

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Section 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 Polson Limited

1. Securities and Exchange Board of India ("**SEBI**") 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 ("**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 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. The noticee i.e. Polson Ltd. (also hereinafter referred to as "**the Company**") as was one of the 105 companies against whom the interim order was passed.
2. The Company filed its reply to the interim order vide its letter dated June 17, 2013. Thereafter, the Company was afforded opportunities of personal hearing on June 27, 2014 and October 09, 2014, when its authorised representatives appeared and also filed written submissions. Another opportunity of personal hearing was granted to it on January 14, 2015 after which the Company filed its written submissions on January 19, 2015. Later, on March 31, 2016, one more opportunity of personal hearing was granted to the Company and the authorised representatives of the Company appeared and made submissions. Taking into account all the aforesaid submissions, SEBI passed an Order dated June 14, 2016, confirming the directions issued vide the interim order against the Company, its directors and promoters/ promoter group. In the said Order, it was observed that the Company continued to be non-compliant with the MPS requirements thereby continuing to be in breach of Rule 19A of the SCRR and Clause 40 A of the Listing

Agreement [now Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015] read with Section 21 of the Securities Contracts (Regulation) Act, 1956 ("**SCRA**").

3. Subsequently, Polson Ltd sent a letter dated November 22, 2017 to SEBI submitting that it had fulfilled the minimum public shareholding requirement by selling 11,200 equity shares owned by the promoters of the company, using the "Offer for Sale" mechanism. Copy of the letter sent to BSE along with revised shareholding pattern and copy of the acknowledgement of uploading the revised shareholding pattern on the stock exchange portal was also attached to the said letter.
4. SEBI Circular dated November 30, 2015 issued in pursuance of Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 stated the following methods that can be used to comply with the requirements of Rule 19(2)(b) / Rule 19A of the Securities Contracts (Regulation) Rules, 1957:
 - i. Issuance of shares to public through prospectus;*
 - ii. Offer for sale of shares held by promoters to public through prospectus;*
 - iii. Sale of shares held by promoters through the secondary market in terms of SEBI circular CIR/MRD/DP/05/2012 dated February 1, 2012;*
 - iv. Institutional Placement Programme (IPP) in terms of Chapter VIIIA of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009;*
 - v. Rights Issue to public shareholders, with promoter/promoter group shareholders forgoing their entitlement to equity shares, that may arise from such issue;*
 - vi. Bonus Issues to public shareholders, with promoter/promoter group shareholders forgoing their entitlement to equity shares, that may arise from such issue;*
 - vii. Any other method as may be approved by SEBI on a case to case basis. For this purpose, the listed entities may approach SEBI with appropriate details... "*
5. In the instant case, it appears that the noticees have resorted to the Offer for Sale mechanism in terms of SEBI circular CIR/MRD/DP/05/2012 dated February 1, 2012 (*subsequently superseded by SEBI Circular CIR/MRD/DP/18/2012 dated July 18, 2012*) to reduce promoter shareholding. The Shareholding pattern enclosed in

the company's letter reveals that public shareholding as of October 27, 2017 stands at 25.01% of the total number of shares of the company. This is therefore in compliance with the public shareholding requirement of twenty five percent mandated in Rule 19A of the SCRR as a continuous listing requirement for listed companies. The mode of compliance has also been adhered to since Offer for Sale Mechanism is one of the modes specified by SEBI Regulations for complying with the minimum public shareholding requirement. BSE has also confirmed in its email to SEBI dated 23.01.2018 that Polson Ltd. is now in compliance with the minimum public shareholding requirement with effect from October 26, 2017.

6. In view of the above, in exercise of the powers conferred on me under Sections 11(1), 11(2)(j), 11(4) and 11B thereof and Section 12A of the Securities Contracts (Regulation) Act, 1956, hereby revoke the directions issued vide the interim order dated June 04, 2013 against the company, Polson Ltd., its directors, promoters and promoter group, with immediate effect.
7. The mandate to maintain minimum public shareholding was introduced through amendments made in the year 2010, to the Securities Contracts (Regulation) Rules, 1957, subsequent to which several circulars also had been issued by SEBI to ensure that listed companies comply with the said requirement. The company has delayed compliance with MPS requirement by more than 4 years (i.e. from June 03, 2013 till October 26, 2017). Since I do not find any justifiable reason for the company i.e. Polson Ltd., to have delayed the compliance of the requirement to maintain the said minimum public shareholding, SEBI may consider initiating any action as deemed fit.
8. Copy of this Order shall also be served on recognised stock exchanges and depositories for their information and necessary action.

DATE: January 31, 2018
PLACE: Mumbai

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