

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

(Application No.7030/2022)

[SETTLEMENT ORDER NO.: SO/AN/PR/2022-23/7030]

In respect of:
IL&FS Financial Services Ltd.
PAN: AAACI4805L

In the Matter of:
Fit and Proper Declaration by IL&FS Financial Services Ltd.

1. IL&FS Financial Services Limited (hereinafter also referred to as “**Applicant**”/ “**IL&FS**”), filed Settlement Application bearing no.7030/2022 (hereinafter also referred to as “**Settlement Application**”) proposing to settle, without admitting or denying the findings of fact and conclusions of law, the pending adjudication proceedings initiated vide Show Cause Notice No. EAD-5/MC/RM/16064/2022 dated April 12, 2022 (hereinafter also referred to as ‘**SCN**’ / ‘**said SCN**’) for the alleged violation of Regulation 19(7) of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (hereinafter also referred as “**SECC Regulations**”).
2. Ms. Maninder Cheema, Chief General Manager SEBI, was appointed as the Adjudicating Officer (hereinafter referred to as “**AO**”), to inquire into and adjudge under Section 15A(b) of the SEBI Act, 1992 the aforesaid alleged violations, vide communique dated March 15, 2022. Pursuant to the transfer of Ms. Maninder Cheema, Dr. Anitha Anoop, Chief General Manager, SEBI, was appointed as the Adjudicating Officer vide communique dated June 07, 2022. Thereafter, pursuant to the transfer of Dr. Anitha Anoop, the undersigned was appointed as Adjudicating Officer vide communique dated September 05, 2022.
3. A Show Cause Notice No. EAD-5/MC/RM/16064/2022 dated April 12, 2022 was issued to the Applicant under the provisions of Rule 4(1) of the SEBI (Procedure

for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "Adjudication Rules"). The following was inter alia alleged and/or observed in the said SCN, in respect of the Applicant:

- 3.1. Metropolitan Stock Exchange of India Limited (hereinafter referred as "MSEI") vide email dated January 21, 2020 informed SEBI that in accordance with Regulation 19(1) of SECC Regulations it had submitted Fit & Proper Declarations to SEBI. It also stated that declarations were received from all shareholders holding more than 2% shares of the paid up equity share capital of MSEI, except IL&FS, which has holding of 2.48% equity shares of MSEI. MSEI, further added that in this regard it has issued several reminders to IL&FS, in the past several months, however IL&FS has not responded.
- 3.2. Regulation 19(7) of the SECC Regulations, requires that any person holding more than 2% of paid up equity shares of a recognized stock exchange shall file a declaration to such exchange that he complies with fit and proper criteria. By failing to file declaration to MSEI as stated above, IL&FS was allegedly in violation of provision of Regulation 19(7) of SECC Regulations.
4. Pending Adjudication Proceedings initiated vide Show Cause Notice No. EAD-5/MC/RM/16064/2022 dated April 12, 2022, Settlement Application dated June 17, 2022 had been filed by the Applicant with SEBI under SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter also referred to as, '**Settlement Regulations**') proposing to settle the instant proceedings.
5. The said Application was placed before the Internal Committee of SEBI (hereinafter also referred to as, the "**IC**") in its meeting held on August 11, 2022. IC considered the factors enumerated under Regulation 10 and Schedule II of Settlement Regulations and recommended the amount of Rs. 13, 65, 000/- (Rupees Thirteen Lakhs Sixty Five Thousand Only) as the Settlement Amount, provided that the Applicant makes the requisite declaration of 'Fit and Proper' as required under the aforesaid provisions, to the satisfaction of MSEI. Thereafter, vide email dated September 06, 2022 and November 15, 2022, the Applicant had

submitted the Fit and Proper declarations for financial years 2022, 2021, 2020 and 2019 to MSEI. The receipt of the same had been acknowledged by MSEI vide email dated November 16, 2022. Pursuant to another IC meeting held on November 16, 2022, the Applicant submitted revised settlement terms (RST) vide email dated November 30, 2022 wherein the Applicant had proposed to offer Rs. 13,65,000/- (Rupees Thirteen Lakhs Sixty Five Thousand Only) as Settlement Amount.

6. The Internal Committee considered the submissions of the Applicant and noted that the RST proposed by the Applicant were in line with the amount formulated as per the Settlement Regulations and recommended the case for settlement to High Powered Advisory Committee (hereinafter be referred to as, the “**HPAC**”). Thereafter, the Settlement Application was placed before the HPAC for its consideration.
7. The HPAC in its meeting held on December 14, 2022, considering the facts and circumstances in the matter, agreed with the recommendations of the Internal Committee and recommended that the request of the Applicant for settlement may be accepted.
8. The recommendations of the HPAC were placed before the panel of Whole Time Members of SEBI (WTMs) for consideration and were approved by the Panel of the WTMs of SEBI on January 18, 2023. Subsequently, the Notice of Demand was issued to the Applicant by the concerned department of SEBI vide its email dated February 03, 2023.
9. The Applicant vide its email dated March 02, 2023 had informed concerned department of SEBI that the settlement amount of Rs. 13,65,000/- (Rupees Thirteen Lakhs Sixty Five Thousand Only) was remitted by way of online transfer. The remittance of the settlement amount was confirmed by the concerned department of SEBI.
10. In view of the acceptance of the settlement and the receipt of settlement amount as above by SEBI, the instant Adjudication Proceedings initiated against IL&FS

Financial Services Ltd. vide Show Cause Notice No. EAD-5/MC/RM/16064/2022 dated April 12, 2022 are hereby disposed of in terms of Section 15JB of the SEBI Act read with Regulation 23(1) of Settlement Regulations.

11. This order is without prejudice to the right of SEBI to take enforcement actions, in terms of Regulation 28 of the SEBI (Settlement Proceedings) Regulations, 2018, including restoring or initiating the proceedings in respect of which this settlement order is passed against the Applicant, if SEBI finds that:
 - 11.1. any representation(s)/disclosure(s) made by the Applicant in the present Settlement Proceedings is subsequently found to be untrue, or
 - 11.2. the Applicant breaches any of the clauses /conditions of undertakings /waivers filed during the present settlement proceedings, or
 - 11.3. there was a discrepancy while arriving at the settlement terms.
12. This Settlement Order is passed on this 29th day of March 2023 and shall come into force with immediate effect.
13. In terms of Regulation 25 of SEBI (Settlement Proceedings) Regulations, 2018, a copy of this Order shall be sent to the Applicant and also be published on website of SEBI.

Date: March 29, 2023
Place: Mumbai

Amar Navlani
Adjudicating Officer