



**Reserve Bank of India
Department of Non-Banking Supervision
Central Office
Mumbai**

**Cancellation of Certificate of Registration to carry on the
business of a Non-Banking Financial Institution
in the matter of:**

M/s DHP Leasing Ltd., Amritsar

*In exercise of the powers conferred under
Sections 45-IA(6), 45MB (1) and 45 MB (2) of the Reserve Bank of India Act, 1934,
the Reserve Bank of India passes the following*

ORDER

M/s. DHP Leasing Ltd., (hereinafter referred to as 'the company'), a registered deposit accepting Non-Banking Financial Company (NBFC-D), having its Registered Office at House No.-B/20, East Mohan Nagar, Amritsar-143001 was incorporated on July 07, 1992 under the Companies Act, 1956. The Company submitted an application on June 21, 1997 to Reserve Bank of India (hereinafter referred to as 'the Bank') for obtaining a Certificate of Registration (CoR) under the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 (hereinafter referred to as 'the Act'). The Bank issued CoR No. A-06.00167 dated November 05, 1998 to the company. The company, vide its letter dated November 02, 2001 informed the Bank about its conversion from private limited to public limited company. Accordingly, an amended CoR No. A-06.00167 dated May 22, 2002, was issued to the company. Thereafter, upon its reclassification as an Asset Finance Company, it was issued CoR No. A-06.00167 dated June 18, 2007 in lieu of earlier CoR No. A-06.00167 dated May 22, 2002. The company was bound by the terms and conditions of CoR.

2. The Bank observed that there were violations of the provisions of the Act as well as non-compliance with number of directions/guidelines/circulars/instructions issued under the Act by the company and therefore a Show Cause Notice (SCN) dated January 27,

2014 was issued to the company calling upon the company to show cause as to why the CoR issued to it should not be cancelled under Section 45-IA (6) of the Act. The company submitted its reply dated February 11, 2014 to the SCN. The Bank has carefully considered the company's contentions as discussed hereinafter.

3. In pursuance of an inspection of the company with reference to its financial position as on March 31, 2011, the Bank issued the Supervisory Letter on April 25, 2012 advising the company to submit Board approved compliance thereto within one month. However, despite of the number of reminders, the company failed to submit compliance. In its reply dated February 11, 2014, the company has contended that one of its directors personally submitted the compliance to the Bank and claimed to have attached a copy of the same along with its said reply. However, no such copy was attached to the reply. The statement that its director submitted its compliance is a false claim taken by the company in its reply to the SCN. The company has, therefore, violated Directions contained in Section 45 N (2) of the Act.

4. There was a change in management of the company with all the existing directors being replaced by the directors based in Assam/West Bengal in phases during 2010-2013. The company did not obtain the requisite prior written approval of the Bank for change/ transfer in management/ control thereby violating the Directions contained in Notification DNBS (PD) 208/CGM (ANR)-2009 and Circular DNBS (PD) CC No. 160/03.10.001/2009-10 both dated September 17, 2009. The Company has submitted information regarding appointment of new directors, but it has not submitted the complete documents to the Bank required for the purpose of deciding "Fit and proper" status of the transferee persons even after repeated reminders. In reply to the SCN, the company has falsely and deliberately claimed that its director had personally submitted the related documents for the appointment of new directors and it had also applied for approval for change in management. The claims of the company are false and the company has violated provisions of Para 8 of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 dated January 31, 1998 as amended from time to time.

5. After the change in management, majority of the shares were transferred to the following two companies and other individuals associated with Sh. Sarju Acharjee & Associates as per the following Share Holding pattern:

Name of the company	Number of shares allotted
Seward Agro (corp.) Ltd., Kolkata	48152
Jeewan Dhara Agency Services Pvt. Ltd., Guwahati	48223

However, this shareholding pattern was not reflected in the balance sheet as on March 31, 2012 submitted by the company. In reply to SCN, the Company has tried to justify the suppression of the shareholding pattern by contending that it was clerical mistake on the part of auditor. It is highly unacceptable that such important fact can be omitted to be reported in balance sheet by clerical mistake only.

6. During a snap scrutiny of the company on November 29, 2013 by the Bank, no director/ official except a Peon was available in the office. The directors are mainly based in Assam. Further, it appears that the company has opened an office in Guwahati as the name/ address of the depositor on the draft submitted by the company towards SLR penalty has been shown as M/s D H P Leasing Ltd., Vivekananda Path Abhinash Nivas, Ulubari, Assam, Guwahati-781007. A visit to the company's office at Ulubari, Guwahati by the Bank's Officials also revealed that the company was accepting money from public for various periods. Moreover, Shri Rajib Arora, director, admitted the existence of office at Guwahati. In view of this, the company's statement in its reply to SCN that it has no branch office in Guwahati is not convincing. This fact becomes more important as the company's Net Owned Fund (NOF) stood at Rs. 200.14 lakh as on March 31, 2013 and as such it was not authorised to accept public deposits outside its State of registration and has violated Para 4A of Non-Banking Financial Companies, Acceptance of Public Deposits (Reserve Bank) Directions, 1998. The company also did not get any statement in lieu of advertisement approved from the Bank before acceptance of public deposits and thus violated Para 4(13) (ii) of NBFC Acceptance of Public Deposits (Reserve Bank) Directions 1998.

