BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: Order/AK/BS/2023-24/27567-27569)

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

<table>
<tr><td>Noticee No. 1: Anurag Soni
(PAN: BETPS9242G)
Email: anuragsonicfo@gmail.com
01, Main Sector, Shastri Nagar,
Bhilwara, Rajasthan – 300 001.</td><td>Noticee No. 2: Sangam E - Com Limited
(PAN: AAHCS4551N)
Email: sanecom2020@gmail.com
B-8, 1st Floor, S K Plaza,
Pur Road, Bhilwara, Rajasthan – 311001.</td></tr>
<tr><td colspan="2">Noticee No. 3: Sangam Business Credit Limited
(PAN: AAACS8302E), Email: sanbusiness2020@gmail.com
B-306-309, Dynasty Business Park, Opp. Sangam Cinema,
Andheri Kurla Road, Andheri (East), Mumbai – 400069.</td></tr>
</table>

IN THE MATTER OF SANGAM (INDIA) LIMITED

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') observed that there was violation of provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as "**SAST Regulations**") by Anurag Soni (**Noticee No.1**), Sangam E-Com Limited (**Noticee No. 2**) and Sangam Business Credit Limited (**Noticee No.3**) while acquiring shares of the Sangam (India) Limited (hereinafter referred to as **"Sangam" or "the Company/ Target Company (TC)**). Noticee No. 1, 2 and 3 shall hereinafter be collectively referred to as **"Noticees".**

APPOINTMENT OF ADJUDICATING OFFICER

2. Upon being satisfied that there were sufficient grounds to inquire and adjudicate upon the alleged violation of provisions of the SAST Regulations by the Noticees, SEBI, in exercise of powers under section 19 read with sub-section (1) of section 15-I of the SEBI Act and rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the "**Adjudication Rules**"), appointed Ms. Geetha G as Adjudicating Officer **(AO),** vide order dated January 20, 2022 to enquire into and adjudge under Section 15A(b) of SEBI Act, 1992 (hereinafter referred to as "**SEBI Act**"), the alleged violations by the Noticees. Pursuant to the transfer of Ms. Geetha G, undersigned was appointed as AO, vide communique dated September 19, 2022.

FACTS OF THE CASE

3. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') had received a complaint dated July 14, 2020 alleging that the Promoters and Promoter group of Sangam have not complied with certain disclosure requirements of SAST Regulations.

4. The complaint was forwarded to NSE and BSE, who sought comments from the Company. The Company informed the Stock Exchange (NSE), vide letter dated August 10, 2020, that they have received a confirmation from the promoters of Sangam that promoters are in the process of filing all the missing reports/ intimations/ disclosures under Takeover Regulations to make good the lapses and will be filing a settlement application with SEBI for settlement of delay in filing such reports/ intimations/ disclosures under Takeover Regulations.

5. Subsequently, a suo-moto settlement application was filed by the Noticees, dated November 20, 2020. A revised suo-moto settlement application was later filed by the Noticees, dated January 18, 2021**.** I note that, vide email dated March 18, 2021, Settlement Division of SEBI informed the Noticees that their settlement application has been rejected in terms of Regulation 6(1)(c) of the SEBI(Settlement Proceedings) Regulations, 2018 (hereinafter referred to as

"Settlement Regulations"), which provides that, *"An application may also at any time be rejected on the following grounds: Where the applicant who is required to appear, does not appear before the Internal Committee on more than one occasion"*, as the Applicants did not appear for interaction in the settlement matter despite given multiple opportunities. Since the settlement application of the Noticees was rejected, instant Adjudication proceedings were approved against the Noticees for adjudging the alleged violations.

SHOW CAUSE NOTICE, REPLY AND HEARING

6. Show Cause Notice ref. no. EAD-6/GG/VV/23697/1-3/2022 dated June 07, 2022 (hereafter referred to as "**SCN"**) was issued to the Noticees, in terms of the provisions of rule 4(1) of the Adjudication Rules r/w Section 15-I of SEBI Act, requiring the Noticees to show cause within 14 days from the date of receipt of SCN, as to why an inquiry should not be held against them and why penalty, if any, should not be imposed on them under the provision of Section 15A(b) of SEBI Act for the alleged violations. The SCN was sent to the Noticees via speed post acknowledgement due (SPAD) and on their email ids. The SPAD was delivered to the Noticees.

