**BEFORE THE ADJUDICATING OFFICER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**[ADJUDICATION ORDER NO. Order/BM/UR/2022-23/22976-22979]**

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**UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995.**

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| **Good worth Build Invest (P) Ltd.**<br>**(PAN:** AAACG4067A**)**<br>**Address:** E-20, 1st & 2nd Floor, Hauz Khas New Delhi - 110016 | **Vintron Computers Pvt. Ltd.**<br>**(PAN:** AAACV4573C**)**<br>**Address:** D-107 & 108, Okhla Industrial Area, Phase-I, New Delhi-110020 |
| **Ritika Electronics Pvt. Ltd.**<br>**(PAN:** AAACR3391Q**)**<br>**Address:** F-90/1A, Okhla Industrial Area, Phase-1, New Delhi-110020 | **Vintron Electronics Pvt. Ltd.**<br>**(PAN:** AAACV42818A**)**<br>**Address:** D-107 & 108, Okhla Industrial Area, Phase-I, New Delhi-110020 |

In the matter of Vintron Informatics Limited.

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## BACKGROUND OF THE CASE

1. The Securities and Exchange Board of India (hereinafter referred to as "**SEBI"**) while examining Draft Letter of Open Offer filed with SEBI on June 23, 2022, for acquisition of equity shares of Vintron Informatics Limited (hereinafter referred to as "**VIL**") ("**Target Company**") observed non-compliances and delayed compliances as per Chapter V of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as "**SEBI SAST Regulations, 2011**") by Good worth Build Invest (P) Ltd. (hereinafter referred to

as “**Noticee 1**”), Vintron Computers Pvt Ltd. (hereinafter referred to as “**Noticee 2**”), Ritika Electronics Pvt. Ltd. (hereinafter referred to as “**Noticee 3**”) and Vintron Electronics Pvt. Ltd. (hereinafter referred to as “**Noticee 4**”) (hereinafter collectively referred to as “**Noticees**”).

2. In view of the above, adjudication proceedings were initiated under Section 15(A)(b) of SEBI Act, 1992 against the Noticees for the alleged violation of Regulation 30(2) read with Regulation 30(3) of SEBI SAST Regulations, 2011, by Noticee 1, Noticee 2, Noticee 3 and Noticee 4 and Regulation 29(2) read with Regulation 29(3) by Noticee 1.

## APPOINTMENT OF ADJUDICATING OFFICER

3. The undersigned was appointed as the Adjudicating Officer **(**hereinafter referred to as “**AO”)** vide Order dated November 24, 2022 under Section 19 read with Section 15(I) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act”**) and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as “**SEBI Adjudication Rules”**) to inquire into and adjudge under the provisions of Section 15(A)(b) of the SEBI Act in the manner specified under Rule 4 of Adjudication Rules read with Section 15-I(1) and (2) of SEBI Act, 1992, and if satisfied that penalty is liable, impose such penalty deemed fit in terms of Rule 5 of Adjudication Rules and Section 15A(b) of SEBI Act, 1992.

## SHOW CAUSE NOTICE, REPLY OF THE NOTICEE AND HEARING

4. Show Cause Notice No. SEBI/EAD-3/BM/UR/60041/1/2022 dated November 30, 2022 (hereinafter referred to as **“SCN”**) was issued to the Noticees under Rule 4(1) of the Adjudication Rules to show-cause as to why an inquiry should not be initiated against them and why penalty should not be imposed under section 15A(b) of the SEBI Act, 1992, for the aforesaid alleged violations.

5. The allegations levelled against the Noticees are as under:

a. During the course of examination of Draft Letter of Open Offer filed with SEBI on July 23, 2022, for acquisition of equity shares of VIL, it was observed that, during March 2016, Noticee 1 the promoter group company of VIL had transferred 64,00,000 equity shares accounting for 8.17% of total equity of the company, for which disclosure was required to be filed with every stock exchange where the shares of the target company are listed ("Bombay Stock Exchange Limited" and "Calcutta Stock Exchange Limited") and the target company at its registered office under regulation 29(2) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 (Takeover Regulations).

