

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER No. EAD-2/DSR/VS/826/2017

(Application No. 3020 of 2015)

On the application submitted by

Bhagyashree Leasing and Finance Limited

1. Securities and Exchange Board of India (hereinafter referred as 'SEBI') vide order dated July 8, 2014 initiated adjudication proceedings to inquire into and adjudge under section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act, 1992') the violation of Clause 13.4.2 and 13.1A (iii) of SEBI (Disclosure and Investor Protection Guidelines), 2000 (hereinafter referred to as the 'DIP Guidelines, 2000') read with Regulation 77 (1) and 73 (1) (c) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as the 'ICDR Regulations, 2009') by Bhagyashree Leasing and Finance Limited (hereinafter referred to as 'Applicant').
2. In this regard, a Show Cause Notice No. EAD-2/DSR/BKM/24789/2014 dated August 21, 2014 (hereinafter referred to as 'SCN') was served on Applicant. In the SCN, it was alleged that the Applicant issued and allotted 5,00,000 equity shares on September 12, 2001 on preferential basis to promoters, their relatives and friends, etc. The shares were partly paid up at the time of allotment and become fully paid up as on March 31, 2002. The Applicant has furnished the certificate dated August 18, 2011 from RSVA & Co. Chartered Accountants, confirming the allotment of 5,00,000 shares on partly paid up basis. As the shares were not fully paid up at the time of allotment, the Applicant is not in compliance with Clause 13.4.2 Of DIP Guidelines, 2000.
3. It is also alleged that the explanatory statement to the notice for the general meeting in terms of Section 173 of the Companies Act 1956 did not contain "shareholding pattern before and after the offer". BSE vide email dated August 30, 2013 has stated that the Applicant did not disclose the pre and post issue shareholding pattern of the company and the other disclosure in the explanatory statement to the notice for the

Extra-ordinary general meeting. BSE has also clarified vide email dated January 29, 2014 that shareholding pattern disclosed by the Applicant does not specifically contain promoters / public shareholding pre and post preferential issue and hence is not compliance with Clause 13.1A (iii) of DIP guidelines, 2000.

4. Pending adjudication proceedings, the Applicant submitted an Application for Settlement dated August 22, 2015 and an undertaking in the format prescribed by SEBI in terms of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (hereinafter referred to as 'Settlement Regulations').
5. Pursuant to the said settlement application, the Authorized Representative of the Applicant attended a meeting with the Internal Committee (hereinafter referred to as 'IC') on August 22, 2017. The revised settlement terms as proposed by the Applicant were placed before the High Powered Advisory Committee (HPAC) in its meeting held on September 4, 2017. After considering the facts and circumstances of the case, the HPAC recommended that the case may be settled on payment of Rs. 7,65,000/- (Rupees Seven Lakh Sixty Five Thousand only) towards settlement charges which were approved by the panel of the Whole Time Members, SEBI on October 10, 2017.
6. Accordingly, the Applicant has remitted a sum of Rs. 7,65,000/- (Rupees Seven Lakh Sixty Five Thousand only) vide demand draft No. 019168 dated October 16, 2017, drawn on HDFC Bank, payable at Mumbai, towards the terms of settlement in the matter.
7. In view of the above, in terms of Regulation 15(1) of Settlement Regulations, it is hereby ordered that this settlement order disposes of the adjudication proceedings initiated against the Applicant vide the Show Cause Notice dated August 21, 2014.
8. This order is without prejudice to the right of SEBI to take enforcement actions including commencing/ reopening of the pending proceedings against the Applicant, if SEBI finds that:
 - i. any representation made by the Applicant in the settlement proceedings are subsequently discovered to be untrue; or
 - ii. the Applicant breaches any of the clauses/conditions of undertakings/waivers filed during the current settlement proceedings.

9. This settlement order is passed on the 6th day of November , 2017 and shall come into force with immediate effect.
10. In terms of Regulation 17 of Settlement Regulations, a copy of this order is being sent to the Applicant and is published on the website of SEBI.

Date: November 06, 2017
Place: Mumbai

D.SURA REDDY
GENERAL MANAGER &
ADJUDICATING OFFICER