

**NATIONAL COMPANY LAW TRIBUNAL**  
**COURT ROOM NO. 1,**  
**MUMBAI BENCH**

**Item No. 16**

**CP/36(MB)2024**

CORAM:

**SH. PRABHAT KUMAR      JUSTICE VIRENDRASINGH BISHT (Retd.)**  
**HON'BLE MEMBER (TECHNICAL) HON'BLE MEMBER (JUDICIAL)**

**ORDER SHEET OF THE HEARING ON 05.04.2024**

NAME OF THE PARTIES:      **JOLLY BOARD LIMITED**

Section 61(b)(1) of the Companies Act, 2013

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**ORDER**

1. Mr. Ashish O. Lalpuria, i/b Mnish Ghia & Associates, Practicing Company Secretary appeared for the Petitioner.
2. The Authorised Representative for the Petitioner submits that the petition is filed for consolidation of 22,50,000 Equity Shares by way of consolidating every 30 fully paid-up Equity Shares of face value of INR.100/- each into 1 fully paid- up Equity share of face value of INR. 3,000 each/-.
3. The Petitioner Company was originally incorporated as “Anil Hardboards Limited” on December 10, 1956 under the provisions of Companies Act, 1956. The name of the Company was subsequently changed to Jolly Board Limited vide fresh certificate of incorporation consequent upon change of name dated June 24, 1985. The Registered Office of the Petitioner Company is situated at 501 Rewa Chambers 31, Sir V Thackersey Marg, Mumbai, 400020, Maharashtra, India.

4. The Petitioner is India's largest construction board manufacturer and exporter. The Company produces a wide range of Softboards that strive to meet India's industrial and domestic requirements. The Company exports 80% of its production. The comprehensive product range manufactured includes Specialized Building materials, Fibre Cement Board, Bitumen Impregnated Softboard, Plain Softboard, Laminated Softboard, Painted Softboard in various thickness and multiple surface textures. The Company also offers exclusive products like non-combustible and acoustical ceiling tiles.
5. The present Authorised Share Capital of the Petitioner Company as on 31<sup>st</sup> March, 2023 is INR 25,00,00,000/- consisting of 22,50,000 Equity Shares of INR 100/- each and 25,00,000 Preference Shares of INR 10/- each. The issued, subscribed and paid-up share capital is INR 4,54,67,000/- consisting of 4,54,670 Equity Shares of INR 100/-each.
6. The Company is authorised by Article 13 of Articles of Association to consolidate its Share Capital into shares of a larger amount than its existing shares. The Board of Directors of the Petitioner Company have accorded their consent for such consolidation on February 05, 2024.
7. The present Petition is filed to obtain sanction of the Tribunal under Section 61(1)(b) of the Companies Act, 2013 read with Rule 71 and applicable provisions of the NCLT Rules, 2016 to consolidate the 4,54,670 Equity Shares of INR 100/-each of the Company into 15,155 (Fifteen Thousand One Hundred and Fifty-Five) Equity Shares of Rs. 3,000/- (Three Thousand Only) each.

8. Rationale for the Proposed Consolidation of Shares of the Petitioner's equity shares have been set out herein under:

- a. As the Petitioner's shares are not traded on any stock exchange; the shares does not have liquidity. There is no ready avenue for the shareholders to exit from their investment in the equity shares of the Petitioner as there is no market or platform for sale of these unlisted equity shares. Further, the shareholders of the Petitioner are spread out across the country, which makes it difficult for them to find a buyer for their shares on their own.
- b. The shareholders do not have ready reference of fair price of the equity shares that they might be able to fetch upon sale of the equity shares held by them. The consolidation will benefit the shareholders since they will be able to derive liquidity benefit by receiving the fair value of their fractional entitlements.
- c. The fair value of the shares will represent an attractive exit payment to the shareholders who would otherwise receive a fractional entitlement pursuant to the consolidation.
- d. Considering the nature, scale and size of the business activities of the Petitioner, there are no commensurate benefits as compared to the servicing, compliance and administration costs, including printing and dispatch of notices, annual reports, e-voting etc. incurred by the Petitioner for such a quantity of fragmented shareholders. Majority of the shareholders do not attend any of the meetings of the Petitioner, evidencing a substantially reduced interest in the affairs of the Company and the whole intention of convening the general meeting is not fulfilled.

- e. The Petitioner presently has 958 shareholders (including 200 members whose shares are transferred to IEPF). The Promoters (including its' nominees) holds 4,31,023 Equity Shares representing 94.80% of the paid- up share capital of the Company. The remaining Shareholders who holds 23,647 Equity Shares represent 5.20% of the paid-up share capital of the Petitioner. This demonstrates the remaining Shareholders are a relatively substantial number who hold an extremely negligible shareholding in the Petitioner. Due to such a number of remaining Shareholders, the compliance and administrative activities of the Petitioner has increased manifold. The consolidation will result in reduction of the administrative and financial costs connected with large shareholder base, which is in the best interests of the Petitioner.
  
  - f. Certain shareholders of the Petitioner are not traceable despite the best efforts of the Petitioner. Therefore, communication including annual reports being sent to these Shareholders are returned undelivered for lack of proper address. This results in unnecessary cost burden upon the Petitioner. The overhead costs incurred on servicing the multiple fragmented shareholders will be reduced significantly upon the consolidation becoming effective.
9. The Board of Directors of the Petitioner Company have approved the consolidation of Equity Shares at their meeting held on February 05, 2024 which was subsequently approved by the Equity Shareholders of the Petitioner Company with requisite majority through Postal Ballot (including remote e-voting) on March 16, 2024.

10. The Petitioner Company has obtained a Valuation Report dated 5<sup>th</sup> February, 2024 from CA Harsh Chandrakant Ruparelia, Registered Valuer who has valued the fair market value at Rs. 17,014.40/- per equity share of Rs. 100/- each.
11. Based on the submissions made in the Petition as well as by the Authorised Representative appearing for the Petitioner, this Bench hereby orders that –
- a. The Petitioner Company is directed to advertise the petition atleast 14 days before the final hearing in accordance with rule 35 of NCLT Rules, 2016 in two newspapers i.e. (i) in “Free Press Journal”, in English language and (ii) in “Navshakti”, in Marathi language, both having wide circulation in the State of Maharashtra, and also upload the same on the website of the Company, if any, seeking objections.
  - b. The Petitioner Company is directed to serve Notices together with the copy of the application to the Central Government being the Regional Director and the Registrar of Companies.
  - c. The Petitioner Company to file an Affidavit confirming due compliance of the above directions before the next date of hearing.
  - d. With the above directions, **CP/36(MB)2024** is hereby **admitted**.
  - e. Petition is fixed for hearing on **17.05.2024**.
  - f. The Registry is directed to accept physical copy of the Petition.

**Sd/-**  
**PRABHAT KUMAR**  
**MEMBER (TECHNICAL)**

**Sd/-**  
**JUSTICE VIRENDRASINGH BISHT**  
**MEMBER (JUDICIAL)**