7. The company had defaulted in maintenance of SLR for the quarters ended September 2011 to September 2012 which is a violation of Section 45-IB of the RBI Act.

Although the company has paid amount of penalty for the same, it has not tendered any explanation for default. It is pertinent to note that the day on which the company has replied to the SCN, it has submitted returns for the quarters ended June, September and December 2013, which shows that default in the maintenance of SLR has again been committed. This latest return shows that the company has no SLR securities resulting again in violation of Section 45-IB of the RBI Act.

8. The company has been issuing Secured Redeemable Debentures. The Company has denied, in its reply to SCN, having raised debentures after September 2010, whereas as per the information received by the Bank from an investor, the company has issued debentures in July, 2012 from its Corporate Office situated at Guwahati.

9. The company has been highly irregular in submission of statutory returns to the Bank which is a violation of Section 45M of the RBI Act. The balance sheet and Statutory Auditor's Certificate for the year ended March 31, 2012, required to be submitted by June 30, 2012, were submitted with in-ordinate delay on March 18, 2013. The Balance Sheet and Statutory Auditor's Certificate for the year ended March 31, 2013 have been submitted on February 25, 2014 violating Para 8 of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 dated January 31, 1998. The Company has uploaded the Quarterly returns with an inordinate delay as follow:

Returns for the Quarter ended	Date of Submission		
	NBS 1	NBS 2	NBS 3
September 30, 2012	16/11/2012	20/12/2012	16/11/2012
December 31, 2012	05/02/2013	05/02/2013	05/02/2013
March 31, 2013	11/06/2013	11/06/2013	11/06/2013
June 30, 2013			
September 30, 2013	11/02/2014	11/02/2014	11/02/2014
December 31, 2013			

In its reply to the SCN the company has stated that such delay in submitting statutory returns would not occur in future which itself is an admission on the part of the company that there was delay in submission of returns.

10. It is observed from the above returns, that the company has raised public deposits which stood at Rs. 10.50 lakhs, 19.92 lakhs & Rs. 35.57 lakhs at the end of June, September and December 2013 quarters respectively. It appears that public deposits have been raised through its Guwahati office, since it is not operating through its registered office situated in Amritsar (Punjab). In the circumstances, in raising deposits the company continues to violate the direction contained in Para 4A of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 even after the SCN. In reply to the SCN, the company has also admitted that it has recently accepted deposits as mentioned in the Return including from relatives to directors. However, the details and list of relatives to directors from whom deposits have been accepted has not been enclosed with the reply thus violating Section 45M of the RBI Act.

11. Taking into consideration all the relevant facts, developments and affairs of the company, the Bank is satisfied that grave violations of provisions of the RBI Act and directions/instructions issue there under as detailed above have been committed by the company and therefore the CoR issued to the company has to be cancelled under section 45-IA (6) of the Act. Accordingly, the CoR No. **A-06.00167 dated June 18, 2007** issued to **M/s DHP Leasing Ltd., Amritsar** is hereby cancelled in terms of sub-Section (6) of Section 45-IA of Reserve Bank of India Act, 1934.

12. Considering the fact that the company has violated the provisions of the Act, failed to comply with Bank's directions cited above, the company is hereby prohibited under section 45-MB(1) of the Act from accepting any further deposit by way of fresh acceptance or by renewal. The company is also directed in exercise of the powers of the Bank under Section 45MB (2) of the Act that it shall not sell, transfer, create charge or mortgage or deal in any manner with its property and assets without prior written permission of the Bank until further orders, except for the purpose of repaying deposits as and when they mature or prematurely if so demanded by the concerned depositor along with interest.

13. The company is further directed, in exercise of the powers conferred under Section 45 K of the RBI Act, 1934, to furnish the exact amount of deposit liabilities including the

accrued interest thereon as on the date to the Reserve Bank and to submit the quarterly reports and relevant returns showing the details of repayment of deposit amount in spite of cancellation of its CoR by this order.

A copy of this Order may be communicated to the company. The company may acknowledge receipt of this Order.

Place: Mumbai
Date: July 11, 2014

R Bhaskar
(P. Vijaya Bhaskar)
Executive Director