b. As per the shareholding pattern of VIL for the quarter ended June-2016 and September-2016, shareholding of Noticee 1 was 7,25, 00,000 shares accounting for 92.53% of the total shares of the company which subsequently got reduced to 6,61,00,000 accounting for 84.36% of the total shares of the company. The details of the shares sold by Noticee 1 is tabulated below:

**Table 1**

| Date of Transaction | Sell | Sold % | Pre transaction shareholding | Post transaction shareholding | % change in shareholding |
|---|---|---|---|---|---|
| 12/08/2016 | 64,00,000 | 8.17% | 92.53% | 84.36% | -8.17% |

c. Details in this regard was sought from VIL vide email dated July 29, 2022. VIL vide email dated August 01, 2022, submitted that Noticee 1 had transferred 64,00,000 equity shares accounting for 8.17% of total equity of the company. Further, VIL inter-alia in its reply has stated that the above transaction was done to comply with the orders passed by the Hon'ble High Court of Delhi in view of the Compromise Deed. The matter was represented before the SEBI, and therefore the company was of the opinion that the requisite disclosure need not be filed with the exchange.

d. In case of the transaction mentioned in the table 1 above, there was a change exceeding 2% in shareholding of Noticee 1. Since the change exceeds 2%, Noticee 1 was required to make disclosures to stock exchange and the Company within two working days of the respective transaction.

e. Thus, it was alleged that, Noticee 1 by not making disclosures under the SEBI SAST regulations, 2011 had violated Regulations 29(2) r/w Regulation 29(3) of the SEBI SAST Regulation, 2011.

f. It was also alleged that, Noticee 1 by not making annual disclosures of its shareholding and voting rights as of the thirty-first day of March for FY'14-FY'16 and FY'18-FY'21 under the SEBI SAST regulations, 2011 has violated Regulations 30(2) r/w Regulation 30(3) of the SEBI SAST Regulation, 2011.

g. Further, it was observed that, Noticee 1 , Noticee 2, Noticee 3, Noticee 4 along with individuals i.e. late Raj kumar Gupta and late Uma Gupta were member of the promoter and the promoter group.

h. As Noticee 2, Noticee 3 and Noticee 4 were persons acting in concert with Noticee 1 by being part of the promoter group, they were required to disclose their shareholding and voting rights as of the thirty-first day of March for FY'14-FY'16 and FY'18-FY'21 as mandated in Regulation 30(2) r/w Regulation 30(3) of the SEBI SAST Regulations, 2011. As the annual disclosures as mandated by Regulation 30(2) r/w Regulation 30(3) of the SEBI SAST Regulations, 2011 were not made by Noticee 2, Noticee 3 and Noticee 4, it is alleged that Noticee 2, Noticee 3 and Noticee 4 had violated Regulation 30(2) r/w Regulation 30(3) of the SEBI SAST Regulations, 2011.

6. The SCN was duly served on the Noticees via SPAD dated December 12, 2022. The proof of the service is on record. Vide letter dated January 16, 2023, Noticees submitted their reply to the SCN. The submissions made by the Noticees are as summarized below:

**Reply on merits in respect of alleged non-compliance of Regulation 29(2) read with Regulation 29(3) of the SEBI SAST Regulations, 2011 by the Noticee No. 1:**

a. Noticee 1 submitted that, there is no frequent history of non-compliance of any of the SEBI Regulations against Noticee 1. The alleged non-compliance under Regulation 29(2) read with Regulation 29(3) of the SEBI SAST Regulations, 2011 was completely unintentional, inadvertent and without any ulterior motive as the Noticee 1 had a bona fide understanding/ belief that since the transfer of 64,00,000 equity shares constituting 8.17% of VIL was triggered pursuant to the order dated 21.01.2015 passed by the Hon'ble High Court of Delhi in CS(OS) 2733/2012 and will not trigger any compliance with Regulation 29(2) read with Regulation 29(3) of the SEBI SAST Regulations, 2011.

b. Noticee 1 further submitted that it had on 04.08.2022 already made good the alleged non-compliance by making the relevant disclosures under Regulation 29(2) read with Regulation 29(3) of the SEBI SAST Regulations, 2011. Further it undertook to make timely disclosures under the SEBI SAST Regulations, 2011 or any other securities rules/ regulations in future.

c. Noticee 1 also submitted that the alleged non-compliance did not result in any loss for any public shareholder of VIL.

