



Jyothy LABORATORIES LIMITED

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POSTAL BALLOT

Notice pursuant to Section 192A (2) of the Companies Act, 1956

NOTICE is hereby given that the Board of Directors of the Company has proposed to seek the shareholder's consent to the following Resolutions through voting by Postal Ballot in accordance with the provisions of Section 192A of the Companies Act, 1956 (the 'Act') and the Rules made thereunder:

1. **Resolutions to be passed under Sections 94(1)(a), 16 and 31 of the Companies Act, 1956 for increase in Authorized Share Capital to Rs.17 Crore and making consequential amendments in Capital Clauses of Memorandum and Articles of Association of the Company:**

To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 94(1)(a) of the Companies Act, 1956 and other applicable provisions, if any, the Authorized Share Capital of the Company be and is hereby increased from Rs.12,00,00,000/- (Rupees Twelve Crore Only) to Rs.17,00,00,000 (Rupees Seventeen Crore Only) by addition of 5,00,00,000 (Five Crore) Equity Shares of Re.1/- (Rupee One) each.

FURTHER RESOLVED THAT existing Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following new Clause V:

"V. The Authorized Share Capital of the Company is Rs.17,00,00,000 (Rupees Seventeen Crore Only) divided into 17,00,00,000 (Seventeen Crore) Equity Shares of Re.1/- (Rupee One) each, with rights, privileges and conditions attaching thereto as are provided by the Articles of Association of the Company for the time being."

FURTHER RESOLVED THAT pursuant to provisions contained under Section 31 of the Companies Act, 1956, Article 3 of the Articles of Association of the Company be and is hereby substituted by the following Article 3:

"3. The Authorized Share Capital of the Company is Rs.17,00,00,000 (Rupees Seventeen Crore Only) divided into 17,00,00,000 (Seventeen Crore) Equity Shares of Re.1/- (Rupee One) each."

2. **Resolution to be passed under Sections 198, 269, 309, 349 and 350 read with Schedule XIII to the Companies Act, 1956, for appointment of Mr. K. Ullas Kamath as Joint Managing Director of the Company:**

To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 349 and 350 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time, all applicable guidelines for managerial remuneration issued by the Central Government from time to time and subject to such approvals including that of Central Government, as may be necessary, Mr. K. Ullas Kamath, be and is hereby appointed as "Joint Managing Director" of the Company for a period of 5 (five) years commencing from January 23, 2012 to January 22, 2017 at a remuneration, perquisites and other terms and conditions set out in the Agreement executed on February 15, 2012 between the Company and Mr. K. Ullas Kamath and the Board of Directors be and is hereby authorized to alter or vary the terms of remuneration as may be agreed upon with Mr. K. Ullas Kamath, subject however, to the overall ceiling on remuneration specified in the said Schedule XIII and other applicable provisions of the said Act, for the time being in force."



3. Resolution to be passed under Sections 198, 309, 349 and 350 of the Companies Act, 1956, for payment of remuneration by way of commission to Independent / Non-Whole Time Directors of the Company:

To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 349 and 350 and other applicable provisions, if any, of the Companies Act, 1956, and the Articles of Association of the Company, the Board of Directors of the Company be and is hereby authorized for payment of remuneration by way of commission to Independent / Non-Whole Time Directors of the Company (not being Managing Directors or Directors in the whole-time employment of the Company or its subsidiaries), for a period of 5 (Five) Financial Years commencing from April 1, 2012 in such manner and of such amounts as the Board may decide from time to time as payable to every and all such Directors such that the total amount payable to all such Directors together shall not exceed 1% of the net profits of the Company for any financial year computed in accordance with the provisions contained in Section 198 of the Companies Act, 1956."

4. Re-appointment of Mr. M. P. Sidharthan as Production Manager of the Company:

To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions contained in Section 314 of the Companies Act, 1956 as amended to date, read with Director's Relatives (Office or Place of Profit) Rules, 2011, Mr. M. P. Sidharthan, a relative of Mr. M. P. Ramachandran, Chairman and Managing Director of the Company, be and is hereby appointed as Production Manager for a tenure of 5 (Five) Years, i.e., from August 1, 2012 to July 31, 2017 at a total remuneration of Rs.2,00,000 Per Month (Gross)."

