.
88.	Jyothy Consumer Products Limited
89.	Kanumanek Trading Co. Ltd.
90.	Kesar Petroproducts Ltd
91.	Kumaka Industries Limited
92.	Kusum Iron & Steel Ltd
93.	Kutch Salt & Allied Industries Ltd.
94.	Sanathnagar Enterprises Limited
95.	Sanghvi Asbestos Cements Ltd.
96.	Shayona Petrochem Ltd.
97.	Shree Vatsaa Finance & Leasing Ltd.
98.	Sirhind Steel Ltd.
99.	Somaiya Organics (India) Ltd.
100.	Swastik Surfactants Ltd.
101.	Tea Time Ltd.
102.	Vishva-Vishal Engineering Ltd.
103.	International Constructions Limited
104.	Growth Techno Projects Limited
105.	Eider Infotech Limited

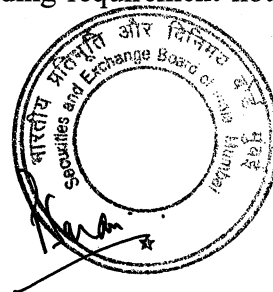
10. I have noted that SEBI had vide letters, the dates of which are mentioned in Table I, advised these companies to initiate appropriate steps to ensure compliance with the stipulated timelines and further advised them to notify SEBI in writing the steps taken or likely to be taken to ensure compliance with the minimum public shareholding requirement and the tentative date of compliance with the minimum public shareholding requirement within ten (10) days from the date of receipt of the communication.

11. The companies were also advised to note that in case of failure to comply with the minimum public shareholding requirement within the stipulated timeline prescribed under



SCRR, SEBI would consider initiating appropriate proceedings or any other action as may be deemed appropriate.

12. However, despite repeated cautionary advise and providing enabling methods as detailed in paras 5 and 6 above to all the companies to comply with the requirement of minimum public shareholding within the specified timelines, the said companies have failed to comply with the requirement of minimum public shareholding within the specified timelines.
13. I am of the considered opinion that the persons forming part of the promoter/ promoter group and the directors of such non-complaint companies are mainly responsible for the non compliance with the minimum public shareholding requirements within specified timelines. The promoters/ promoter group of such companies would have an advantage on account of their disproportionate stake compared to the public in their respective companies and also place them in a more advantageous position as compared to the promoter/ promoter groups of the compliant companies on account of violating the regulatory requirement prescribed in the SCRR by the Central Government and as specified by SEBI.
14. The availability of a minimum portion/number of shares (floating stock) of the listed securities with the public ensures that there is a reasonable depth in the market and the prices of the securities are not susceptible to manipulation. Moreover a dispersed shareholding structure is also essential for the sustenance of a continuous market for listed securities to provide liquidity to the investors and to discover fair prices.
15. As such, in order to ensure an equitable participation of the promoter / promoter group and the directors *qua* the public shareholders in the affairs of a private listed company and also provide a level playing field for the promoter/ promoter groups of these companies with the promoter/ promoter groups of the other companies that have already complied with the above-mentioned provisions of SCRR and in the manner as specified by SEBI, it is imperative that this balance be restored and the disproportionate advantage arising out of non-compliance of the minimum public shareholding requirement not be permitted to be vested with the promoter/ promoter group.



16. In view thereof, in the interest of all investors and the orderly development of the securities market, it is necessary to pass suitable directions against the promoter/promoter group and directors of the above mentioned non-compliant companies while not adversely affecting the interests of the public shareholders.

17. Hence in exercise of the powers conferred upon me by virtue of section 19 and under Sections 11(1), 11(2)(j), 11(4) and 11(B) of the Securities and Exchange Board of India Act, 1992 ('SEBI Act') read with section 12A of Securities Contracts (Regulation) Act, 1956 ('SCRA'), pending passing of the final order in these cases, I hereby:

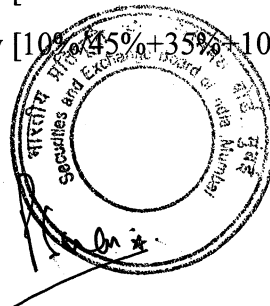
a. direct freezing of *voting rights* and *corporate benefits* like dividend, rights, bonus shares, split, etc. with respect to the excess of proportionate promoter/promoter group shareholding in the above mentioned non-compliant companies, till such time these companies comply with the minimum public shareholding requirement.

i. For the purpose of above direction, proportionate promoter/promoter group shareholding shall be computed on the basis of the public shareholding in the company; e.g. if public shareholding in a company after the deadline is less than 25%, say 10%, in such case, the proportionate promoter shareholding would be 30% (i.e. three times the existing public shareholding). Thus the excess promoter/promoter group holding i.e. 60% shall be frozen till the minimum public shareholding requirement is complied with.

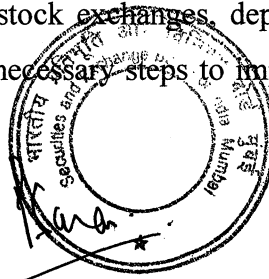
ii. In case of more than one entity in the promoter/promoter group in a company, the excess promoter holding for the purpose of taking action shall be computed on a proportionate basis. For illustrating the example above, if there are three promoters; A, B and C with shareholdings of 45%, 35% and 10% respectively; the excess promoter holding of 60% shall be allocated as follows:

1. A:- (60% multiplied by $[45\%/45\%+35\%+10\%]$) = 30.00%
2. B:- (60% multiplied by $[35\%/45\%+35\%+10\%]$) = 23.33%
3. C:- (60% multiplied by $[10\%/45\%+35\%+10\%]$) = 06.67%

Total = 60.00%



- b. prohibit the promoters/promoter group and directors of these non-compliant companies from buying, selling or otherwise dealing in securities of their respective companies, either directly or indirectly, in any manner whatsoever, except for the purpose of complying with minimum public shareholding requirement till such time these companies comply with the minimum public shareholding requirement.
- c. restrain the shareholders forming part of the promoter/promoter group in the non-compliant companies from holding any new position as a director in any listed company, till such time these companies comply with the minimum public shareholding requirement;
- d. restrain the directors of non-compliant companies from holding any new position as a director in any listed company, till such time these companies comply with the minimum public shareholding requirement.
18. This order is without prejudice to the right of SEBI to take any other action, including the following against the non-compliant companies, their promoters and/or directors or issuing such directions in accordance with law:
- Levying monetary penalty under adjudication proceedings;
 - initiating criminal proceedings by way of prosecution proceedings
 - moving the scrip to trade-to-trade segment;
 - excluding the scrip from F&O segment;
 - any other action/direction as may be deemed appropriate.
19. The Board/audit committee of these non-compliant companies shall, at the end of each quarter, submit compliance report, to the stock exchanges where the shares of company are listed, giving the extent to which compliance has been achieved and the efforts taken therefor.
20. Copies of this order shall be served on the stock exchanges, depositories and the non-compliant companies to enable them to take necessary steps to implement the order. The



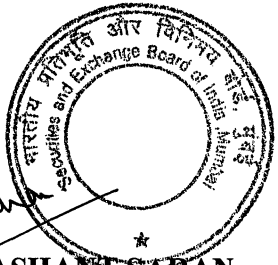
stock exchanges and depositories shall collaborate for the purpose of implementing the order. Depositories shall rely on the filings made with the stock exchanges for ascertaining the promoters, their shareholding and public shareholding. Stock exchanges shall provide the aforesaid data to the depositories to enable them to take necessary action as mentioned above.

21. The entities/persons against whom this order is being passed may file their replies, if any, within 21 days from the date of this order. The entities mentioned herein may also, if they so desire indicate in their replies whether they wish to avail of the opportunity of personal hearing before the Securities and Exchange Board of India at its Head Office at SEBI Bhavan, Plot C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051 on a date and time to be fixed on a specific request.

22. For the purpose of paragraph 18 above, this order shall be treated as show cause notice.

23. This order shall come into force with immediate effect.

DATE: 04/06/2013
PLACE: MUMBAI


PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA

WTM/PS/49/CFD/DEC/2014

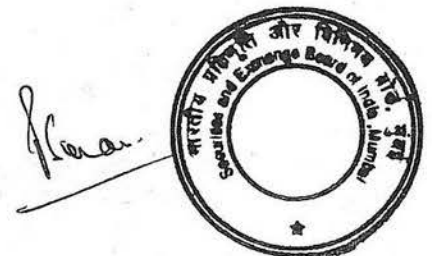
BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM : PRASHANT SARAN, WHOLE TIME MEMBER

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 U.P. 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. U.P. 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. Mr. Apurv Kumar, Joint Managing Director of the Company vide his letter dated June 25, 2013, replied to the *interim order*. Before proceeding further with the matter, personal hearing was scheduled on July 04, 2014. In the meantime, Joint Managing Director of the Company namely Mr. Rupak Gupta vide his letter dated June 27, 2014 submitted that he represents Group 'C' of the promoter group which comprises of him and his mother, together holding 15.22% shares in the Company. It was also submitted by him that the issues at hand have been caused on account of the litigation pursued by the members of Group 'B', who are acting in concert with the members of Group 'D'. Citing the principles



of equity and fairness in the circumstances of *inter se* promoter group strife, he requested that an adequate hearing is provided to him and Ms. Supriya Gupta.

