

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM : PRASHANT SARAN, WHOLE TIME MEMBER**

ORDER

Under Section 11(1), 11(2)(j), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 read with Section 12A of the Securities Contracts (Regulation) Act, 1956 in the matter of non-compliance with the requirement of minimum public shareholding by listed companies

In respect of Bhagyashree Leasing and Finance Limited

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') passed an *interim order* dated June 04, 2013 (hereinafter referred to as '*the interim order*') with respect to 105 listed companies who did not comply with the Minimum Public Shareholding ('MPS') norms as stipulated under rules 19(2)(b) and 19A of the Securities Contracts (Regulation) Rules, 1957 (hereinafter referred to as 'SCRR') within the due date i.e., June 03, 2013. The *interim order* was passed without prejudice to the right of SEBI to take any other action, against the non-compliant companies, their promoters and/ or directors or issuing such directions in accordance with law. The *interim order* was to be treated as a show cause notice by those companies for action contemplated in paragraph 18 thereof.
2. Bhagyashree Leasing and Finance Limited (hereinafter referred to as 'the Company') is one such company against whom the *interim order* was passed. The public shareholding in the Company on the date of the *interim order* was 15.96%. The shares of the Company are listed on the Bombay Stock Exchange Limited ('BSE').
3. The Company vide its letter dated June 24, 2013 filed its reply to the *interim order*. Thereafter, an opportunity of personal hearing was afforded to the Company on August 07, 2013, when Mr. Devendra Deshpande, Ms. Bhavisha Madhani and Ms. Smita Jaju, all Company Secretaries appeared and made submissions on behalf of the Company.
4. The Company has submitted that for the purpose of complying with the MPS norms it had opted for OFS on June 24, 2013 and the promoter's holding was brought down to 75%. It was also submitted that the delay in compliance be condoned as the circumstances were beyond its control. The Company also represented that it is now compliant with the minimum public shareholding norms and requested SEBI to withdraw the directions issued in paragraph 17 of the *interim order*.

5. I have considered the reply of the Company and the oral submissions, made before me. The Company has submitted that it had decided to dilute the promoters shareholding through OFS option. However, due to a pending listing application dated October 31, 2001 for 5,00,000 equity shares before BSE, it was not allowed to go for OFS and vide letter dated March 28, 2013 it had asked for the approval of SEBI for the said OFS. I note that SEBI had clarified the same vide letter dated May 07, 2013.
6. I note that the Company has definitely delayed in its compliance with the MPS requirement when it was under notice for three years for achieving such compliance. Therefore, the Company is warned for its conduct and is advised to ensure compliance with all the applicable laws and regulations administered by SEBI, in letter and spirit. However, considering the fact that the Company has complied with the MPS norms, though belatedly, as observed above, I do not propose to initiate further action against the Company as contemplated in paragraph 18 of the *interim order*.
7. With the above observations, I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 read with sections 11(1), 11(2)(j), 11(4) and 11B thereof and Section 12A of the Securities Contracts (Regulation) Act, 1956, hereby revoke the directions vide the *interim order* dated June 04, 2013 against the Company, Bhagyashree Leasing and Finance Limited, its directors, promoters and promoter group, with immediate effect.
8. Copy of this Order shall be served on the stock exchanges and depositories for their information and action that may deem fit and necessary in this case.

PLACE: Mumbai
DATE: August 23rd, 2013

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA