

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

S. RAMAN, WHOLE TIME MEMBER

ORDER

Under Sections 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 Shreevatsaa Finance & Leasing Limited.

1. Securities and Exchange Board of India ("**SEBI**") had passed an interim Order dated June 04, 2013 ("**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 ("**SCRR**").
2. Shreevatsaa Finance & Leasing Limited ("**SVFLL / the Company**") is one such company against whom the interim order was passed. The equity shares of the Company are listed on the BSE Limited ("**BSE**"), Ahmedabad Stock Exchange ("**ASE**") and erstwhile UP Stock Exchange ("**UPSE**").
3. SVFLL filed its reply to the interim order and an opportunity of hearing was granted to them on July 03, 2015. Thereafter, vide letter dated July 06, 2015, SVFLL also filed additional written submissions. SEBI, after due consideration of the material available on record vide order dated January 21, 2016 held "*the Company/promoter had adequate time for complying with the MPS norms and the facts and circumstances of the case suggest that they were not serious in complying with the MPS norms.*" In view of the same, SEBI confirmed the directions issued vide the interim order against SVFLL, its directors and promoters/promoter group.
4. Thereafter, SEBI vide e-mail dated December 07, 2016 advised SVFLL to inform the status of its compliance with MPS requirement along with the latest shareholding pattern. In response thereto, SVFLL vide letter and e-mail dated December 09, 2016 *inter alia*, submitted the following:
 - i. "*...As on October 20, 2016, SVFLL has achieved requirement of minimum public shareholding requirement. Details of the same are as follows:*

Prior to October 20, 2016

<i>Name of the Promoters</i>	<i>No. of Shares</i>	<i>As a percentage of total paid up capital of the Company</i>
<i>Praveen Kumar Arora</i>	<i>80,02,000</i>	<i>79.23</i>
<i>Agarni Leasing and Finance Private Ltd</i>	<i>10,49,300</i>	<i>10.39</i>
<i>Total</i>	<i>90,51,300</i>	<i>89.62</i>

- ii. As such, the promoters had to offer 14,76,300 equity shareholding equivalent to 14.62% of the total paid up equity share capital of the company to comply with erstwhile clause 40.A of the Listing Agreement. Mr. Praveen Kumar Arora, part of the promoter group, offered to undertake OFS of equivalent number of equity shares (i.e. 14,76,300 equity shares) so that the SVFLL would be compliant with the minimum public shareholding requirement.

Offer for Sale-1

- iii. Mr. Praveen Kumar Arora undertook the OFS procedure on September 22, 2016 and September 23, 2016. The details of equity shares offered, bids received and bids accepted are given below:

<i>Category</i>	<i>Date</i>	<i>No. of shares</i>	<i>Bids Received</i>	<i>Bids Accepted</i>	<i>Subscribed fully</i>
<i>Non- Retail</i>	<i>22.09.2016</i>	<i>1328670</i>	<i>775000</i>	<i>775000</i>	<i>No</i>
<i>Non- Retail</i>	<i>23.09.2016</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>NA</i>
<i>Retail</i>	<i>23.09.2016</i>	<i>147630</i>	<i>3645</i>	<i>3645</i>	<i>No</i>
<i>Total</i>		<i>1476300</i>	<i>778645</i>	<i>778645</i>	

- iv. It can be seen from the above table, bids for only 7,75,645 equity shares were received. As such, the OFS did not succeed. Hence, Mr. Praveen Kumar Arora undertook the OFS procedure once again after the cooling period.