It was also submitted by him that 'in the matter of representation of the Company for the MPS requirement and actions attendant thereto, both the Joint Managing Directors are to cooperate'. Mr. Rupak Gupta took steps on behalf of the Company and the legal team already assisting the Company since May 2013 with respect to the compliance of the MPS requirement and sought the co-operation of Mr. Apurv Kumar, towards this end. However, Mr. Apurv Kumar engaged a new legal team for the Company, in exclusion of the participation of Mr. Rupak Gupta. Further, it was said that the legal team so engaged by Mr. Apurv Kumar cannot validly represent the Company.

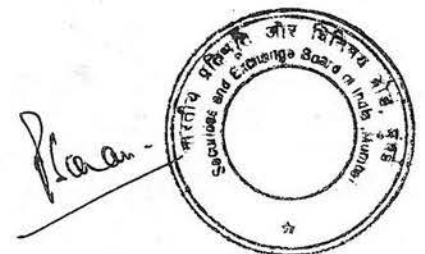
4. On the date fixed for the personal hearing i.e. July 04, 2014, both the Joint Managing Directors i.e. Mr. Apurva Kumar and Mr. Rupak Gupta of the Company appeared along with their respective legal teams. Mr. Apurv Kumar, Joint Managing Director of the Company appeared along with Mr. Sidharth Ghatak, Company Secretary; Mr. N.K. Sethi, Senior Counsel; Mr. Jaspreet Singh, Counsel; Mr. Ashok Agarwal, CEO and Ms. Rekha Bagry, Executive Director, Pricewaterhouse Coopers and made submissions.

Mr. Rohit A. Kapadia, Senior Advocate appeared along with Mr. Manoj Kumar and Mr. Shantanu, both advocates from Hammurabi & Soloman, made submissions on behalf of the Company and also filed written submissions which were taken on record.

Mr. Rupak Gupta, Joint Managing Director of the Company also appeared for the personal hearing along with Mr. J.J. Bhatt, Senior Advocate; Mr. Arun Kathpalia, Advocate and Ms. Misha, Advocate and filed an application for intervention on behalf of himself and Ms. Supriya®Gupta, which was taken on record.

On conclusion of the personal hearing, 15 days time was granted to submit the written submissions, if any.

5. The advocates for the Company i.e. Hammurabi & Solomon vide their letter dated July 18, 2014, stated that the written submission filed during the course of personal hearing be treated as the written submissions. Mr. Rupak Gupta and Ms. Supriya Gupta filed the



written submissions on July 18, 2014. Mr. Apurv Kumar also filed written submissions vide his letter dated July 21, 2014. All such written submissions were taken on record.

6. The submissions made by the Company and its Joint Managing Directors, in brief, are as under:
- i. The Company's submissions made vide letter dated July 04, 2014 in brief are as under:
- a. It is carrying on the business of running and managing hotels. The promoters hold 88.38% share of the Company. The Company in order to comply with the MPS norms had to increase the public shareholding to 25% on or before June 3, 2013.
- b. The Board of Directors of the Company in their meeting held on May 12, 2013, had decided to take all necessary steps in order to ensure compliance with the listing requirement and retain the status of the listed company. In the meantime, on May 24, 2013, an application was filed before the Learned Court of Additional Civil Judge (hereinafter referred to as 'Civil Court') by an official of the Company, requesting permission to comply with the MPS requirement, without the knowledge of the Company. As a result of the notice issued by the Learned Civil Court on such application, the Company had to follow due process and seek permission of the Learned Civil Court for complying with the MPS requirements.
- c. Thereafter, the Board of Directors of the Company on May 27, 2013, in order to comply with the MPS requirements resolved to issue bonus shares only to the public shareholders subject to the consent of the members in the general meeting and orders in the ongoing proceedings before the Hon'ble High Court of Judicature at Allahabad, Lucknow Bench and the Court of Additional Civil Judge (Sr. Division), Lucknow. In the said Board meeting, it was also resolved that a sum of ₹96,39,470 be captialized from the necessary reserves and be distributed amongst the equity (public) shareholders of the Company, excluding the promoter and promoter group entities of the Company. In the proportion of 31 equity shares for every 20 equity shares held by the public shareholders. The issuance of the bonus shares was subsequently approved by the shareholder of the Company in the Extra Ordinary General Meeting (hereinafter referred to as 'EOGM') held on July 23, 2013.
- d. In the meantime, the Company came to know that one of the promoters viz., Mr. Apurv Kumar also the Joint Managing Director of the Company had written a letter to SEBI dated September 13, 2013, wherein he sought a confirmation from SEBI, whether in a case where the promoter/ promoter group did not forgo their bonus entitlement,

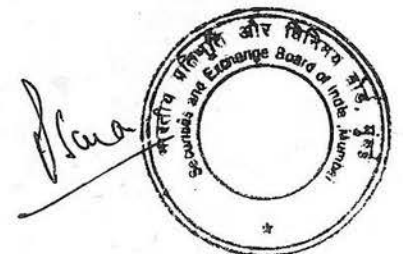


will the Company be entitled to issue bonus shares to such promoter/ promoter group. To this, SEBI has replied by saying that the Company will be required to issue bonus shares to all the shareholders who have not given their consent to forgo their entitlement to receive the bonus shares. Thereafter, the Company was approached by some shareholders/ entities belonging to the promoter group aggregating to about 51.50% of the shareholding of the Company for issuing bonus shares to them also.

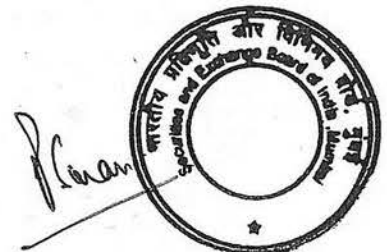
- e. It has been said that even if, the entire available free reserves of the Company are utilised to issue the bonus shares to the intended recipients, the bonus issue would not result in the compliance of the MPS requirements. Therefore, it cannot be implemented in view of the actions of promoters seeking bonus shares.
- f. The bonus issue route was the last and only possible option to comply with the MPS requirement which also now stands completely derailed.
- g. The total number of shares of the Company traded in the past six months are far lower than even the threshold of 2% of its market capital i.e. 1,08,000 shares. In view of the thin trading in the Company's shares, there is no particular benefit which is available to the shareholders of the Company by continuing with the listing of the shares. It has also been said that the public shareholders are finding it difficult to dispose off their shareholding, as a result of disputes and litigations *inter se* amongst the promoters.

ii. Mr. Rupak Gupta, Joint Managing Director of the Company, vide letter dated June 27, 2014 and July 18, 2014 submitted as under:

- a. Mr. Rupak Gupta and Ms. Supriya Gupta are members of Group 'C' (one of the promoter group of the Company). The promoter group currently holds 88.39% shares of the Company and 11.61% shares are held by the public. The above promoter group holding is directly and indirectly held in the following proportion i.e. Group A: 20%, Group B: 40%, Group C: 30% and Group D: 10%.
- b. Initially, no consensus could be arrived for complying with the MPS requirement, thus, no effective decision could be taken up on the matter. On February 13, 2013, it was unanimously resolved to voluntarily delist the Company and a consultant was appointed for rendering the advisory services in connection with proposed delisting. However, while further requisite steps towards delisting of shares were to be taken, the Board of the Company reconsidered the issue in the meeting of May 12, 2013 and decided that steps would be taken to ensure the continued listing of the Company's share.