5. Increase in remuneration payable to Mr. M. P. Divakaran, General Manager of the Company:

To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions contained in Section 314 of the Companies Act, 1956 as amended to date, read with Director's Relatives (Office or Place of Profit) Rules, 2011, remuneration payable to Mr. M. P. Divakaran, a relative of Mr. M. P. Ramachandran, Chairman and Managing Director of the Company, be and is hereby increased from Rs.1,00,000 to Rs.2,00,000 per month (Gross) with effect from August 1, 2012 for the remaining tenure of his appointment, i.e., with effect from August 1, 2012 to April 30, 2016."

6. Issue of Bonus Shares:

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of the Section 81 and other applicable provisions of the Companies Act, 1956 and Article 177 of Articles of Association of the Company and subject to the provisions of Securities and Exchange Board of India (Issue Of Capital And Disclosure Requirements) Regulations, 2009 and subject to such approvals, permissions and sanctions as may be necessary and also subject to such terms, conditions and modifications as may be prescribed in granting approvals, permissions, sanctions, by appropriate authority or authorities and agreed to by the Board of Directors of the Company (hereinafter called the Board, which term shall be construed as to include any Committee which the Board may have constituted or may hereafter constitute to exercise the powers including the powers conferred vide this resolution), the consent of the Company be and is hereby accorded to the Board for capitalisation of Rs.8,06,32,000 (Rupees Eight Crore Six Lac Thirty Two Thousand Only) out of Securities Premium Account and / or any other reserves being eligible for the purpose and as may be deemed appropriate and suitable by the Board, by issue of bonus shares with face value of Re.1/- each to be credited as fully paid up to the existing equity shareholders of the Company whose names appear on the Register of Members/list of beneficial owners maintained by the Depositories as on such date to be fixed by the Board, in proportion of 1 (one) equity share for every 1 (one) equity share held by them, subject to following terms and conditions:

- 1) the new equity shares shall be allotted subject to the provisions of Memorandum and Articles of Association of the Company and shall in all respects rank pari passu in all respects with the existing fully paid up equity shares of the Company including the right to participate in full in dividend, if any, that may be declared for the financial year in which the bonus shares are allotted;
- 2) no allotment letters shall be issued to the allottees of the said bonus shares. The share certificate in respect of the said bonus shares allotted shall be sent to the respective allottees within prescribed time, except in case of allottees who are holding the existing equity shares in electronic/demat form, to whom the bonus shares will be credited to their demat accounts;



- 3) The allotment of bonus shares to non-resident members of the Company shall be subject to approval, if necessary, of Reserve Bank of India under the Foreign Exchange Management Act, 1999 and Rules framed there under.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable and to settle any question, difficulty or doubt that may arise in regard to the issue or distribution of new equity shares, which shall be final and binding on all members of the Company and other interested persons."

By Order of the Board
For JYOTHY LABORATORIES LIMITED



A handwritten signature in black ink, appearing to read "M. L. Bansal".

M. L. Bansal
Company Secretary

Date : May 23, 2012
Place : Mumbai

Notes:

1. The Board of Directors has appointed Mr. Anish Gupta of Anish Gupta & Associates, Company Secretaries, Mumbai, as the Scrutinizer for conducting Postal Ballot process in a fair and transparent manner and in accordance with the provisions of the Act and Rules framed thereunder.
2. The shareholders are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form (no other Form or photo copy is permitted) duly completed in the attached self addressed postage pre-paid envelope so as to reach the Scrutinizer on or before the close of business hours on July 2, 2012. The postal ballot forms received after this date will be treated as if the reply from the shareholders has not been received.
3. The Scrutinizer upon finalization of the poll result, will forward all ballot papers and registers for the approval of the Chairman. The results will be announced on July 3, 2012 at 11.00 a.m. at the Registered Office of the Company, which shall also be reckoned as the date of passing of the resolutions.
4. The results will be displayed at the Registered Office of the Company, besides being communicated to the Stock Exchanges on which the Company's equity shares are listed. The results will also be published in the newspaper(s) and posted on the Company's website for information of the shareholders.
5. The Company has not availed the e-voting for this Postal Ballot process. Hence entire voting will be cast through physical Postal Ballot Form.
6. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 setting out material facts is annexed hereto.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.1:

The Board of Directors of the Company have approved to issue Bonus Shares by capitalizing part of the balance lying in Securities Premium Account in the Company to reflect the paid-up capital appropriate to the size of its operation. To implement the above decision, it is necessary to increase the Authorized Share Capital to Rs.17 Crore and consequent amendments in Capital Clauses of the Memorandum and Articles of Association of the Company. Shareholder's approval is required pursuant to provisions contained under Sections 16, 31 and 94 of the Companies Act, 1956.

The proposal outlined above is in the interest of the Company and the Board recommends the passing of the resolution set out under Item no.1 of the accompanying Notice as Special Resolution.