**Reply on merits in respect of alleged non-compliance of Regulation 30(2) read with Regulation 30(3) of the SEBI SAST Regulations, 2011 by all the Noticees:**

a. Noticees submitted that there is no frequent history of non-compliance of any of the SEBI Regulations against them. The alleged non-compliance under

Regulation 30(2) read with Regulation 30(3) of the SEBI SAST Regulations, 2011 was completely unintentional, inadvertent and without any ulterior motive.

b. Noticees further submitted that there was no change in the promoter and/ or promoter group shareholding during the period covering the following financial years:

(a) 2013-14, 2014-15, 2015-16, and
(b) 2017-18, 2018-19, 2019-20, 2020-21,

and as such the alleged non-compliance did not give rise to any loss to any public shareholder of VIL during the block of the two above-mentioned financial years.

c. Noticees also submitted that, they had on 04.08.2022 already made good the alleged non-compliance by making the relevant disclosures under Regulation 30(2) read with Regulation 30(3) of the SEBI SAST Regulations, 2011. Further, all the Noticees undertake, if required, to make timely disclosures under the SEBI SAST Regulations, 2011 or any other securities rules/ regulations in future.

7. Pursuant to issuance of the SCN, in the interest of principles of Natural Justice, Noticees were given opportunity of hearing on January 10, 2023 vide hearing notice dated January 03, 2023. The Authorized Representative (hereinafter referred to as "**AR**") of the Noticees vide email dated January 09, 2023, submitted that he had been appointed as Counsel on the same day i.e. January 09, 2023, by the Noticees and in view of which the AR requested to grant a period of 2 weeks to submit their replies to the SCN. Vide email dated January 09, 2023, Noticees were informed that their request for extension of time and reply has been acceded to, however the extension granted was till January 16, 2023 to reply. Further, the AR was informed that final opportunity of hearing in the instant matter is being provided to him on January 18, 2023. The hearing was completed on the scheduled day and time. The minutes of the hearing in this regards are on record. During the course of hearing, the AR reiterated the submission made vide letter dated January 16, 2023 by the Noticees. The AR also submitted that the Noticees have made all the disclosures as alleged on August 04, 2022. In

view of which, the AR was advised to submit copy of the disclosures made. The AR sought time till January 20, 2023 to submit the documents sought and also to make some additional submissions. Vide email dated January 18, 2023, The AR submitted the disclosure filed by Noticee 1 under Regulation 29(2) r/w Regulation 29(3) dated August 04, 2023 and further the AR submitted the disclosure filed by VIL dated August 04, 2023 for itself and on behalf of other Noticees/promoter group. Vide letter dated January 20, 2023, the AR submitted the additional submissions to the SCN. The submissions made by the AR vide additional submissions are summarized below:

**Written Submissions in respect of the Noticee 1 in respect of alleged non-compliance of Regulation 29(2) read with Regulation 29(3) of the SEBI SAST Regulations, 2011:**

a. Noticee submitted that none of the factors specified under Section 15J of the SEBI Act are applicable in the present case which are to be considered by the Learned Adjudicating Officer while adjudging the quantum of penalty to be levied.

b. It had made the disclosure under Regulation 29(2) read with Regulation 29(3) even before the SCN was issued to the Noticee 1. Further, the Noticee 1 has already undertaken to make timely disclosures not just under the SAST Regulations, 2011 but also under any other securities rules/ regulations in future.

c. There was no mala fide intention of the Noticee 1 involved in not making the timely disclosure under Regulation 29(2) read with Regulation 29(3).

**Written Submissions in respect of all the Noticees in respect of alleged non-compliance of Regulation 30(2) read with Regulation 30(3) of the SEBI SAST Regulations, 2011:**

a. Noticees submitted that none of the factors specified under Section 15J of the SEBI Act are applicable in the present case which are to be considered by the Learned Adjudicating Officer while adjudging the quantum of penalty to be levied.

b. The Noticees have already undertaken to make timely disclosures not just under the SAST Regulations but also under any other securities rules/ regulations in future.

c. There was no mala fide intention of the Noticees involved in not making the timely disclosure under Regulation 30(2) read with Regulation 30(3).

d. Noticees also submitted that entire Regulation 30 of the Takeover Regulations has already been omitted vide the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Second Amendment) Regulations, 2021 effective from 01.04.2022.

**CONSIDERATION OF ISSUES AND FINDINGS**

8. I have carefully perused the charges levelled against the Noticees, their replies and the documents/material available on record. The issues that arise for consideration in the present case are:

**Issue No. I** Whether Noticee 1 by not disclosing its disposal of shares has violated Regulation 29(2) r/w 29(3) and Noticees by not making continual disclosures in VIL have violated Regulation 30(2) r/w 30(3) of the SEBI SAST Regulations, 2011.

**Issue No. II** Does the violation, if any, attract monetary penalty under Section 15A(b) of the SEBI Act, 1992?

**Issue No. III** If so, what would be the quantum of monetary penalty that can be imposed on the Noticees after taking into consideration the factors mentioned in section 15J of the SEBI Act, 1992?

9. The relevant provisions of law are reproduced below:

***Regulation 29(2)***

*Any person together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target* *company, shall disclose the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below five per cent, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds two per cent of total shareholding or voting rights in the target company, in such form as may be specified.*

***Regulation 29(3)***

*The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition or the disposal of shares or voting rights in the target company to,—*

*(a) every stock exchange where the shares of the target company are listed; and*

*(b) the target company at its registered office.*

***Regulation 30(2) of Takeover Regulations***

*The promoter of every target company shall together with persons acting in concert with him, disclose their aggregate shareholding and voting rights as of the thirty-first day of March, in such target company in such form as may be specified*

***Regulation 30(3) of Takeover Regulations***

*The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within seven working days from the end of each financial year to , -*

*(a) every stock exchange where the shares of target company are listed; and*

*(b) the target company at its registered office.*

**Issue No. I** Whether Noticee 1 by not disclosing its disposal of shares has violated Regulation 29(2) r/w 29(3) and Noticees by not making continual disclosures in VIL have violated Regulation 30(2) r/w 30(3) of the SEBI SAST Regulations, 2011.

**Non-Disclosure by Noticee 1 under Regulation 29(2) r/w 29(3):**

10. I note from the material available on record that Noticees were part of promoter group companies of VIL.

11. As per the shareholding pattern of VIL for the quarter ended June-2016 and September-2016, shareholding of Noticee 1 was 7,25,00,000 shares accounting for 92.53% of the total shares of the company which subsequently got reduced to 6,61,00,000 accounting for 84.36% of the total shares of the company. The details of the shares sold by Noticee 1 is tabulated below:

| Date of Transaction | Sell | Sold % | Pre transaction shareholding | Post transaction shareholding | % change in shareholding |
|---|---|---|---|---|---|
| 12/08/2016 | 64,00,000 | 8.17% | 92.53% | 84.36% | -8.17% |

12. It was observed that Noticee 1 the promoter group company of VIL had transferred 64,00,000 equity shares accounting for 8.17% of total equity of the company, for which disclosure was required to be filed with every stock exchange where the shares of the target company are listed ("Bombay Stock Exchange Limited" and "Calcutta Stock Exchange Limited") and the target company at its registered office under regulation 29(2) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 (Takeover Regulations).

13. Thus it was alleged that, Noticee 1 by not making disclosures has violated Regulations 29(2) r/w Regulation 29(3) of the SEBI SAST Regulation, 2011.

14. In terms of the Regulation 29(2) r/w Regulation 29(3) of SAST Regulations, 2011, requisite disclosures are to be made based on every event of either acquisition

or disposal of securities in excess of the limits specified therein in terms of number/value/percentage. In the instant matter, disclosure requirements in terms of regulation 29(2) of SEBI SAST Regulations, 2011 were triggered because there was a change in the shareholding of Noticee 1 amounting to 8.17% of its total shareholding which is exceeding 2% in shareholding due to disposal of shares which were held by the Noticee 1 and the shareholding of Noticee 1 was more than 5% in the scrip of VIL. Admittedly, the disclosures were not made within the time prescribed under the provisions of SEBI SAST Regulations, 2011.