- c. Thereafter, in the Board meeting held on May 27, 2013, it was resolved that bonus shares be issued exclusively to the public to the exclusion of the promoters and promoter group to increase the shareholding of the public shareholders to not less than 25% of the paid up share capital of the Company. Mr. Rupak Gupta then informed SEBI of the decision to issue bonus shares subject to the approval of the members and the *status quo* order passed by the learned Civil Court.
- d. In the meantime, the CMD of the Company, Mr. Birendra Kumar and another director namely Mr. Arvind Kumar, dragged the Company to a litigation based on an otherwise inchoate settlement arrived at by some family members of the Gupta family in the year 1998 and to which the Company was not a signatory. The civil suit before the learned Civil Court is filed by Group 'B' members. Group 'C' and 'A' promoter group members took steps to seek vacation of the *ex-parte ad-interim* order. However, on March 20, 2013, the Civil Court confirmed the *interim* injunction dated December 7, 2012 and *inter alia* directed that *status quo* be maintained. In April 2013, the members of promoter Group 'C' and 'A' preferred an appeal against the order of Civil Court, Lucknow. However, no *interim* relief was granted. In the meantime, a vague application was moved in the civil proceedings by an employee of the Company (a DGM) purportedly on behalf of the Company seeking clarification of the *interim* order.
- e. Mr. Rupak Gupta, then took an initiative to get a draft of the application prepared for filing with Hon'ble High Court of Judicature at Allahabad, Lucknow Bench and forwarded the same to Mr. Apurv Kumar who had neither commented upon nor signed the said application. Given the urgency, Mr. Rupak Gupta mooted a circular dated July 13, 2013, in modification of the earlier resolution dated May 27, 2013, seeking exclusive authorisation to file the application for seeking appropriate direction from the Hon'ble High Court of Judicature at Allahabad, Lucknow Bench for compliance with the MPS requirement. In the meantime, Mr. Birendra Kumar, CMD of the Company objected to the circular resolution authorising only Mr. Rupak Gupta to file appropriate application. Mr. Rupak Gupta in order to obviate any confusion on account of the communication from Mr. Birendra Kumar, moved another resolution on July 14, 2013 in favour of Mr. Rupak Gupta. This resolution was passed through circulation on July 15, 2013. On clearing the said obstruction and pursuant to seeking of exclusive authority, Mr. Rupak Gupta promptly filed an application on behalf of the Company before the Hon'ble High

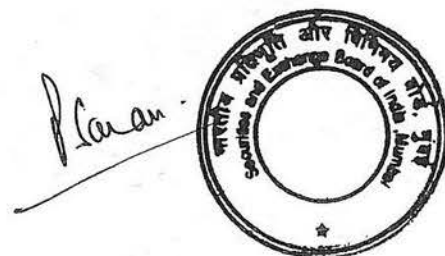


Court, seeking permission to take steps from compliance with MPS by issuance of bonus shares.

- f. The written consent of 80.77% of the promoters was duly obtained to waive their rights to bonus shares. However, at the EOGM dated July 23, 2013, about 28.28% promoter shareholders who had earlier given their consent withdrew the same and as a result the resolution at the EGM was passed with 68.60% majority.
- g. In the meanwhile, the members of Group 'B' filed an application with the learned Civil Court, *inter alia* challenging the circular resolutions dated July 13, 2013 and July 15, 2013. Such application was allowed partly and the circular resolutions were prohibited vide order dated August 14, 2013. Mr. Rupak Gupta then filed an application before the Hon'ble High Court for seeking permission to comply with the MPS norms. The Hon'ble High Court on hearing directed that the order dated August 14, 2013, passed by the learned Civil Court shall remain in abeyance. The Hon'ble High Court also directed that steps for compliance with MPS requirements be taken by the Company Secretary and the Joint Managing Directors would work together to safeguard the interest of the Company.

Due to certain discrepancy about the date of resolution, Mr. Rupak Gupta again approached the Hon'ble High Court for clarification. The order was eventually clarified on April 29, 2014, paving way for the Company to take final steps for issuance of bonus shares for compliance of MPS. However, a lot of precious time was lost in the process.

- h. In the meantime, certain promoters of the Company withdrew their consent for waiving their rights to bonus shares, due to which the entire purpose of issuance of bonus shares as a method of compliance with MPS requirement stands frustrated. In view of the same, Mr. Rupak Gupta was constrained to move a circular resolution dated May 08, 2014, mooted an option of de-listing of the Company, which was later withdrawn.
- i. It has been said that members of Groups B and D, have ensured that MPS compliance is not achieved through issuance of bonus shares. Instead of co-operating with Mr. Rupak Gupta in forming consensus over de-listing, Mr. Apurva Kumar accused him of being in contempt of order of the Hon'ble High Court.
- j. Despite proactive and initiative driven steps taken by Mr. Rupak Gupta and Ms. Supriya Gupta, the requirement of meeting with MPS by issuing bonus shares to the members of the public, excluding promoters and promoter group has been stalled and made complicated. Mr. Rupak Gupta and Ms. Supriya Gupta cannot be held liable for the

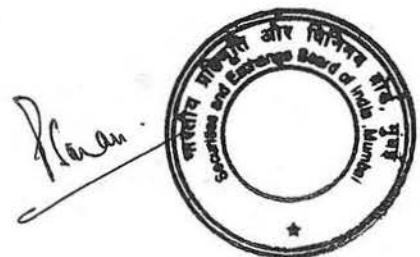


failure of the Company to meet with MPS requirements. The litigation where the company was unnecessarily dragged as a party was not of the doing /making of the persons on whose behalf these submissions are being made.

- k. The shares of the Company are thinly traded at the stock exchange and the interest of the investor is not harmed in any manner nor is the securities market adversely impacted by the pending compliance of MPS. There has been no wilful non-compliance by the Company, which is merely a victim of its circumstances and unfortunate conflicting interests of promoters.
- l. Mr. Rupak Gupta was not provided with an opportunity to hear the submissions made by Mr. Apurv Kumar, rebut, meet or clarify contextually any prejudicial and self serving submissions that may have been made during the course of personal hearing on July 04, 2014. No conclusion/ inferences against the makers of these submissions be drawn on the basis of the same.

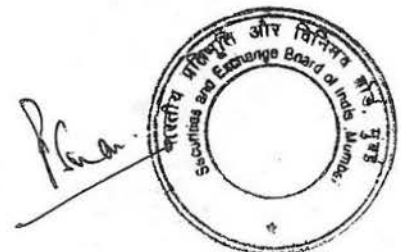
iii. Mr. Apurv Kumar, Joint Managing Director of the Company, vide letter dated June 25, 2013 and July 21, 2014 submitted as under:

- a. The promoters of the Company are members of one family. The pedigree of the promoters traces back to Sri Das Ji who along with his three sons set up the business in the year 1947. By the passage of time, the partnerships were converted to private limited and then to limited companies. The Company is one of the branches which sprouted out of the main business. In the year 1961, in order to preserve the family amity, the responsibilities to run the business was divided amongst the various branches and the business interests were divided into three Groups i.e. A, B and C in the ratio of 30:40:30, each group representing one son of Sri Das Ji. The shareholding pattern in the group companies were brought in tandem with this ratio. The same was later altered to 20:40:30:10 when Mr. Ravi Gupta and Mr. Rakesh Gupta of Group A, decided to split and as a result a Group D was carved out. With the passage of time, in order to consolidate and effectively manage the hotel division and the properties, a Memorandum of Understanding (MoU) dated August 05, 1998 was arrived at between the various groups.
- b. In the interregnum, disputes arose between the promoters of the Company relating to the violation of the terms of MoU and the matter relating to the business interests of various promoter group became '*sub judice*' before the competent Court at Lucknow and

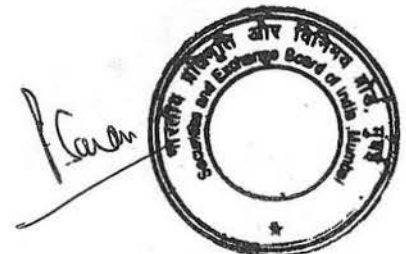


a restraint order dated December 07, 2012 was passed, wherein the Company has also been arrayed as a party.

- c. In the meanwhile, the Board of Directors of the Company in the meeting held on February 13, 2013, decided to get the Company voluntarily delisted from the BSE. However, in the above said litigation, the Learned Civil Court vide its order dated March 20, 2013, directed the parties to maintain *status quo* in respect of all the properties which are the subject matter of such litigation. In this backdrop, the parties in the suit also included the Company, therefore it was bound by the Court orders.
- d. The Company in order to comply with MPS requirements, initially mooted, the route of compulsory de-listing. This order was challenged by Mr. Rupak Gupta (the members of Group C), another Joint Managing Director of the Company before the Hon'ble High Court. However, the Hon'ble Court refused to stay the operation of the order dated March 20, 2013.
- e. In the meantime, Mr. Rupak Gupta changed his stand of voluntarily delisting of the equity shares of the Company as confirmed in the Board meeting dated February 13, 2013 and proposed to adopt the method of issue of 'bonus issue' for complying with the MPS requirements. He and Mr. Rupak Gupta were authorized to take necessary steps to comply with Clause 40 A of the listing agreement. In the meeting of Board of Director dated May 27, 2013, it was *inter alia* decided that as the matter was *sub judice*, only after the Court order some clear decision be taken.
- f. Later, the Company moved an application dated May 24, 2013, before the Learned Civil Court seeking clarification/ modification of the order dated March 20, 2013, to the effect that the same shall not prevent it from making statutory compliance, which remained pending. In the meantime, during the month of April 2013, members of Group 'C' and Group 'A' preferred two appeals before the Hon'ble High Court against the order dated March 20, 2013. However, the Hon'ble Court did not stay the said order.
- g. Mr. Rupak Gupta in haste without seeking the concurrence of the other members of the Board and Chairman, sent a communication to BSE and SEBI about issuance of the bonus shares to the public only vide intimation dated May 27, 2013 and May 28, 2013 while relying upon un-ratified/ incorrect minutes of the Board meetings. It was not even decided that the promoters shall forego their entitlement to equity shares.