None of the Directors of the Company are in any way concerned or interested in the foregoing resolution for increase in the Authorized Share Capital of the Company, except, to the extent of Bonus shares which may be allotted to the Company in which they are Directors and / or Members or shares which may be allotted to them in their personal capacity.

Item No.2:

Mr. K. Ullas Kamath is a qualified Chartered Accountant and Company Secretary and holds a bachelor's degree in Law and master's degree in Commerce. He has participated in Advanced Management Programme at Wharton Business School and at Harvard Business School. His responsibilities include business development, new projects, sales, financial management and supervision of day-to-day operations of the Company. He has been associated with the Company since its incorporation, has been on its Board since 1997 and was its Deputy Managing Director from April 1, 2010. The Institute of Chartered Accountants of India gave him an Award "CA BUSINESS ACHIEVER – SME" at a function held on January 25, 2009.

Members may note that Mr. K. Ullas Kamath had put in substantial efforts in acquisition of Henkel business successfully. His responsibilities have substantially increased after the said acquisition of Henkel India Limited and its associates.

Subject to approval of the Members of the Company, the Board at this meeting held on January 23, 2012 appointed Mr. Kamath as Joint Managing Director and revised his remuneration. Proposed revision in terms, designation, salary, commission and perquisites payable to Mr. K. Ullas Kamath were incorporated in the agreement executed on 15th February, 2012, by and between Mr. K. Ullas Kamath and the Company. The gist of terms and conditions including remuneration payable to him as incorporated in the above agreement are as under:

Term: January 23, 2012 to January 22, 2017

Designation: Joint Managing Director

- a) **Salary:** Rs.15,00,000/- (Rupees Fifteen Lac Only) per month from January 23, 2012 to January 22, 2017.
- b) **Commission:** Remuneration by way of commission in addition to salary and perquisites. The amount of commission would be @ 1.80 % (one point eight per cent) of the net profits of the Company, computed in accordance with the provisions of the Companies Act, 1956.

Perquisites:

- (a) **Housing:** Rent free unfurnished accommodation owned/ hired/ leased by the Company.
- (b) **Reimbursement of expenses** on actual basis, pertaining to gas, fuel, water, electricity and telephones as also reasonable reimbursement to upkeep and maintenance expenses in respect of such accommodation.
- (c) **Medical Expenses:** Reimbursement of medical expenses incurred for self and family including hospitalization, membership of any hospital/ doctors scheme.
- (d) **Leave Travel Allowance:** For self and family subject to a maximum of one month's salary.
- (e) **Personal Accident Insurance** coverage for self, as per Rules of the Company.



- (f) Use of Company Car with Driver and telephones at the residence. Use of car with driver and telephones for office purposes will not be considered as perquisites.
- (g) Company contribution towards Provident Fund and Superannuation Fund; and Gratuity as per the Rules applicable to senior management staff of the Company.
- (h) Leave and encashment of leave, in accordance with the Rules of the Company.
- (i) Any other perquisites/ benefits that may become applicable to senior management staff in future.

Minimum Remuneration:

Where in any financial year comprised in the period of appointment, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid or given to the Joint Managing Director as Minimum Remuneration subject, however, to the provisions of Schedule XIII to the Companies Act, 1956.

The aggregate of the salary, commission and perquisites in any financial year shall be subject to the limits prescribed from time to time under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force, or otherwise as may be permissible at law.

Member's approval is sought for appointment of Mr. K. Ullas Kamath for the position of Joint Managing Director of the Company in terms of provisions of Sections 198, 269, 309, 349 and 350 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956.

The Board considers that remuneration and perquisites payable to Mr. K. Ullas Kamath upon his appointment as Joint Managing Director are commensurate with his duties and responsibilities as Joint Managing Director and therefore recommend the Special Resolution as set out at Item No.2 of the Notice for approval of the members.

The above terms and conditions are, and should be deemed to be an abstract of the Agreement between the Company and Mr. K. Ullas Kamath pursuant to Section 302 of the Companies Act, 1956.

A copy of the agreement dated 15th February, 2012 will be available for inspection at the Registered Office of the Company between 9.00 a.m. to 11.00 a.m. on any working day (Monday to Saturday) up to the last date of submission of Postal Ballot Forms.

Mr. K. Ullas Kamath, Joint Managing Director is interested in Item No.2 of the Notice since it relates to his appointment as the Joint Managing Director of the Company and to his remuneration. No other Director of the Company is deemed to be concerned or interested in the resolution.

