

**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**SETTLEMENT ORDER**

<b>Settlement Application Number</b>	<b>Name of the Applicant</b>	<b>PAN</b>
<b>7136/2023</b>	<b>VALIANT ORGANICS LIMITED</b>	<b>AACCV0024A</b>

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1. Valiant Organics Limited (hereinafter referred to as “**Applicant**”) filed a *suo motu* settlement application (hereinafter referred to as “**Application**”) with Securities and Exchange Board of India (hereinafter referred to as “SEBI”) in terms of the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as “**Settlement Regulations**”) proposing to settle by neither admitting nor denying any finding of fact or conclusion of law, the enforcement proceedings that may be initiated against it for the non-compliance of Clause I (A)(3)(b) of Annexure – I of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 read with regulations 11, 37 and 94 read with regulation 101(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Rule 19(7) of Securities Contracts (Regulation) Rules, 1957.
  2. The brief facts of the case are as follows:
    - (a) Amarjyot Chemical Ltd. (ACL) merged with the Applicant by absorption, which was sanctioned by the Mumbai Bench of the National Company Law Tribunal on March 8, 2019.
    - (b) Pursuant to the approved scheme, the Applicant allotted 72 fully paid equity shares of Rs. 10/- each and 21 optionally convertible preference shares (hereinafter referred to as “**OCPS**”) of Rs. 10/- each held in ACL, for every 100 equity shares of Rs. 10 each held in ACL and 1 OCPS was to be converted into 1 equity share of the applicant at the option of the holder within 18 months from the date of trading approval by the Bombay Stock Exchange (“**BSE**”).
    - (c) The Applicant had allotted 62,84,868 equity shares and 18,33,087 OCPS to the shareholders of Amarjyot Chemical Limited on May 4, 2019 as per their entitlement, in terms of the Scheme.

- (d) In terms of Clause I (A)(3)(b) of Annexure – I of the SEBI Circular dated March 10, 2017, the percentage of shareholding of pre-scheme public shareholders of a listed entity and the Qualified Institutional Buyers of an unlisted entity, in the post scheme pattern of the “merged” company shall not be less than 25%.
- (e) At the time of filing the application with BSE for prior approval on the scheme, the Applicant as well as the BSE failed to note that the applicant was non-compliant with SEBI circular CFD/DIL3/CIR/2017/21 dated March 10, 2017. This was pointed out by BSE only at the time of filing the listing application of OCPS on October 09, 2019.
- (f) After allotment when the company applied for listing of 62,84,868 equity shares and 18,33,087 OCPS issued on account of Scheme of merger, on November 20, 2019, the company was requested to provide an undertaking as regards compliance with Clause I (A)(3)(b) of Annexure – I of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017.
- (g) The undertaking given to BSE stated as follows:  
*“The Company hereby undertakes that the Company shall allow to convert such number of OCPS so that the Company shall comply with the pre-scheme minimum public shareholding as per the compliance with Clause I (A)(3)(b) of Annexure – I of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017.”* In view of above undertaking, the applicant was restricted from converting 4,05,561 Listed OCPS into equity shares in order to comply with Clause I (A)(3)(b) of Annexure – I of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017.
- (h) Subsequently, SEBI vide its letter dated February 12, 2020 granted its approval to the applicant for relaxation from the applicability of Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957. An extract of the reference to the Undertaking as set out in the letter is set out below:  
*“With respect to the facts submitted in the application, it is stated that we have noted the undertaking provided by the company by its letter dated November 19, 2019 vide which company has inter alia undertaken that Company shall allow to convert such number of OCPS so that company shall comply with Clause I (A)(3)(b) of Annexure – I of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017. Accordingly, the company will convert maximum 14,27,526 OCPS into equity shares”*

(i) Thereafter, the Applicant filed this application to settle the lapse of non-compliance with Clause I (A)(3)(b) of Annexure – I of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017.

3. Pursuant to the receipt of the application, the authorized representatives of the Applicant had a meeting with the Internal Committee of SEBI on June 16, 2023, wherein, the issues mentioned above were deliberated. Thereafter, the Applicant proposed revised settlement terms vide letter dated June 20, 2023 to settle any enforcement proceedings that may be initiated against the applicant for the aforesaid violations.
4. The High Powered Advisory Committee (hereinafter referred to as “**HPAC**”) in its meeting held on July 14, 2023, considered the facts of the case and the revised settlement terms proposed by the Applicant and recommended the case for settlement upon payment of Rs.10,00,000/- (Rupees Ten Lakhs Only). The recommendation of the HPAC was accepted by the Panel of Whole Time Members of SEBI on August 03, 2023 and the Notice of Demand was issued to the Applicant vide email dated August 07, 2023. The Applicant informed about the remittance of the aforesaid settlement amount on August 08, 2023 and SEBI has confirmed credit of the same.
5. On the basis of the facts stated above, in exercise of the powers conferred under Section 15JB read with Section 19 of the Securities and Exchange Board of India Act, 1992 and in terms of Regulations 23 read with Regulation 28 of the Settlement Regulations, it is hereby ordered that the proceedings that may be initiated for the violations as mentioned at paragraph 1 above are settled *qua* the Applicant as per the following terms:
  - (a) SEBI shall not initiate any enforcement action against the Applicant for the said violations, and
  - (b) passing of this Order is without prejudice to the right of SEBI under Regulation 28 of the Settlement Regulations to initiate appropriate actions against the Applicant, if SEBI finds that:

- (i) any representation made by the Applicant in the present settlement proceedings is subsequently found to be untrue;
- (ii) the Applicant has breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings; and
- (iii) there was a discrepancy while arriving at the settlement terms.

6. This Settlement Order is passed on this 18<sup>th</sup> day of September, 2023 and shall come into force with immediate effect.
7. In terms of Regulation 25 of the Settlement Regulations, a copy of this Order shall be sent to the Applicant and shall also be published on the website of SEBI.

Sd/-  
**ANANTH NARAYAN G.**  
**WHOLE TIME MEMBER**

Sd/-  
**AMARJEET SINGH**  
**WHOLE TIME MEMBER**