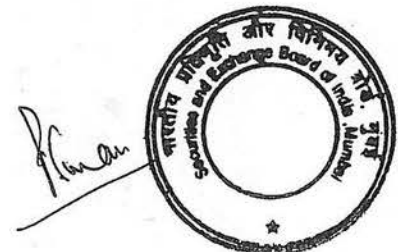
- h. Thereafter, the Learned Civil Court while considering the applications filed by the members of Group 'B', stayed the effect of the resolution dated July 14, 2013 vide order dated August 14, 2013. The same was challenged by the members of Group 'C' and 'A' by means of two separate appeals. The Hon'ble High Court vide order dated September 09, 2013, directed that the order dated August 14, 2013, shall remain in abeyance, however, the issue of compliance of Clause 40A of the Listing Agreement was not discussed by the Hon'ble Court. Hon'ble Court only observed that the parties should co-operate for the purposes of implementation of resolution dated February 13, 2013.
- i. On account of the discrepancy in the date of resolution, applications were filed for modification/ correction of the order by the members of Group 'C' and Group 'D'. The applications were allowed on April 29, 2014.
- j. Mr. Apurv Kumar, then sought clarification from SEBI, on the position, where, some members/ promoters who did not grant their consent for waiving of their right to subscribe to the bonus shares. On receipt of the clarification, Mr. Apurv Kumar prevailed upon the Company Secretary, being the compliance officer, to ensure that bonus shares be issued to achieve the MPS requirement including to such promoters/ promoter groups, who had not waived their right, along with the members of the public who were entitled to it.
- k. Therefore, as far as Mr. Apurv Kumar, members of the Group 'B' and 'D' and the Company are concerned there has been no fault for non compliance rather active steps were being taken to ensure that the bonus shares be issued. All necessary steps befitting for compliance of the Court order as well as of Clause 40A of the Listing Agreement have been taken. Certain members of Group 'A' and 'C' who were not willing to abide by the order of the Hon'ble High Court dated April 29, 2014, whereby it was clarified that the compliance in respect of Clause 40A of the Listing Agreement ought to be done in terms of the resolution dated May 27, 2013 i.e. through issuance of bonus shares. Mr. Apurv Kumar then issued a legal notice dated May 31, 2014 to one Mr. Sushil Kumar of Group 'A' and Mr. Rupak Gupta of Group 'C'. Despite the legal notice, compliance could not be done because of resistance of Group 'A' and 'C'. Mr. Apurv Kumar then preferred contempt petition dated July 01, 2014 before the Hon'ble High Court, wherein notice has been issued to such persons.
- l. The Company has made earnest, diligent and sincere efforts in complying with the MPS requirement, however, on account of the proceedings before the Court and orders



passed such compliance was not feasible as it would have amounted to disobedience of the order passed by the Court.

m. The compliance of Clause 40 A of the Listing Agreement is not only a SEBI direction anymore but is also a part of the Hon'ble Court order dated April 29, 2014, hence the compliance can also be enforced through the Court of law for which necessary measures are being taken. It has been requested to discharge the SCN, penalties and proposed penalties in so far as the directors of Group B and D are concerned.

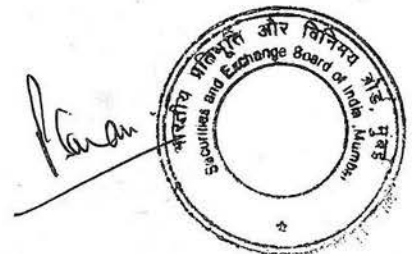
7. From the above, I note that the Company and its two Joint Managing Directors have given their versions as to why the Company was not able to comply with the MPS requirement. The two Joint Managing Directors vide their respective submissions have tried to explain that there has been no fault on their side and they cannot be held liable for the failure of the Company to meet with the MPS requirements. One of the Joint Managing Directors, Mr. Apurva Kumar also submitted that the Company may be kept under 'the *sub-judice* category'.
8. I have considered the submissions made by the Company and its Joint Managing Directors and other material available on record. The *interim order* was issued against the Company as it was non-compliant with the provisions of Rule 19A of the SCRR and Clause 40A of the Listing Agreement read with Section 21 of the Securities Contract (Regulation) Act, 1956 ('SCRA'), having not maintained the minimum level (of 25%) of public shareholding as of June 03, 2013 (*the time line before which such compliance was to be achieved*). Admittedly, this contravention still continues. The amended provisions of Rules 19A of the SCRR came into force with effect from June 04, 2010, offering a time period of three years (i.e., on or before June 03, 2013) for a listed company to maintain public shareholding of atleast 25%. I note that the Company had not taken any step to comply with the MPS requirements except placing the issue for consideration in its Board meetings. It has been submitted by Mr. Rupak Gupta, one of the Joint Managing Directors that initially no consensus could be arrived at amongst the Board members as to the way forward for compliance and therefore no effective decisions could be taken on the matter. I note that it was only on February 13, 2013, that a resolution was passed to voluntarily delist the Company. However, this decision was reconsidered in the meeting of May 12, 2013 and in the Board meeting dated May 27, 2013, wherein it was resolved that bonus shares be issued exclusively to the public.



9. The Company and the Joint Managing Directors in their submissions have argued that they were not able to comply with the MPS norms due to the restraint order dated December 07, 2012 and *status quo* order dated March 20, 2013 passed by the Learned Civil Court. However, it is to be noted that prior to the orders of Learned Civil Court also the Company had sufficient time to comply with the MPS norms.

Further, the Hon'ble High Court has also vide its order dated September 09, 2013, *inter alia* said that '... .. in case Apurv Kumar is not cooperating as per Resolution dated February 13, 2013, the Company Secretary is authorized to take necessary steps as required under Securities Contract Regulation Rules, 1957 read with Clause 40 A of the Listing Agreement and SEBI directives applicable to public listed companies.!'. Considerable time has elapsed, since the order of Hon'ble High Court, however, the Company is yet to comply with the MPS norms.

10. It is to be noted that the relevant statute does not provide for exemption/ relaxation of such continuous listing requirements. The same also does not provide any category by the name of '*sub-judice* category' as submitted by one of the Joint Managing Directors, Mr. Apurva Kumar. From the submissions and the records brought before me, there appears to be no order directing *status quo* of the shareholding levels in the Company. On the contrary as stated above, the Hon'ble High Court has directed the Company to take necessary steps towards the MPS compliance. I also note that the Hon'ble High Court, vide its order dated May 30, 2014 has *inter alia* stated that "... .. *status quo* shall be maintained amongst the parties with regard to the management of assets only, as granted by the trial Court vide order dated March 20, 2013." The Hon'ble High Court also directed the Learned Trial Court to expedite the hearing of the regular Suit No. 1574 of 2012.
11. I note that as long as the Company remains listed, it should comply with the applicable law including the continuous listing requirement stipulated under Rule 19A of the SCRR. Considering the fact that the Company has not complied with the MPS requirements till date in breach of Rule 19A of the SCRR and Clause 40 A of the Listing Agreement read with Section 21 of the SCRA and such non-compliance being continuous in nature, it becomes necessary for SEBI, to confirm the directions issued vide the *interim order* against the Company, its directors and promoters/promoter group. Further, for proper regulation of the securities market and the continuous nature of the violations committed by the

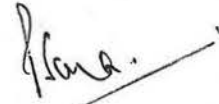


Company, SEBI may also initiate other action, as appropriate in law, against the Company, its directors and promoters and promoter group.

12. 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 confirm the directions issued vide the *interim order* dated June 04, 2013 against the company, U.P. Hotels Limited, its directors, promoters/ promoter group.
13. This Order shall remain in force till further directions.
14. Copy of this Order shall be served on the stock exchanges and depositories for their information and necessary action.

DATE: December 02, 2014

PLACE: Mumbai



PRASHANT SARAN
WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA



BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA**ORDER**

UNDER SECTION 11(1) AND 11 B OF THE SEBI ACT, 1992 READ WITH REGULATION 25A OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (DELISTING OF EQUITY SHARES) REGULATIONS, 2009.

IN THE MATTER OF DELISTING OF EQUITY SHARES OF U.P. HOTELS LTD.

Background –

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 including U.P. Hotels Ltd. (hereinafter referred to as 'UPHL' / 'the company') for non-compliance 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 directions in the order, inter-alia, included freezing of voting rights and corporate benefits with respect to the excess of proportionate promoter / promoter group shareholding, prohibition on promoters / promoter group and directors of such non-compliant companies from buying, selling or otherwise dealing in securities of their respective companies etc. The directions contained in the interim order were confirmed vide order dated December 02, 2014 (hereinafter referred to as 'the Confirmatory Order').
2. UPHL, along with its joint managing directors Shri. Rupak Gupta and Shri. Apurv Kumar, challenged the SEBI Confirmatory Order dated December 02, 2014 before the Hon'ble Securities Appellate Tribunal ('SAT'). Hon'ble SAT, vide order dated November 11, 2016, allowed the appellants to withdraw the appeals with liberty to move an application before the appropriate authority seeking permission to delist

the company and to seek modification of the SEBI Interim Order and Confirmatory Order for that purpose.

3. UPHL, vide letter dated March 27, 2017, requested SEBI for modification in the SEBI Interim and Confirmatory orders to permit entities to deal in shares of UPHL for the limited purpose of complying with the delisting of shares of the company from the respective stock exchanges. UPHL also forwarded additional written submissions vide letters dated August 11, 2017, February 09, 2018, February 28, 2018, February 04, 2019 and July 17, 2019. However, these applications were not made in accordance with the requirements specified in Regulation 25A (2) and (3) of the SEBI (Delisting of Equity Shares) Regulations, 2009 ('Delisting Regulations').
4. UPHL was provided an opportunity to make submissions in person on July 20, 2017 before SEBI, for which the company was represented by Mr. Ashok Agarwal, CEO, Mr. Prakash Chandra Prusty, Company Secretary, Mr. Uday P. Nair, Consultant, Mr. Prakash Shah and Mr. Robin Shah, Advocates. Subsequently, another opportunity for personal hearing was given on February 05, 2018 wherein the company was represented by Mr. Ashok Agarwal, CEO, Mr. Prakash Chandra Prusty, Company Secretary, Mr. Uday P. Nair, Consultant, Mr. Prakash Shah, Advocate and Mr. Harsh Jain.
5. Subsequently, SEBI received an application dated September 26, 2019 from UPHL under regulation 25A of Delisting Regulations seeking relaxation from the directions in Para 17(b) of the Interim Order and from MPS requirements to enable the company to propose a delisting of equity shares of the Company.
6. Facts relevant to the case, as borne out from the applications made by the company and gist of the submissions made vide the aforesaid correspondences, are summarized below:
 - a. UPHL is a Public Limited company carrying on the business of running and managing hotels. UPHL was originally incorporated on February 13, 1961 and is listed on Bombay Stock Exchange (BSE). The Promoters of

UPHL are members belonging to the family of Late Shri Sri Das (referred to as "Gupta Family"). The promoters, consisting of family members along with certain companies promoted by them, hold around 88.38% shares of UPHL.

- b. Due to certain non-compliance of the listing requirements of the stock exchange, trading in shares of the company has been suspended since September 15, 2015.
- c. Family disputes were going on amongst members of Gupta family with respect to the distribution of family properties and has undergone various rounds of Court proceedings.
- d. Disputes and differences amongst promoters have adversely affected the regulatory compliance requirements of the company including compliance requirements of minimum public shareholding in terms of Rule 19 A of SCRR.
- e. Further, lack of liquidity in the shares of the company and due to adverse market conditions, there were no takers for the shares of the company.
- f. In view of the above non-compliance, ex-parte ad-interim order dated June 04, 2013 was passed by Hon'ble Whole Time Member, SEBI which was confirmed on December 02, 2014.
- g. Consequently, Appeals were filed by Joint Managing Directors viz. Shri. Apurv Kumar and Shri. Rupak Gupta before Hon'ble Securities Appellate Tribunal. In the course of hearing before Tribunal, a plea was raised by the Appellants that they are desirous of moving an application before appropriate authority seeking permission to delist the company and for that purpose approach SEBI seeking modification of the orders passed on June 04, 2013 and December 02, 2014 so as to enable the Appellants to seek permission for delisting the company.
- h. The company owns 4 five star hotels located at Jaipur, Khajuraho, Lucknow and Agra.
- i. The shareholding Pattern of the company, as on June 30, 2019, is as under:

Category	No. of Shares	%	No. of Shareholders
Promoter	47,72,960	88.39	40
Public	6,27,040	11.61	994
Total	54,00,000	100	1034

- j. Vide Oder dated August 19, 2016 passed by Hon'ble National Company Law Tribunal (NCLT), New Delhi, Justice B. P. Singh (Retd.) has been appointed as Chairman and Independent Non-Executive Director of the company mainly to ensure due compliances with all statutory requirements of Law.
- k. Additionally, from 12.05.2017, Shri. Safi Alain has been appointed as an Independent Director. He was an IPS Officer in Bihar Cadre and retired as Director General, National Crime Records Bureau.
- l. In case voluntary delisting is allowed, no loss would be caused to the shareholders; on the contrary, they will be able to unlock the value and get a fair market value as per the formula prescribed under the Delisting Regulations through the Merchant Banker registered with SEBI.
- m. UPHL has also provided gist of litigations initiated by a group of promoters against other group which are pending before trial court and NCLT, New Delhi.
- n. In the past, SEBI had granted permission to voluntarily delist the shares of certain MPS non-compliant companies viz. Vippy Industries Limited, REIL Electricals India Ltd. and Shantivijay Jewels Ltd.
- o. Regulation 8(1B)(i) of Delisting Regulations requires a company to comply with all the requirements under the Listing Regulation before an application for voluntary delisting is made.
- p. As part of the commitment by the Promoter and the Company, the Company has complied with all the pending non-compliances and is up-to-date and regular in its filings with BSE, except the requirement of complying with the Minimum Public Shareholding.

- q. Suspension of trading of the Company, pending disposal of the matter by SEBI, would cause hardship to the public shareholders as they would not be able to trade in the shares of the Company. The promoters of the Company have undertaken not to deal in the shares of the Company pending final disposal of the matter before SEBI.
 - r. The company has already decided to voluntarily delist its shares from stock exchanges, so that proper exit may be provided to the present shareholder of the company, so as to protect their rights and interest in the company.
 - s. Under Regulation 8 (1B) (i) of the Delisting Regulations for the purpose of voluntary delisting of shares from stock exchange, it is required that the company is in compliance with applicable provisions of securities laws. In this case, as on date the company is fully compliant with the applicable provisions of securities laws except compliance with MPS norms.
 - t. If such exemption is not granted, the promoters would have to disperse the shareholding to public to comply with Rule 19A of SCRR and thereafter they would have to acquire shares from public for delisting, causing undesirable financial loss and unwarranted hardships to the promoters of the company.
7. UPHL has also submitted that the promoters had provided the following undertakings in this regard:
- a. Promoters have stated that they will vigorously follow up to comply with all pending requirements of law.
 - b. Promoters have undertaken that they shall acquire the minimum number of equity shares as stipulated under Regulation 17 of the Delisting Regulations.
 - c. If need arises, Shri. Apurv Kumar, one of the promoters, has undertaken in his individual capacity to acquire the minimum number of equity shares as stipulated under Regulation 17 of Delisting Regulations as amended thereto and subsequent amendments (i.e. 90% of total equity shareholding of the company)

- d. Promoters have further declared that they have got adequate net worth and financial capacity to fulfil the above commitment.
 - e. Promoters have also undertaken that they shall initiate the delisting process within one month from the date of the order.
8. In view of the above, UPHL has requested SEBI to grant relaxation from complying with MPS requirement in the context of Regulation 8(1B) (i) of Delisting Regulations and allow them to voluntarily delist the equity shares of the company from the stock exchanges. Following exemptions / relaxations have been sought by the company:
- a. The directions issued by SEBI vide interim order dated June 04, 2013 and confirmed vide confirmatory order dated December 02, 2014 may be modified as follows:-
 - i. The Company and its promoters may be permitted to take steps for initiating voluntary delisting process within 1 month from the date of the order.
 - ii. The direction issued in Para 17(b) of its interim order dated June 04, 2013 and confirmed vide its confirmatory order dated December 02, 2014 may kindly be modified to the extent that it shall not prevent the company or its promoters from initiating and carrying out the process of voluntary delisting.
 - iii. Promoters of the Company may be permitted to buy shares of the Company offered by public shareholders in the process of delisting of shares of the Company.
 - b. The promoters of the company may be granted one year to complete the delisting process in accordance with the law.
 - c. Company may be exempted from compliance with MPS requirements to enable them to make voluntary delisting from stock exchange.
 - d. Company may be granted relaxation from such other non-compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR') including non-compliance with the requirement of dematerialization of promoter's shareholding, as

may be necessary, so that such non-compliance does not become a hindrance in completion of the delisting process.

- e. A direction may be issued to BSE to revoke suspension of the Company, pending disposal of the Company's request for granting relaxation from complying with MPS requirement under Regulation 8(1B) (i) of Delisting Regulations to allow voluntary delisting of the equity shares of the Company from the stock exchanges.

Delisting Regulations and scope of SEBI's powers

9. The requirement to maintain Minimum Public Shareholding in a listed company was explicitly laid out by way of insertion of Rule 19A in the SCRR with effect from June 04, 2010. Rule 19A(1) read as follows:

"Continuous Listing Requirement.

19A. (1) Every listed company other than public sector company shall maintain public shareholding of at least twenty five per cent.:

...