Offer for sale-2

- v. Mr. Praveen Kumar Arora undertook the OFS procedure second time on October 19, 2016 and October 20, 2016 for the balance 6,97,655 equity shares of SVFLL. The details of equity shares offered, bids received and bids accepted are given below:

<i>Category</i>	<i>Date</i>	<i>No. of shares</i>	<i>Bids Received</i>	<i>Bids Accepted</i>	<i>Subscribed fully</i>
<i>Non- Retail</i>	<i>19.10.2016</i>	<i>6,27,890</i>	<i>7,38,500</i>	<i>6,27,890</i>	<i>Yes</i>
<i>Non- Retail</i>	<i>20.10.2016</i>		<i>1,10,610</i>	<i>68,330</i>	<i>Yes</i>
<i>Retail</i>	<i>20.10.2016</i>	<i>69,765</i>	<i>1,435</i>	<i>1,435</i>	<i>Yes</i>
<i>Total</i>		<i>6,97,655</i>	<i>8,50,545</i>	<i>6,97,655</i>	

Post Offer for sale 2

vi. Mr. Praveen Kumar Arora, after undertaking the second OFS, succeeded in reducing the promoter shareholding from 89.62% to 75%. The promoter shareholding details post OFS-2 is given below:

<i>Name of the Promoters</i>	<i>No. of Shares</i>	<i>As a percentage of total paid up capital of the Company</i>
<i>Praveen Kumar Arora</i>	<i>65,25,700</i>	<i>64.61</i>
<i>Agarni Leasing and Finance Private Ltd</i>	<i>10,49,300</i>	<i>10.39</i>
<i>Total</i>	<i>75,75,000</i>	<i>75.00</i>

vii. In view of the above, SVFLL has become compliant with the Minimum Public Shareholding requirements after the above two OFS.

viii. SVFLL also furnished shareholding pattern of the company as on December 02, 2016. SVFLL requested SEBI to withdraw the restrictions imposed on the promoters and directors of the company.

5. I have considered the submissions of the Company and other material available on record including the shareholding pattern furnished by the Company. On an examination of the same, I note the following:

- 5.1 The amended provisions of rule 19A of the SCRR came into force with effect from June 04, 2010, offering a time period of three years (i.e., on or before June 03, 2013) for a listed company to maintain public shareholding of atleast 25%.
- 5.2 SVFLL has complied with the MPS requirement, as stipulated under rule 19A of the SCRR and clause 40A of the Listing Agreement read with section 21 of the Securities Contracts (Regulation) Act, 1956 ("the SCRA") on October 20, 2016, whereas the due date for such compliance was on June 03, 2013.
- 5.3 BSE vide e-mail dated January 11, 2017 has confirmed that pursuant to the OFS of 6,97,655 equity shares held by the promoter of the company on October 19 and October 20, 2016, SVFLL has complied with MPS requirement.
- 5.4 BSE has further stated that SVFLL has filed a disclosure under Regulation 29(2) of the SEBI(Substantial Acquisition of Shares and Takeovers) Regulations, 2011 on October 21, 2016 with regard to sale of 6,97,655 shares(i.e. 6.91% of the share capital of the company) in an Offer for Sale carried out on October 19 and October 20, 2016.
- 5.5 As per the shareholding pattern for the quarter ended on December 2016, the promoter shareholding of SVFLL has become 75% and hence, the company has

complied with the MPS requirement.

- 5.6 Considering the fact that SVFLL has now complied with the MPS requirements as stipulated under rule 19A of the SCRR read with clause 40A of the listing agreement, it would be appropriate and reasonable to vacate the directions issued against the Company, its promoters and directors.
6. In view of the foregoing, 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 vacate the directions issued vide the *interim* order dated June 04, 2013 against Shreevatsaa Finance & Leasing Limited, its directors, promoters and promoter group with immediate effect.
7. However, I find that there was inordinate delay (more than three years) in complying with the MPS requirements. In view of the same, I am of the view that the matter be referred for adjudication proceedings against the Company and its promoters under the relevant provisions of SCRA. Accordingly, this matter is referred for adjudication proceedings under Section 23I of the Securities Contracts (Regulation) Act, 1956 read with the Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 2005. For this purpose, an adjudicating officer shall be appointed by SEBI and such adjudicating officer shall conduct the inquiry in accordance with law.
8. Copy of this Order shall be served on recognised stock exchanges and depositories for their information and necessary action.

February 15, 2017
MUMBAI

S.RAMAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA