

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 respect of compliance with the requirement of minimum public shareholding by Vintron Informatics 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**") within the due date i.e., June 03, 2013.

Vide the said Order, SEBI *inter alia* directed as under:

- *Prohibit the promoters/promoter group and directors of these non-compliant companies from buying selling or otherwise dealing in securities of their respective companies, either directly or indirectly, in any manner whatsoever, except for the purpose of complying with minimum public shareholding requirement till such time these companies comply with the minimum public shareholding requirement,*
- *Restrain the shareholders forming part of the promoter/promoter group in the non-compliant companies from holding new position as a director in any listed company, till such time these companies comply with the minimum public shareholding requirement,*
- *Restrain the directors of non-compliant companies from holding new position as a director in any listed company, till such time these companies comply with the minimum public shareholding requirement.*

2. Vintron Informatics Ltd. ("**VIL**" / **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 6.40%. The shares of the Company are listed on the Bombay Stock Exchange Limited ("**BSE**"), Calcutta Stock Exchange Limited and Delhi Stock Exchange Limited.

- 3.1 VIL filed its reply vide letters dated June 17, 2013 and September 04, 2013 to the interim order, wherein they categorically stated that the Hon'ble High Court of Delhi vide Order dated September 07, 2012 had restrained the company and its promoters from transferring in any manner, their shareholding in the company to any third person.
- 3.2 Thereafter, an opportunity of hearing was granted to the Company on October 14, 2013. SEBI, after due consideration of the submissions made by VIL and other material available on record, vide order dated September 02, 2014 held "*SEBI has stipulated three (3) more methods (for complying with MPS) in addition to OFS on August 29, 2012. Further, the order of Hon'ble High Court of Delhi does not bar the Company from availing other available methods of compliance with the MPS requirements including Institutional Placement Programme/ rights issues/ bonus issue to the public shareholders, with promoters/ promoter group shareholders forgoing their rights entitlement, etc. In case the Company was experiencing any difficulty, it could have approached SEBI with its proposed method, for approval. I note that the Company has not approached SEBI for any guidance. I hereby find that the Company has failed to comply with the MPS requirements prescribed vide such statutory provisions within the stipulated timeline. The Company is also in continuous violation of these norms.*" In view of the same, SEBI, vide Order dated September 02, 2014 confirmed the directions issued vide the interim order against VIL, its directors and promoters/promoter group.
- 4.1 Subsequent to this, SEBI received letters dated May 20, 2015 and November 23, 2015 from the company, in reply to the Confirmatory order dated September 02, 2014 passed by SEBI, enclosing a copy of a *Compromise Deed* dated January 16, 2015 approved by Hon'ble High Court of Delhi. VIL vide the said letters *inter alia*, submitted the following:
- a. *The litigation against the company before the Hon'ble High Court has got settled on January 16, 2015. The company and the litigant (Mr. Mahendra Kumar Lalwani & Others) decided to enter into a Compromise Deed/Memorandum of Understanding (MOU). On January 16, 2015, the parties entered into a MoU , pursuant to which the Promoters have agreed to pay a part of the settlement amount to Mr. Mahendra Kumar Lalwani (litigant), by way of transfer of 64,00,000 equity shares of the Company (of Rs.1.25 each) to the litigant. Hon'ble High Court has directed the parties to abide by the terms of the MOU.*

- b. *Now that the High Court restraint stands vacated, the company is in a lawful position to comply with the MPS norms.*
- c. *By virtue of the above mentioned transfer pursuant to the High Court Order, the public holding in the company would stand increased to 14.56% from the present 6.40%.*
- d. *The company has requested SEBI to allow the company to honour the Hon'ble High Court Order, by directing NSDL/CDSL to defreeze Promoters holding to the extent of 64,00,000 equity shares, to enable the Promoters to transfer the said shares to the litigant.*
- e. *The company has further proposed to opt for e-OFS to divest its promoter holding to comply with MPS requirement. Therefore, the company has requested SEBI to defreeze the excess promoter holding and allow the promoters a time extension of 6-8 months to come out with one or more tranches of e-OFS to comply with the MPS norms."*

4.2 Thereafter, SEBI via e-mails dated February 26, 2016, March 02, 2016 and March 09, 2016 advised VIL to provide the following information:

- i. *Name of the promoters (sellers) of the company, VIL., who will transfer 64,00,000 equity shares and number of shares proposed to be transferred by each promoter,*
- ii. *Name of the buyer/s,*
- iii. *PAN details of the buyer/s and promoter/s.*

4.3 In response to this, VIL vide letter dated March 16, 2016 *inter alia* provided the following information:

- i. ***The Seller:*** *Promoter group company, M/s Goodworth Build Invest Pvt. Ltd. ...shall be transferring 64,00,000 equity shares from its Demat Account*
- ii. ***The Buyer(s):*** *As per the compromise deed and the consequent High Court Order, the said shares are needed to be transferred to the 1st party, which comprises of Mr. Jawahar Lal Mahender Kumar Lalwani, ...either in his individual capacity and/or to his promoted companies , M/s Telexcell Information Systems Ltd. and/or M/s Netaxcess, Communications Ltd.*
- iii. *PAN of the Seller(s) and Buyer(s).*

4.4 Thereafter SEBI vide letter dated March 21, 2016 advised National Securities Depository Ltd. (NSDL) and Central Depository Services (I) Ltd. (CDSL) as under:

“In terms of the SEBI Order, the ISIN level freeze imposed by you in force. You are advised to do the needful to enable compliance with the Order of the High Court of Delhi”.