10. The procedure relating to voluntary delisting of a company's equity shares is governed by the provisions of Delisting Regulations. However, one of the essential conditions relating to granting permission to voluntarily delist is recorded in Regulation 8(1B) of the Delisting Regulations, which reads as follows:

"(1B) The board of directors of the company while approving the proposal for delisting shall certify that :

- (i) the company is in compliance with the applicable provisions of securities laws;***
- (ii) the acquirer or promoter or promoter group or their related entities, are in compliance with sub-regulation (5) of regulation 4;***
- (iii) the delisting is in the interest of the shareholders."***

Further, regulation 25A of the Delisting Regulations reads as follows:

"Power to relax strict enforcement of the regulations.

25A. (1) The Board may, for reasons recorded in writing, grant relaxation from strict enforcement of any of the requirements of these regulations, if the Board is satisfied that the relaxation is in the interests of investors in securities and the securities market.

..."

11. I have perused the facts and circumstances of the case. I have also examined the scope of the powers of the Board under Regulation 25A of the Delisting Regulations. Under Regulation 25A, the Board has the power to relax strict enforcement of the regulations, if it is satisfied that the relaxation is in the interests of the investors in securities and the securities market and while doing so, the reasons for grant of relaxation need to be recorded in writing. This would imply that the Board is empowered to relax the rigors of the requirements under the Delisting Regulations on a case to case basis, upon being satisfied that such relaxation would serve the interest of investors of the company and the securities market as a whole.

Issues for consideration

12. Following are the major issues that require consideration in the matter:

- a. Whether relaxation from complying with MPS requirements is warranted in the extant matter.
- b. Whether relaxation under Regulation 25A of Delisting Regulations could be considered in the extant matter, given the facts and circumstances of the case.
- c. If yes, what conditions would need to be imposed along with the relaxation to ensure that public shareholder's interests are protected?
- d. Whether the instant matter requires issuance of directions to BSE to revoke suspension of the trading in shares of the company.
- e. Whether any relaxation of directions contained in Para 17(b) of the SEBI Interim order dated June 04, 2013 and confirmed vide SEBI order dated December 02, 2014, are warranted in the matter.
- f. Whether relaxation from other non-compliances with the provisions of LODR including non-compliance with the requirement of dematerialization of promoter's shareholding needs to be considered in the extant matter.

13. MPS norms were framed with the objective of ensuring wider dispersal of shareholding in publicly traded companies and higher participation of non-promoter shareholders. The objective has been clearly stated in the Press Release dated June 04, 2010,

issued by the Ministry of Finance, Government of India, in, inter alia, the following words: "A dispersed shareholding structure is essential for the sustenance of a continuous market for listed securities to provide liquidity to the investors and to discover fair prices. Further, the larger the number of shareholders, the lesser is the scope for price manipulation."

14. In the instant case, it is seen from the BSE website that the promoters have been holding 88.39% of shareholding since March 31, 2001. The concentration of shares with the promoters could have been one of the factors that have contributed to absence of active trading in the shares of the company. It is observed from the information available on BSE website that the shares of the company are infrequently traded and annual trading turnover since 2009 has not crossed even 10% of the total outstanding shares, as seen from the table below:

Year	No. of shares traded during the year	Total outstanding shares	Percentage of shares traded during the year to total shares
	(A)	(B)	(A)/(B) x 100
2009	61,361	54,00,000	1.14%
2010	4,79,123	54,00,000	8.87%
2011	3,73,516	54,00,000	6.92%
2012	71,707	54,00,000	1.33%
2013	1,34,207	54,00,000	2.49%
2014	51,262	54,00,000	0.95%
2015	1,890	54,00,000	0.04%
September 2015 till date	Trading suspended due to penal reasons		

Source: BSE Website

15. As per the company's submissions, the Board of Directors of the company passed a resolution on February 13, 2013 to get the company voluntarily delisted from BSE. However, it is stated that the company could not proceed with the delisting proposal in view of the order of the civil court, inter-alia, directing parties to maintain status-quo regarding the assets and business interests of the company. Further, the company,

vide letter dated February 28, 2018, submitted that the Hon'ble Allahabad High Court, vide its order dated May 30, 2014, has clarified that *"...the status quo shall be maintained amongst the parties with regard to management of assets only, as granted by the trial court vide order dated March 20, 2013"*.

16. From the SEBI confirmatory order dated December 02, 2014, it is observed as under:

"8. I have considered the submissions made by the Company and its Joint Managing Directors and other material available on record. The interim order was issued against the Company as it was non-compliant with the provisions of Rule 19A of the SCRR and Clause 40A of the Listing Agreement read with Section 21 of the Securities Contract (Regulation) Act, 1956 ('SCRA'), having not maintained the minimum level (of 25%) of public shareholding as of June 03, 2013 (the time line before which such compliance was to be achieved). Admittedly, this contravention still continues. The amended provisions of Rules 19A of the SCRR came into force with effect from June 04, 2010, offering a time period of three years (i.e., on or before June 03, 2013) for a listed company to maintain public shareholding of atleast 25%. I note that the Company had not taken any step to comply with the MPS requirements except placing the issue for consideration in its Board meetings. It has been submitted by Mr. Rupak Gupta, one of the Joint Managing Directors that initially no consensus could be arrived at amongst the Board members as to the way forward for compliance and therefore no effective decisions could be taken on the matter. I note that it was only on February 13, 2013, that a resolution was passed to voluntarily delist the Company. However, this decision was reconsidered in the meeting of May 12, 2013 and in the Board meeting dated May 27, 2013, wherein it was resolved that bonus shares be issued exclusively to the public.

9. The Company and the Joint Managing Directors in their submissions have argued that they were not able to comply with the MPS norms due to the restraint order dated December 07, 2012 and status quo order dated March 20, 2013 passed by the Learned Civil Court. However, it is to be noted that prior to the orders of Learned Civil Court also the Company had sufficient time to comply with the MPS norms. Further, the Hon'ble High Court has also vide its order dated

September 09, 2013, inter alia said that '... .. in case Apurv Kumar is not cooperating as per Resolution dated February 13, 2013, the Company Secretary is authorized to take necessary steps as required under Securities Contract Regulation Rules, 1957 read with Clause 40 A of the Listing Agreement and SEBI directives applicable to public listed companies.'. Considerable time has elapsed, since the order of Hon'ble High Court, however, the Company is yet to comply with the MPS norms.

10. It is to be noted that the relevant statute does not provide for exemption/relaxation of such continuous listing requirements. The same also does not provide any category by the name of 'sub-judice category' as submitted by one of the Joint Managing Directors, Mr. Apurva Kumar. From the submissions and the records brought before me, there appears to be no order directing status quo of the shareholding levels in the Company. On the contrary as stated above, the Hon'ble High Court has directed the Company to take necessary steps towards the MPS compliance. I also note that the Hon'ble High Court, vide its order dated May 30, 2014 has inter alia stated that "... .. status quo shall be maintained amongst the parties with regard to the management of assets only, as granted by the trial Court vide order dated March 20, 2013." The Hon'ble High Court also directed the Learned Trial Court to expedite the hearing of the regular Suit No. 1574 of 2012."

- 17.** As noted in the above extracted part of the confirmatory order, there was no court order which prevented the company from complying with MPS requirements. I further note that the company / promoters have not made any genuine and tangible efforts to achieve compliance with MPS requirements, even after the said confirmatory order.
- 18.** I also note that the company, in their submissions, has cited certain prior instances where SEBI had permitted delisting of companies which were not compliant with the MPS requirements. However, I note that some of the earlier orders allowing delisting was made pursuant to BIFR directions. I have also taken note that these cases are not exactly comparable as the facts and circumstances in each of these cases are different vis-à-vis the extant matter. SEBI, in the past, has also rejected certain applications from MPS non-compliant companies seeking delisting, considering the facts and circumstances in such cases. The relaxation under Regulation 25A of

Delisting Regulations is neither automatic nor precedent-driven but is extended only in exceptional cases after judiciously considering the peculiarities associated with the respective cases.

