

COI/15/OCT/2012

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CONSENT ORDER

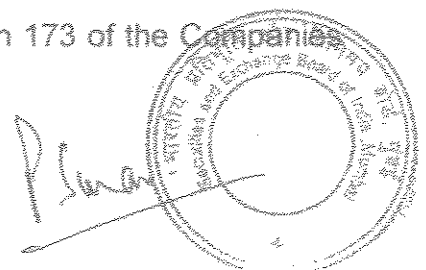
On the Application No. 1676 Of 2009 filed by

KWALITY DAIRY (INDIA) LTD.

(PAN AABCK1289R)

1. Kwaliti Dairy (India) Ltd. (hereinafter referred to as '**the applicant**') having its registered office at KDIL House, F-82, Shivaji Place, Rajouri Garden, New Delhi-110027 had filed an application, vide its letter dated November 21, 2009 in terms of the SEBI Circular No. EFD/ED/Cir-1/2007 dated April 20, 2007, proposing to settle, through a consent order, all the anticipated proceedings by SEBI for non-compliance of Clauses 13.1A and 13.1.2.2. of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 (hereinafter referred to as the '**DIP Guidelines**').
2. The applicant made a preferential allotment of 5,00,000 shares of Rs. 100 each to its promoters in the year 1999-2000.
3. Pursuant to the preferential allotment, the said shares were converted into equity shares on June 14, 2002. Subsequently, when these equity shares were proposed to be listed on the BSE, it was then advised by the BSE that the above-mentioned clauses of the DIP Guidelines had not been complied with by the applicant and that the applicant should obtain a no-objection letter from SEBI. In view of the aforesaid non-compliances, the applicant filed the consent application.
4. The applicant has admitted that it had failed to comply with Clauses 13. 1A and 13.1.2.2. of the DIP Guidelines with regard to the said preferential allotment.
5. Clause 13. 1A of the DIP Guidelines stipulates that the explanatory statement to the notice for the general meeting in terms of Section 173 of the Companies Act, 1956 shall contain:



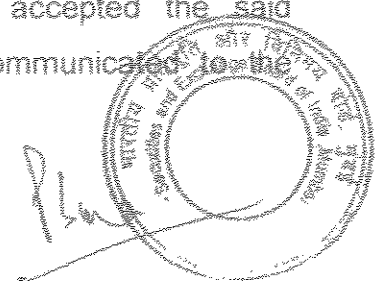


- i. the object/s of the issue through preferential offer
- ii. intention of promoters/directors/ key management persons to subscribe to the offer
- iii. shareholding pattern before and after the offer
- iv. proposed time within which allotment shall be complete and
- v. identities of the proposed allottees and percentage


However, the applicant did not disclose any of the five stipulated details in the notice for general meeting.


Further, Clause 13.1.2.2. of the DIP Guidelines stipulates that the resolution to be passed in terms of Section 81(1A) shall clearly specify the relevant date on the basis of which price of the resultant shares shall be calculated which was not specified in the said resolution.

6. The representatives of the applicant had a meeting with the Internal Committee of SEBI whereafter the applicant vide its letter dated August 25, 2010 submitted its revised consent terms. The application was placed before the High Powered Advisory Committee (HPAC) in its meeting dated January 19, 2011 which recommended rejection of the proposed terms of consent, which was accepted by the panel of Whole Time Members of SEBI. Thereafter, the same was informed to the applicant vide the letter dated February 03, 2011.
7. Thereafter vide letter dated April 30, 2012 the applicant has proposed the revised consent terms to settle any proceedings that may be initiated against the applicant for the aforementioned non-compliances by offering to pay a sum of Rs. 3,00,00,000/- (Rupees Three Crores only) towards settlement charges.
8. The High Powered Advisory Committee (HPAC), considered the consent terms proposed by the applicant and recommended the case for settlement on payment of Rs. Rs. 3,00,00,000/- (Rupees Three Crores only) towards settlement charges.
9. The Panel of Whole Time Members of SEBI had accepted the said recommendations of the HPAC and the same was communicated to the applicant vide letter dated September 18, 2012.



10. Accordingly, the applicant, has, vide Demand Draft no. 008719 dated September 27, 2012 drawn on Axis Bank and payable at Mumbai, remitted a sum of Rs. 3,00,00,000/- (Rupees Three Crores only) towards the settlement charges.
11. In view of the above, any proceedings that may be initiated against the applicant for the aforementioned non-compliances of the provisions of Clauses 13.1A and 13.1.2.2. of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 stand settled and SEBI shall not initiate any enforcement action against the applicant for the same.
12. This order is without prejudice to the right of SEBI to initiate enforcement actions against the applicant for the abovementioned delay in compliance, if:
- a. any representation made by the applicant in this consent proceeding is subsequently discovered to be untrue; or
 - b. the applicant breaches any of the consent terms or undertakings filed in this consent proceeding.
13. This consent order is passed on this the 30th day of OCTOBER, 2012 and shall come into force with immediate effect.


RAJEEV KUMAR AGARWAL
WHOLE TIME MEMBER


PRASHANT SARAN *
WHOLE TIME MEMBER