4.5 VIL vide letter dated August 30, 2016, stated that:

- i. *“In compliance with the Order of the Hon’ble High Court and by virtue of the aforesaid letter [letter dated March 21, 2016 issued to NSDL and CDSL] issued by your good office, the promoters have transferred 8.16% of their Promoter Holding to the persons belonging to public category, thereby increasing Public Shareholding to 14.56% from 6.40% and bringing the Promoter Shareholding down to 85.44%,*
- ii. *Further to comply with the provisions of MPS norms, the Promoters are now proposing to offload their shareholding via E-offer for sale mechanism, in one or more tranches,*
- iii. *In view of our above mentioned submissions and to enable the Company to comply with the requirement of Minimum Public Shareholding, we most humbly request your good office to direct the Depositories to defreeze the Promoters demat Accounts to enable them to offer their shares in the e-OFS. We further request your goodself to allow the promoters a time extension of 6-8 months to come out with one or more tranches of e-OFS to comply with MPS norms”*

4.6 In response to this, SEBI via e-mail dated September 29, 2016 advised VIL to approach stock exchanges and depositories.

4.7 Thereafter, VIL via e-mail dated March 30, 2017 informed as under:

- i. *“M/s. **Goodworth Build Invest Private Limited** one of the Promoters of the Company (Vintron Informatics Limited) had come up with two rounds of Offer For Sale in terms of SEBI Circular CIR/CFD/CMD/14/2015 dated November 30, 2015 for achieving the minimum level of public shareholding specified in Rule 19(2)(b) and/or Rule 19A of the Securities Contracts (Regulation) Rules, 1957 (hereinafter referred to as '**SCRR**'), by selling total 8175449 (Eighty one Lakhs Seventy Five Thousand Four Hundred Forty Nine) Equity Shares constituting 10.43% of the Paid-up equity capital of the Company, to the public in Open Market.*

Details of shareholding before and after OFS is presented below for your reference:

	<i>Before OFS as on 28.02.2017</i>		<i>After Round One of OFS Settlement on 3rd March, 2017</i>		<i>After Round Two of OFS Settlement on 24th March, 2017</i>	
<i>Category</i>	<i>No. of Shares</i>	<i>Percentage %</i>	<i>No. of Shares</i>	<i>Percentage %</i>	<i>No. of Shares</i>	<i>Percentage %</i>
Promoter	66942299	85.43	59030393	75.34	58766850	75.00
Public	11413501	14.57	19325407	24.66	19588950	25.00
Total	78355800	100.00	78355800	100.00	78355800	100.00

- ii. Therefore, as on 24th March, 2017, the promoter of the Company has come down to 75% from 85.43 %. The Company has achieved the MPS and now complying with the Minimum Public Shareholding ('MPS') norms as stipulated under rules 19(2)(b) and 19A SCRR).

4.8 Vide the said e-mail, VIL also forwarded the following documents:

- *The Shareholding Pattern as on 24th March 2017, filed with BSE Limited for the purpose of Compliance and record.*
- *Contract notes of Offer For Sale*
- *RTA Letter Certifying the Promoter and Public holding as on 24th March, 2017*
- *Screen Shot of BSE Website showing the holding of promoter and public.*

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:

- i. 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%.

- ii. VIL vide letter dated March 25, 2017 disclosed to BSE that the company has successfully completed two rounds of Offer For Sale (OFS) (first phase on February 28, 2017 and March 01, 2017 and second phase on March 22, 2017 and March 23, 2017) for achieving MPS norms.
 - iii. VIL has further filed disclosures to the stock exchanges under Regulation 29 (2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 with regard to sale of total 81,75,449 shares (10.43 % of share capital of the company) in two tranches (*i.e.* 79,11,906 shares in the first phase on February 28, 2017 and March 01, 2017 and 2,63,543 shares in the second phase on March 22, 2017 and March 23, 2017) by the promoter of VIL, *viz.* M/s Goodworth Build Invest Private Limited in Offer For Sale.
 - iv. As per the shareholding pattern for the quarter ended on March 31, 2017, the promoter shareholding of VIL has become 75%. BSE vide email dated March 29, 2017 has confirmed that as per latest shareholding pattern filed as on March 24, 2017 with the Exchange by VIL, the public shareholding of the VIL has become 25%.
 - v. Therefore, on the basis of the documents submitted by VIL and also from the information provided by BSE, it is observed that as on March 24, 2017, VIL has achieved the MPS and has complied with the MPS norms as stipulated under the Rule 19 A of SCRR and clause 40A of the Listing Agreement read with Section 21 of the SCRA.
 - vi. VIL has complied with the MPS requirement on March 24, 2017, whereas the due date for such compliance was on June 03, 2013.
 - vii. Considering the fact that VIL has now complied with the MPS requirements as stipulated under Rule 19(2)(b) and Rule 19A of the SCRR read with Clause 40A of the Listing Agreement read with Regulation 38 and Regulation 103 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 read

with Sections 11(1), 11(2)(j), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 and Section 12A of the Securities Contracts (Regulation) Act, 1956, hereby-

- *Vacate the directions issued vide the interim order dated June 04, 2013 read with confirmatory Order dated September 02, 2014 against Vintron Informatics Ltd., its directors, promoters and promoter group with immediate effect.*

7. However, it is also an accepted fact that there was inordinate delay (almost four years) in complying with the MPS requirements by the Company. I am therefore of the view that adjudication proceedings would be additionally required to be initiated against the Company under the relevant provisions of law.
8. Copy of this Order shall be served on recognised stock exchanges and depositories for their information and necessary action.

June 15, 2017
Mumbai

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