19. Another issue to be considered in the matter is whether relaxation under Regulation 25A of Delisting Regulations could be considered in the extant matter, given the facts and circumstances of the case, to enable the company to initiate voluntary delisting. Regulation 8(1B)(i) of the Delisting Regulations requires the company proposing to make a voluntary delisting to certify that it is in compliance with “applicable provisions of securities laws”. This provision, read with Rule 19A of the SCRR (*also recorded above*), indicates that a company which is non-MPS compliant (*thereby said to be not compliant with “applicable provisions of securities laws”*) cannot seek voluntary delisting. In the context of consideration of such delisting applications made by MPS non-compliant companies, it is relevant to make certain observations. Firstly, delisting should not serve as an easy option that can be chosen by such companies to sidestep MPS compliance. At the same time, preventing delisting of companies which are not frequently traded and/or having low public shareholding actually works against the interest of the public shareholders. Furthermore, voluntary delisting is a preferable option from the perspective of investors as the public shareholders get to participate in the reverse book building process to arrive at a fair and acceptable exit price. In cases of non-compliance with MPS norms, SEBI has allowed certain MPS-non-compliant companies to go ahead with voluntary delisting, taking into consideration certain peculiar facts of the company. In fact, the powers conferred on SEBI under regulation 25A of the Delisting Regulations to relax the applicability of provisions of the Regulations and Rule 19 (7) of the SCRR permitting SEBI to waive or relax the strict enforcement of listing requirements under the SCRR is indicative of the legislative intent for SEBI to take a pragmatic view of cases, keeping the interest of investors as the predominant consideration. Therefore, there is a need to balance the interest of the public shareholders vis-à-vis a strict interpretation of Regulation 8(1B)(i) of the Delisting Regulations, so as to enable the shareholder to realize the best value of the shares while allowing such relaxations in suitable cases. The relaxations given to such companies to initiate voluntary delisting may therefore come with certain stringent conditions, basically with an objective to protect investor interest.

- 20.** I note that compliance with applicable provisions of securities laws including MPS requirements is mandated under Regulation 8(1B)(i) of the Delisting Regulations before a company can initiate delisting proceedings. In this context, having regard to the preceding paragraphs, I find it appropriate to relax the requirement under Regulation 8(1B)(i) of Delisting Regulation limited to the extent of compliance by the company with MPS requirements.
- 21.** While the company has remained listed, the trading in its shares has been minimal and the trading has been suspended since September 2015. In view of the above, the company, while continuing as a listed company on records, was in effect, akin to an unlisted company, giving no liquidity or reasonable exit opportunity to public shareholders.
- 22.** For the public shareholders, the reverse book building mechanism in voluntary delisting gives them an option to get a price better than what may be available in an otherwise illiquid market. However, if the public shareholders foresee better financial future for the company, they would be free not to participate in the voluntary delisting process. As per available records, there are no investor grievances pending against the company. Thus, in my opinion, voluntary delisting would be a better alternative in the investors' interest in the instant case, as compared to compulsory delisting, which would result in shareholders being paid the fair value as calculated by the independent valuer.
- 23.** Presently, the company has a public shareholding of 11.61% as against the minimum requirement of 25%. In case of those companies undertaking voluntary delisting, while being compliant with MPS requirements, the promoters are required to acquire at least 15% of total shareholding from the public in terms of Regulation 17 of Delisting Regulations, to deem the delisting offer to be successful. In other words, promoters of an MPS compliant company would need to acquire at least 60% of the public shareholding (i.e.15% of total shareholding out of the 25% total public shareholding), to make the delisting offer successful. Since the promoters already hold 88.39% shareholding in the company, they would have to acquire only 1.61% shareholding

from public to reach 90% in the instant case. Applying the threshold of 90% promoter holding under Regulation 17 to deem the delisting to be successful in the instant case is felt inadequate as it may indirectly incentivize the MPS violation. Hence, certain conditions are being imposed upon the company and promoters, which would balance the breach of MPS non-compliance vis-à-vis the interest of investors, as indicated under the heading “Directions”.

24. Another major concern in case of a company getting delisted is whether the public shareholders are given the fair price, especially when the shares are not widely traded to reflect its actual worth. In the given case, the company is a profit making company. However, the trading in shares of the company has been suspended since 2015 for certain non-compliances with listing requirements. It is observed from the disclosures available on BSE website that total revenues, profits and net worth of the company have shown steady improvement, as seen below:

(Amount in Rs. crore)

	FY2019	FY2018	FY2017	FY2016	FY2015
Turnover	109.73	98.45	87.89	86.88	77.80
Net Profit	6.56	3.05	4.15	3.93	2.71
Net worth	92.57	86.07	82.48	79.87	76.59

25. In such a scenario, it becomes imperative that the public shareholders opting for exit are paid fair value for the shares tendered by them, especially in the context that the price discovery mechanism through the market is not available since the year 2015. Hence, I find it appropriate to impose additional conditions with respect to valuation to ensure that the public shareholders opting for exit are paid a fair price for their shares.
26. The company, vide letter dated February 04, 2019, has also prayed for issuing directions to BSE, to revoke its order suspending trading in shares of the company. The company has submitted that the trading in its shares has been suspended by BSE since September 15, 2015 due to certain non-compliance with the listing requirements of the stock exchange. In this regard, I note that the trading in the shares of the company has been suspended by BSE in accordance with the Standard Operating

Procedure for suspension and revocation of equity shares of listed entities for non-compliance of certain listing conditions and the company continues to be non-compliant with the MPS requirements. While I do not find any valid ground to intervene in the matter, UPHL may consider approaching BSE in this regard and BSE may consider the application on merits.

- 27.** The company has also requested that the directions issued by SEBI in Para 17(b) of its interim order dated June 04, 2013 and confirmed vide confirmatory order dated December 02, 2014 may be modified to the extent that it shall not prevent the company or its promoters from initiating and carrying out the process of voluntary delisting and the promoters of the company be permitted to buy shares of the company offered by public shareholders in the process of delisting of shares of the company. I note that the directions contained in the aforementioned SEBI orders, inter-alia, prohibit the promoters / promoter group and directors of these non-compliant companies from buying, selling or otherwise dealing in securities of the company, either directly or indirectly, in any manner whatsoever, except for the purpose of complying with the MPS requirement, till such time the company complies with the MPS requirement. Voluntary delisting process would necessitate buying of shares of public shareholders by the promoters. Hence, I deem it fit to modify the direction contained in Para 17(b) of its interim order dated June 04, 2013 and confirmed vide order dated December 02, 2014, to the extent required to enable the promoters to acquire shares from public shareholders as part of the voluntary delisting process.
- 28.** The company has also sought relaxation from such other non-compliance with the provisions of LODR including non-compliance with the requirement of dematerialization of promoter's shareholding. However, I note that no specific grounds in support of such request have been made out in the application and no specific reason for not complying with the requirement of dematerialization of promoter shareholding has been brought out in the application. In this regard, I note that relaxation under Regulation 25A of the Delisting Regulations can not become a comprehensive forbearance mechanism to bypass various regulatory requirements applicable to a listed company or to regularize existing non-compliances by listed entities. I am of the view that the power to grant relaxation

under Regulation 25A of the Delisting Regulations has to be judiciously used and should not be used by listed entities to obtain blanket exemptions from complying with various listing requirements. In view of the above, I do not deem it fit to grant any relaxation from the provisions of LODR including non-compliance with the requirement of dematerialization of promoter's shareholding, except as mentioned elsewhere in the order.

Directions:

29. For the aforesaid reasons, in the interest of investors in securities and in exercise of powers under sections 11(1) and 11B of the SEBI Act, 1992 and regulation 25A of the SEBI (Delisting of Equity Shares) Regulations, 2009, I find it appropriate to grant the company i.e. U.P. Hotels Ltd., relaxation from the applicability of regulation 8(1B)(i) *(limited to the extent of compliance with minimum public shareholding norms)* for the specific purpose of seeking voluntary delisting of its equity shares, subject to the following conditions:

- (i) The Company is in compliance with provisions of all other applicable laws.
- (ii) The company shall initiate voluntary delisting of its equity shares within a period of 1 month from the date of this Order and shall complete the process of voluntary winding up within a period of one year from the date of this order.
- (iii) The company shall obtain valuation of its equity shares from two independent peer reviewed chartered accountants.
- (iv) The delisting price to be paid to the investors shall be at least equal to the price as determined through reverse book building process or through the valuation mechanism at clause (iii) above, whichever is higher.
- (v) The company shall cause to publish a newspaper advertisement in one national newspaper in English and in newspapers in local vernacular in each State where its public shareholders are residing, as per the address contained in its records.
- (vi) The advertisement as provided in clause (v) above as well as the explanatory statement to special resolution shall indicate the valuation obtained as per clause (iii) above and shall also state that the higher of the price determined through the reverse book building process and the valuation as obtained in

- clause (iii) above, shall be paid to investors, in the event of company proceeding with the delisting.
- (vii) The offer price shall be paid to tendering shareholders only through banking channels through crossed account payee cheque / crossed demand draft / internet banking channels to enable audit trail.
 - (viii) In addition to compliance with the applicable provisions of Delisting Regulations, the delisting offer shall be considered as successful only if the promoters acquire at least 60% of the existing public shareholding of 11.61%, i.e. approximately 6.97% of the total shareholding;
 - (ix) Pursuant to delisting of company's equity shares, the promoters shall continue to accept shares tendered by any remaining public shareholder holding such equity shares, for up to a period of two years from the date of delisting, at the same price at which the earlier acceptance of shares was made and in a manner that provides bank record of payment.
 - (x) Subject to the above, the company shall comply with all other conditions, including those pertaining to determination of the offer price, stipulated in Chapter IV of the Delisting Regulations.
 - (xi) The directions contained in Para 17(b) of the SEBI Interim order dated June 04, 2013 and confirmed vide SEBI order dated December 02, 2014, pertaining to prohibition on promoters / promoter group and directors of the company from buying, selling or otherwise dealing shall stand modified to the limited extent to allow promoters / promoter group entities and directors of the company to purchase shares from public shareholders under the proposed delisting process. The direction contained in Para 17(b) of the Interim Order shall be re-imposed / revived immediately (without the need for passing of a separate order) in case the delisting process of the company is not successful within the period directed in clause (ii) above.
 - (xii) Upon the company getting delisted in accordance with this order, the directions issued vide the Interim Order dated June 04, 2013 read with the Confirmatory Order dated December 02, 2014 shall stand vacated automatically without any further orders.