15. Noticee 1 submitted that, the alleged non-compliance under Regulation 29(2) read with Regulation 29(3) of the SEBI SAST Regulations, 2011 was completely unintentional, inadvertent and without any ulterior motive as it had a bona fide understanding/ belief that since the transfer of 64,00,000 equity shares constituting 8.17% of VIL was triggered pursuant to the order dated 21.01.2015 passed by the Hon'ble High Court of Delhi in CS(OS) 2733/2012 and will not trigger any compliance with Regulation 29(2) read with Regulation 29(3) of the SEBI SAST Regulations, 2011. Noticee 1 further submitted that it had made the disclosure to the exchange under Regulation 29(2) read with Regulation 29(3) even before the SCN was issued to the Noticee 1 i.e. on August 04, 2022.

16. In this regard, I note that the aforesaid order of Hon'ble High Court of Delhi was in pursuance of Compromise Deed/ Memorandum of Settlement wherein, Noticee 1 had entered into a scheme of arrangement with other entities to transfer 64, 00,000 equity shares of VIL and Noticee 1 was bound by such Compromise deed. Nevertheless, I note that, the aforesaid Compromise deed or Hon'ble High Court's order does not exempt Noticee 1 from making the disclosure. From the documents before me, I note that Noticee 1 has made disclosure under regulation 29(2) r/w 29(3) on August 04, 2022, which is after 2175 days.

17. Thus, I find that, Noticee 1 has violated Regulations 29(2) r/w Regulation 29(3) of the SEBI SAST Regulation, 2011 by not making the disclosure under SEBI SAST Regulations, 2011 to the exchange and the target company within the prescribed time.

**Non-Disclosure by Noticees under Regulation 30(2) r/w 30(3):**

18. As per Regulation 30(2) r/w Regulation 30(3) of the SEBI SAST Regulation, 2011 promoter of every target company along with person acting in concert shall disclose their shareholding and voting rights as of the thirty-first day of March to the exchange and the target company.

19. It was alleged that Noticee 1, Noticee 2, Noticee 3 and Noticee 4, by not making annual disclosures of their shareholding and voting rights as of the thirty-first day of March for FY'14-FY'16 and FY'18-FY'21 under the SEBI SAST regulations, 2011, have violated Regulations 30(2) r/w Regulation 30(3) of the SEBI SAST Regulation, 2011.

20. Noticees submitted that they had already undertaken to make timely disclosures under the SAST Regulations, 2011 on August 04, 2022. From the records available before me, I note that Noticees have not made the disclosures, it was VIL which had filed disclosures under Regulation 30(2) r/w Regulation 30(3) of the SEBI SAST Regulation, 2011 on August 04, 2022 on behalf of the Noticees.

21. I note that the objective of disclosure under Regulation 30(2) read with 30(3) of SAST is to make investors at large be aware of the shareholding of the promoters of the company in which they have invested. I note that Regulation 30(2) read with Regulation 30(3) clearly stipulate that disclosure with respect to the aggregate shareholding has to be made as of 31$^{st}$ Day of March within 7 working days of the Financial Year to the exchange. However, the Noticees have not made the disclosures, as required. In this regard, it is to be noted that, the disclosure under Regulation 30(2) r/w Regulation 30(3) of the SEBI SAST Regulation, 2011 is to be made by the promoter of every target company together with person acting in concert. As has been observed above, the disclosure under regulation 30(2) was filed by target company and not the promoter along with person acting in concert. Thus, I do not find any merit in the contention of the Noticees.

22. Noticees contended that the alleged non-compliance did not give rise to any loss to any public shareholder of VIL. I note that in the matter of **Ashok Jain Vs SEBI** (Appeal No 79 of 2014 dated June 09,2014), Hon'ble SAT has held that *"...under SAST Regulations 1997 as also under SAST Regulations, 2011 disclosures are liable to be made within specified days irrespective of the scrip being traded on the Exchange or not. Similarly, disclosures have to be made irrespective of whether investors have suffered any loss or not on account of non-disclosure within the time stipulated under those regulations."*

23. Further, in the matter of **Virendrakumar Jayantilal Patel Vs SEBI** (Appeal No 299 of 2014 and Order dated October 14, 2014), Hon'ble SAT has held that*:"...obligation to make disclosures within the stipulated time is a mandatory obligation and penalty is imposed for not complying with the mandatory obligation. Similarly, argument that the failure to make disclosures within the stipulated time, was unintentional, technical or inadvertent and that no gain or unfair advantage has accrued to the appellant, is also without any merit, because, all these factors are mitigating factors and these factors do not obliterate the obligation to make the disclosures."*

