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 Jyothy Consumer Products Limited (*now amalgamated with Jyothy Laboratories Limited***)**

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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. Jyothy Consumer Products Limited (hereinafter referred to as "JCPL" or "the Company") is one such company against whom the *interim order* was passed. The equity shares of JCPL were listed on the Bombay Stock Exchange Limited ("BSE").

3. With respect to the allegation against JCPL in the *interim order*, Jyothy Laboratories Limited (hereinafter referred to as "JLL") filed replies vide letters dated June 26, 2013, July 08, 2013 and July 18, 2013. It was *inter alia* stated therein that JCPL had amalgamated with JLL as per a scheme of amalgamation which was approved by the Hon'ble Bombay High Court. An opportunity of personal hearing was afforded on August 06, 2013, when Ms. Ipsita Dutta, Ms. Gazal Rawal and Ms. Anshu Choudhary, Advocates and officials from JLL, namely, Mr. M.L. Bansal (*Company Secretary*) and Mr. Dinesh Ladwa (*Assistant Company Secretary*) appeared and made submissions. A note containing the chronology of events was submitted.

4. I have perused the replies submitted by JLL, the oral submissions made in the personal hearing and other material available on record. From the replies of JLL and the chronology of events, I note that JLL has submitted that as both JCPL and JLL had common businesses, the Board of Directors of both the companies approved the amalgamation of JCPL with JLL in order to increase operational efficiencies. Pursuant to the receipt of no-objections from the stock exchanges for such proposed amalgamation of JCPL with JLL, a scheme of amalgamation was filed before the Hon'ble

High Court of Bombay. It was submitted that JLL and JCPL convened the meeting of their respective shareholders, as directed by the Hon'ble High Court, and that the resolution for amalgamation was approved by the respective shareholders on November 22, 2012. The Chairman's report with respect to the meeting and the shareholders' approval pertaining to the amalgamation was submitted before the Hon'ble Court. JLL had submitted that the Hon'ble Court had approved the Scheme of Amalgamation by its Order dated April 12, 2013 giving effect to the amalgamation with retrospective effect from April 01, 2012. It was further submitted that the certified copy of the Court order was received on May 04, 2013 and that the same along with Form 21 was filed with the Registrar of Companies, New Delhi on May 13, 2013. JLL has further stated that on submission of such documents with the RoC, JCPL stood dissolved as on May 13, 2013.

5. During the personal hearing, the representatives submitted that BSE had suspended trading in the shares of JCPL as on May 27, 2013 as the record date for allotment of shares of JLL to the shareholders of JCPL was May 28, 2013. It was submitted that on June 03, 2013, the Board of Directors of JLL approved the allotment of one share of JLL to every four shares of JCPL to the shareholders of JCPL as on the record date. Pursuant to the board approval, it was submitted that JLL filed necessary applications with the depositories for the debit of shares of JCPL held by JLL and for the credit of shares of JLL to the shareholders of JCPL. The representatives submitted that the new shares allotted to the shareholders of JCPL under the terms of the scheme of amalgamation, were approved in-principle by the BSE and NSE for listing. According to the representatives, the grievance of JLL and that of the shareholders of JCPL is that because of the *interim order*, NSDL and CDSL are not completing the corporate action of debiting the shares of JCPL and crediting the shares of JLL. It was also submitted that JLL has to apply for final listing approvals from the stock exchanges. Therefore, the representatives reiterated the request of JLL made to SEBI vide letter dated July 18, 2013 and requested SEBI to (i) remove the name of JCPL from the list of non-compliant companies mentioned in the *interim order* and (ii) issue suitable directions to NSDL, CDSL, BSE, NSE and the registrar and share transfer agents to complete the process of credit of shares of JLL to the shareholders of JCPL.

6. I have considered the submissions. I have perused the true copy of the Order passed by the Hon'ble Bombay High Court approving the scheme of amalgamation of JCPL with JLL. The scheme was also annexed to the said order. I note that JCPL stood dissolved as on May 13, 2013 pursuant to the submission of the authenticated copy of the Court order and Form 21 with the concerned Registrar of Companies. I also note from the order of the Hon'ble Court and the Scheme that the appointed date of the scheme was April 01, 2012. I further note from the disclosure/information from the BSE website that JCPL has been delisted as on July 08, 2013 as it had amalgamated with JLL. As JCPL is dissolved, it has no more legal existence. Therefore, the proceedings against JCPL initiated vide the *interim order* stand abated. I also note that there is no allegation of any *mala fide* action on the part of the promoters/directors of the Company. Accordingly, the directions issued against JCPL, its promoters and promoter group and directors shall stand vacated with immediate effect. As regards the request of JLL that SEBI suitably direct NSDL, CDSL, NSE and BSE to complete the

corporate action with respect to the debiting of shares of JCPL and credit shares of JLL to the shareholders of JCPL, I am of the view that such action could be completed by the concerned entities, subject to compliance with other requirements as may be required under law. In view of the foregoing, I, in exercise of the powers conferred upon me under section 19 of the Securities and Exchange Board of India Act, 1992 read with sections 11(1), 11(2)(j), 11(4) and 11B thereof and section 12A of the Securities Contracts (Regulation) Act, 1956, hereby order accordingly.

7. Copy of this Order shall be served on the stock exchanges and depositories for their information and action that may deem fit and necessary in this case.

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA

Date : August 08, 2013
Place : Mumbai