- (xiii) The above directions are without prejudice to the right of SEBI to take any other appropriate action for other non-compliances including with MPS requirements and non-dematerialization of shareholding of promoters, etc.
- (xiv) Copy of this order shall also be displayed on the company's website and the web link thereto shall be included in the notice of special resolution sent to shareholders.

30. The Application dated September 26, 2019 along with related correspondences stands disposed of accordingly.

DATE: September 30, 2019

PLACE: Mumbai

**G. MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**



उप महाप्रबंधक / DEPUTY GENERAL MANAGER
निगम वित्त विभाग / CORPORATION FINANCE DEPARTMENT
निगम पुनर्संरचना प्रभाग / DIVISION OF CORPORATE RESTRUCTURING
ई-मेल / E-mail – srishtijc@sebi.gov.in
दूरभाष सं. / Ph No: 022-26449354

सेबी/एचओ/सीएफडी/डीसीआर2/पी/ओडब्ल्यू/2024/37318/1

SEBI/HO/CFD/DCR2/P/OW/2024/37318/1

December 03, 2024

U. P. Hotels Limited,
1101, Surya Kiran, 19, K. G. Marg, New Delhi - 110001

Kind Attention: Mr. Apurv Kumar

Sir,

Sub: Application under Regulation 42 of SEBI (Delisting of Equity Shares) Regulations, 2021 (“Delisting Regulations”)

1. This is with regard to your captioned application dated December 08, 2023 and subsequent correspondences, submitted under Regulation 42 of SEBI (Delisting of Equity Shares) Regulations, 2021 (“**Delisting Regulations**”), wherein you have *inter-alia* sought relaxation from the condition of acquisition of 6.97% shares from the public shareholders for a successful delisting specified at para 29(viii) of SEBI order dated September 30, 2019 (**SEBI Order**) and from the requirement of compliance with minimum public shareholding norms, for the specific purpose of enabling U. P. Hotels Ltd. (**Company**) to propose a voluntary delisting of its equity shares. You have also requested to modify the directions of prohibition from buying, selling or otherwise dealing in securities of the company by promoters & directors imposed vide interim order dated June 04, 2013 and confirmatory order dated December 02, 2014.
2. Subsequently, you have vide letter dated April 05, 2024 undertaken the following in terms of the provisions of Delisting Regulations:
 - a. The acquirer shall provide an indicative price of Rs.900/- per share in respect of the Voluntary Delisting offer.
 - b. The acquirer shall accept the equity shares tendered or offered in the delisting offer, if the discovered price determined through RBB process is equal to the floor price or the indicative price.

- c. The acquirer shall accept the equity shares at the indicative price even if the price determined through RBB process is higher than the floor price but less than the indicative price.
 - d. If the discovered price is higher than the indicative price, then the acquirer shall take a suitable decision in terms of the provisions of Delisting Regulations.
 - e. The Acquirer shall comply with all other conditions stipulated in Delisting Regulations.
3. In this regard, the competent authority has granted the following relaxations for the specific purpose of seeking voluntary delisting of equity shares of the company:
 - a. Relaxation from the condition of acquisition of 6.97% shares from the public shareholders for a successful delisting specified at para 29(viii) of SEBI Order. The delisting may be considered as successful if post offer shareholding of the Acquirer reaches the threshold of 90% of the total shareholding in terms of Regulation 21(a) of Delisting Regulations.
 - b. Relaxation from the requirement of compliance with minimum public shareholding norms.
4. Further, the competent authority has issued the following directions for the specific purpose of seeking voluntary delisting of equity shares of the company:
 - a. The directions contained in in Para 17(b) of the SEBI Interim order dated June 04, 2013 and confirmed vide SEBI order dated December 02, 2014, pertaining to prohibition on promoters / promoter group and directors of the company from buying, selling or otherwise dealing shall stand modified to the limited extent to allow promoters / promoter group entities and directors of the company to purchase shares from public shareholders under the proposed delisting process. The direction contained in Para 17(b) of the Interim Order dated June 04, 2013 shall be re-imposed / revived immediately (without the need for passing of a separate order) in case the delisting process of the company is not successful within a period of one year from the date of this letter.
 - b. Upon the company getting delisted, the directions issued vide the Interim Order dated June 04, 2013 read with the Confirmatory Order dated December 02, 2014 shall stand vacated automatically without any further orders.

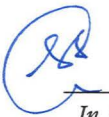


5. The above relaxations have been granted and directions are issued subject to the following conditions:
- i. The Company is in compliance with provisions of all other applicable laws.
 - ii. The company shall initiate voluntary delisting of its equity shares within a period of 1 month from the date of this letter and shall complete the process of voluntary winding up within a period of one year from the date of this letter.
 - iii. The company shall obtain valuation of its equity shares from two independent peer reviewed chartered accountants.
 - iv. The delisting price to be paid to the investors shall be higher of the price as determined through reverse book building process or through the valuation mechanism at clause (iii) above or the indicative price.
 - v. The company shall cause to publish a newspaper advertisement in one national newspaper in English and in newspapers in local vernacular in each State where its public shareholders are residing, as per the address contained in its records.
 - vi. The advertisement as provided in clause (v) above as well as the explanatory statement to special resolution shall indicate the valuation obtained as per clause (iii) above and shall also state that the higher of the price determined through the reverse book building process, the valuation as obtained in clause (iii) above and indicative price, shall be paid to investors, in the event of company proceeding with the delisting.
 - vii. The offer price shall be paid to tendering shareholders only through banking channels through crossed account payee cheque / crossed demand draft / internet banking channels to enable audit trail.
 - viii. Pursuant to delisting of company's equity shares, the promoters shall continue to accept shares tendered by any remaining public shareholder holding such equity shares, for up to a period of two years from the date of delisting, at the same price at which the earlier acceptance of shares was made and in a manner that provides bank record of payment.
 - ix. Subject to the above, the company shall comply with all other conditions, including those pertaining to determination of the offer price, stipulated in Chapter IV of the Delisting Regulations.
 - x. The above relaxation granted and directions issued are without prejudice to the right of SEBI to take any other appropriate action for other non-



compliances including with MPS requirements and non-dematerialization of shareholding of promoters, etc.

6. The following shall be disclosed suitably in the detailed public announcement and letter of offer:
- The acquirer is voluntarily providing an indicative price of Rs.900/- per share in respect of the Voluntary Delisting offer.
 - The acquirer shall be bound to accept the equity shares, at the indicative price of Rs.900/-, even if the price determined through RBB process is higher than the floor price and less than the indicative price.
 - If the discovered price is higher than the indicative price of Rs.900/-, then the acquirer shall take a suitable decision in terms of the provisions of the Delisting Regulations.
 - Public shareholders holding the equity shares of the company, which are sought to be delisted, shall be entitled to participate in the reverse book building process in the manner specified in Schedule II of delisting regulations.
 - Details of the reverse book building process would be disclosed in the manner specified in Schedule II of delisting regulations along with illustrations (considering indicative price of Rs. 900/-) showing all scenarios mentioned above.
7. The exemptions granted herein are based on the submissions made by the company. In case, at later stage, if it is found that the submissions made were untrue, inaccurate and not based on facts, the exemptions granted herein shall lapse and that the applicant, its promoter(s) and director(s) shall be responsible for appropriate enforcement actions as may be deemed fit.
8. The Manager to the offer, in coordination with the acquirer shall ensure that the rights of the remaining public shareholders are protected and, in furtherance of the same shall:
- a. publish, on a quarterly basis, an advertisement in the same newspapers in which the public announcement of the offer for delisting of equity shares was published, inviting the remaining public shareholders to avail the exit opportunity during the two year exit window after delisting of shares;
 - b. send follow up communications to the remaining public shareholders on a quarterly basis; and



- c. file a quarterly progress report to the stock exchange(s), which shall be disseminated to the public thereafter by the stock exchange(s), disclosing the following:
- number of remaining public shareholders at the beginning and end of the quarter; and
 - details of public shareholders who availed the exit opportunity during the quarter.
9. Subject to the above, the company shall comply with all other conditions stipulated in Delisting Regulations.
10. The application dated December 08, 2023, along with related correspondences, is accordingly disposed of.
11. This has been issued with approval of the competent authority.

Yours faithfully,



Srishti Ambokar