24. I am of the view that the disclosures requirements under the respective regulations serve very important purposes. The stock exchange is informed via disclosures so that the investing public will come to know of the position enabling them to stick on with or exit from the company. Further, timely disclosures of the details of the shareholding of the persons acquiring substantial stake is of significant importance as such disclosures also enable the regulators to monitor such acquisitions. Further, Hon'ble Securities Appellate Tribunal ('SAT') in the matter of **Coimbatore Flavors & Fragrances Ltd. vs SEBI**(Appeal No. 209 of 2014 order dated August 11, 2014), has also held that "*Undoubtedly, the purpose of these disclosures is to bring about more transparency in the affairs of the companies. True and timely disclosures by a company or its promoters are very essential from two angles. Firstly; investors can take a more informed decision to invest or not to invest in a particular scrip*

*secondly; the Regulator can properly monitor the transactions in the capital market to effectively regulate the same.*"

25. Based on the aforesaid findings, I conclude that the Noticees did not make disclosures to the Company and the stock exchanges with regard to disposal of shares which was to be made by 17/08/2016 and change in shareholding for FY'14-FY'16 and FY'18-FY'21 in time and has thus violated the provisions of Regulation 30(2) read with Regulation 30(3) of SEBI SAST Regulations, 2011.

**Issue No. II: Does the violation, if any, attract monetary penalty under 15(A)(b) of the SEBI Act, 1992?**

26. As observed above, Noticee 1 failed to comply with disclosure requirement under Regulation 29(2) r/w 29(3) of SAST Regulations, 2011 and Noticees failed to comply with requirement under Regulation 30(2) r/w Regulation 30(3).

27. The Hon'ble Supreme Court of India in the matter of **SEBI vs. Shri Ram Mutual Fund** interalia held *" once the violation of statutory regulations is established, imposition of penalty becomes sine qua non of violation and the intention of parties committing such violation becomes totally irrelevant. Once the contravention is established then the penalty is to follow."*

28. Hon'ble Tribunal in the matter of **Annand Sarnaaik Versus Securities & Exchange Board of India** dated 23.07.2019, had held "….*the appellants were duty bound to make the necessary disclosures within the stipulated period under the PIT and SAST regulations. Non-disclosures within the stipulated period violated the provisions of the aforesaid regulations and, consequently, the penalty became leviable*." Further. Hon'ble tribunal in the matter of **Akriti GlobalTraders Ltd. v. Securities and Exchange Board of India** (Appeal No. 78 of 2014 dated September 30, 2014) has held that, *"…. firstly, penal liability arises as soon as provisions under the regulations are violated and that penal liability is neither dependent upon the intention of parties...."*

29. In view of the same, I am convinced that it is a fit case for imposition of monetary penalty on the Noticees under the provisions of Section 15(A)(b) of the SEBI Act, 1992 which are as under:

***Penalty for failure to furnish information, return, etc.***

*(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;*

**<u>Issue No. III If so, what would be the quantum of monetary penalty that can be imposed on the Noticees after taking into consideration the factors mentioned in section 15J of the SEBI Act, 1992?</u>**

30. While determining the quantum of penalty under Section 15(a)(b) of the SEBI Act, 1992, it is important to consider the factors as stipulated in section 15J of the SEBI Act which reads as under:-

***Factors to be taken into account by the adjudicating officer.***

*15J. While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-*

*(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*

*(b) the amount of loss caused to an investor or group of investors as a result of the default;*

*(c) the repetitive nature of the default.*

*Explanation.—For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E,clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.*

31. I note that material available on record has not quantified the amount of disproportionate gain or unfair advantage, if any, made as a result of the defaults by the Noticees. I also note that no prior default of the Noticees is available on record. Further, from the material available on record, it may not be possible to ascertain the exact monetary loss to the investors/clients on the account of defaults made by the Noticees. However, I note that by not making relevant disclosures, the Noticees have obscured the public and investors from the financial information regarding their transactions in the company.