Item No.3

The Board at its meeting held on May 23, 2012, considered to remunerate the Independent Directors and / or Non-Whole Time Directors of the Company by payment of Commission as may be decided by the Board of Directors of the Company. However, the Commission payable to all Independent / Non-Whole Time Directors of the Company shall not exceed 1% of the net profits of the Company in each financial year computed in accordance with the provisions contained under Sections 198, 309, 349 and 350 of the Companies Act, 1956. This approval is being sought for payment of commission for a period of 5 (Five) years for the financial years commencing from April 1, 2012 to March 31, 2017"

Members' approval is sought according to the provisions contained under Sections 198, 309, 349 and 350 of the Companies Act, 1956 and Article 135 of the Articles of Association of the Company read with Clause 49 of the Listing Agreement executed with the stock exchanges.

Your Directors recommend the passing of the resolution at Item No.3 as Special Resolution.

None of the Directors is in any way concerned or interested in the above resolutions except the Independent / Non-Executive Directors of the Company to the extent of Commission that may become payable to them.

Item No.4

Mr. M. P. Sidharthan is working as Production Manager of the Company and his remuneration was in accordance with approval under Section 314 (1B) of the Companies Act, 1956. At present, he is paid remuneration of Rs. 1,00,000 per month on cost to company basis and his term as Production Manager would come to an end on 31.07.2012. The Board considers to re-appoint him as Production Manager of the Company for further period of 5 (five) years from 01.08.2012 to 31.07.2017 at a remuneration of Rs.2,00,000 (Cost to Company) per month in accordance with provisions



contained under Section 314(1B) of the Companies Act, 1956 and circulars / notifications issued by the Ministry of Corporate Affairs.

Your Directors recommend the passing of the resolution at Item No.4 as a Special Resolution.

Mr. M. P. Ramachandran, Chairman and Managing Director of the Company is interested in the resolution mentioned under Item no.4. None of the other Directors are in any way concerned or interested in the above resolution.

Item No.5

Members by way of passing Special Resolution through Postal Ballot process on July 30, 2011 had approved appointment of Mr. M. P. Divakaran as General Manager of the Company for a tenure of 5 (five) years, i.e., from May 1, 2011 to April 30, 2016 at a remuneration of Rs.1,00,000 per month on cost to Company basis.

The Board at its meeting held on May 23, 2012 approved the increase in remuneration payable to him to Rs.2,00,000 per month on cost to Company basis. The said increase will be effective from 01.08.2012. The said increase of remuneration is in accordance with provisions contained under Section 314(1B) of the Companies Act, 1956 and circulars / notifications issued by the Ministry of Corporate Affairs.

Your Directors recommend the passing of the resolution at Item No.5 as a Special Resolution.

Mr. M. P. Ramachandran, Chairman and Managing Director of the Company is interested in the resolution mentioned under Item no.5. None of the other Directors are in any way concerned or interested in the above resolution.

Item No.6

The Company has grown over the years and its current turnover is in excess of Rs.600 crore. The paid up equity share capital stands at Rs.8.06 crore. The Company has accumulated Reserves and Surplus of over Rs.600 crore and the Company has never declared / issued Bonus Shares in the past. In order to reflect the paid up share capital at an appropriate level, your Directors propose to issue Bonus Equity Shares by capitalization of a sum of Rs.8,06,32,000 (Rupees Eight Crore Six Lac Thirty Two Thousand Only) standing to the credit of Securities Premium Account, by way of issue of one new equity share for every one existing equity share held. Such Fully Paid-up Bonus Equity Shares shall be distributed to such Members whose names shall appear on its Register of Members or in the respective beneficiary account with the respective Depository Participants, on the 'Record Date' to be determined by the Board of Directors of your Company, (which shall be deemed to include any Committee thereof) for the purpose of issue of Bonus Equity Shares.

The Bonus Shares so allotted shall rank pari passu in all respects with the existing equity shares of the Company except that the Bonus Shares shall be eligible for dividend that may be declared for the Financial Year 2012-13 and thereafter.

The Board of Directors recommends the resolution for approval of the shareholders.

None of the Directors of the Company are in any way concerned or interested in the foregoing resolution, except, to the extent of shares which may be allotted to the Company in which they are Directors and / or Members or shares which may be allotted to them in respect of their personal shareholdings.

By Order of the Board
For JYOTHY LABORATORIES LIMITED



A handwritten signature in black ink, appearing to read "M. L. Bansal".

M. L. Bansal
Company Secretary

Date : May 23, 2012
Place : Mumbai

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