32. I find that Noticee 1 has violated the provisions of Regulation 29(2) read with 29(3) SEBI SAST Regulations, 2011 by not making disclosures in 2016 as prescribed and made disclosure with a delay of almost six years. Further Noticees 1 - Noticee 4 did not make disclosures under Regulation 30(2) r/w 30(3) of SAST Regulations 2011 for the financial years FY'14-FY'16 and FY'18-FY'21 and later in August 2022 VIL i.e. the target company made the disclosures on behalf of the Noticees.

33. Hon'ble SAT in the case of M**/s. Coimbatore Flavors & Fragrances Ltd. & Ors vs SEBI** (Appeal No. 209 of 2014 order dated August 11, 2014), has held that: *"Undoubtedly, the purpose of these disclosures is to bring about more transparency in the affairs of the companies. True and timely disclosures by a company or its promoters are very essential from two angles. Firstly; investors can take a more informed decision to invest or not to invest in a particular scrip secondly; the Regulator can properly monitor the transactions in the capital market to effectively regulate the same."*

34. Hon’ble SAT, in the aforesaid order, has articulated the importance of true and timely disclosures.

35. In view of the charges as established, the facts and circumstances of the case and the judgments referred to and mentioned hereinabove, the quantum of penalty would depend on the factors referred in Section 15-J of SEBI Act as stated above. The main objective of the SAST Regulations, 2011 is to afford fair treatment for shareholders who are affected by any change in shareholdings. The Regulation seeks to achieve fair treatment by inter alia mandating disclosure of timely and adequate information to enable shareholders to make an informed decision and ensuring that there is a fair and informed market in the shares of companies affected by such change. Correct and timely disclosures are also an essential part of the proper functioning of the securities market and failure to do so results in preventing investors from taking well-informed decisions. Thus, the cornerstone of the SAST Regulations, 2011 is investor protection. Further the disclosure as required under the SAST Regulations, 2011 are of significant importance from the point of view of the Regulators also.

**ORDER**

36. Having considered the facts and circumstances of the case, the material available on record, the factors mentioned in Section 15J of the SEBI Act, taking note of Section 15(A)(b) of the SEBI Act, 1992, and also taking into account judgement of the Hon’ble Supreme Court in SEBI vs. Bhavesh Pabari (2019) 5 SCC 90 and in exercise of the powers conferred under Section 15 I of the SEBI Act, 1992, and Rule 5 of Adjudication Rules, I, impose following penalty on the Noticees:

| Sr. No. | Noticee Name | Penal Provisions | Penalty |
|---|---|---|---|
| 1. | Good worth Build Invest (P) Ltd. (Noticee 1) | Section 15(A)(b) of the SEBI Act, 1992 | Rs. 5,00,000 (Rupees. Five Lakhs Only) |

| | | | |
|---|---|---|---|
| 2. | Vintron Computers Pvt. Ltd. (Noticee 2) | Section 15(A)(b) of the SEBI Act, 1992 | Rs. 3,00,000 (Rupees. Three Lakhs Only) |
| 3. | Ritika Electronics Pvt. Ltd. (Noticee 3) | Section 15(A)(b) of the SEBI Act, 1992 | Rs. 3,00,000 (Rupees. Three Lakhs Only) |
| 4. | Vintron Electronics Pvt. Ltd. (Noticee 4) | Section 15(A)(b) of the SEBI Act, 1992 | Rs. 3,00,000 (Rupees. Three Lakhs Only) |

37. In the facts and circumstances of the case, I am of the view that the said penalty is commensurate with the violations committed by Noticees.

38. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:
**ENFORCEMENT → Orders → Orders of AO → PAY NOW**

39. The aforesaid Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid to "The Division Chief (Enforcement Department 1 DRA-2), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C – 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.". The Noticee shall also provide the following details while forwarding DD / payment information:
    - Name and PAN of the Noticee
    - Name of the case / matter
    - Purpose of Payment – Payment of penalty under AO proceedings
    - Bank Name and Account Number
    - Transaction Number

40. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

41. In terms of the provisions of rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticees and also to the Securities and Exchange Board of India.

**Date: January 20, 2023** **BARNALI MUKHERJEE**

**Place: Mumbai** **ADJUDICATING OFFICER**