7. It was alleged in the SCN that the Noticees, for making delayed disclosures, are in violation of the provisions of the SAST Regulations as follows, which if established, make the Noticees liable for monetary penalty under Section 15A(b) of SEBI Act:

Name of the Noticee	Provisions of SAST Regulations violated by the Noticee
Anurag Soni	Regulation 10(5), 10(6) and 10(7) of SAST Regulations.
Sangam E-Com Limited	Regulation 29(2) read with Regulation 29(3) of SAST Regulations and Regulation 10(5), 10(6) and 10(7) of SAST Regulations.
Sangam Business Credit Limited	Regulation 29(2) Read with Regulation 29(3) of SAST Regulations.

8. The Noticees responded to the SCN, vide letter dated June 25, 2022, that non-appearance before the Internal Committee (for Settlement) was not deliberate as

communication from SEBI on the emails specifically created for the purpose of settlement process and provided by the Noticees inadvertently skipped Noticee's attention. Noticees also, vide email dated June 25, 2022, submitted that;

> *"The Noticees post receiving of the email of Rejection of Settlement Application – made a written representation to Settlement Division vide email dated 26th April, 2021 explaining the whole scenario/ circumstances under which the Noticees missed the Hearing Notice(s), and requested for reconsideration of their Settlement Application(s), however no reply has been received till date to said representation.*
>
> *Nonetheless, the Noticees are still of the opinion that the matter concerning which SCN is issued, is a technical one, and must be settled given the efforts Noticees have been making voluntarily for settlement - even much prior to this SCN.*
>
> *At last, it is humbly requested that any adverse action or, inference against the Noticees in the matter of said SCN please be not taken, because our representation dated 26th April 2021 is already pending with the Settlement Division, and we are re-initiating discussions with the Settlement Division for settling matter. We assure to keep your good office posted about the filing of Settlement Application."*

9. I note that no response was received on the SCN from Noticees on merits of the case. Therefore, vide Hearing Notice (HN) dated August 10, 2022, while informing the Noticees that Settlement Division of SEBI has confirmed that no settlement application is pending with it, they were given an opportunity of personal hearing before the Adjudicating officer (AO) on August 23, 2022. I note that Noticees, vide email dated August 20, 2022, responded as under;

> *"We would like to clarify that in our submissions dated 23rd June 2022 we have alluded that our representation dated 26th April 2021 is pending before the Settlement Division (not the Settlement Application) as the suo-moto Settlement Application filed by the Noticees much prior to issuance of the SCN. However, the Settlement Application was rejected by the Settlement Division on the ground that the Applicants failed to appear before the Internal Committee. The rationale*

behind said non-appearance has already been submitted before your good office through our representation dated 23th June 2022.

It was also mentioned in our submissions that, the Noticees are in process of reinitiating the discussions with Settlement division to settle the present matter and in pursuance of that the Noticees has already reinitiated the process for settling the present matter by making a request for reconsideration of Settlement Application 18th January 2021 before the Settlement Division.

Considering the aforesaid, we would request your good office to keep the hearing scheduled on 23rd August 2022, in abeyance as the Noticees are of the opinion that present matter is a technical one and must be settled as the time and efforts of formidable regulator should not be spent in a technical matter like the present one. Further, we assure to keep your good office posted about the status of Settlement Application."

10. I note that as per Regulation 8(1) of the Settlement Regulations, *"The filing of an application for settlement of any specified proceedings shall not affect the continuance of the proceedings save that the passing of the final order shall be kept in abeyance till the application is disposed of."* Accordingly, the Noticees were granted another opportunity of personal hearing before the AO on September 07, 2022.

11. I note that on September 07, 2022, on behalf of the Noticees, their authorized representatives (ARs) appeared before me. The ARs submitted that the Noticees have filed application for settlement before SEBI and the same is pending for consideration. The AR submitted that they would like to avail the opportunity of hearing before the AO and would like to reply to the show cause notice (SCN) after the consideration of the said settlement application. The ARs also submitted that the SCN was received by the noticees on 15/06/2022 and their settlement application was received by SEBI on 18/08/2022. The ARs were, inter alia, informed that as per of Regulation 4(1) of Settlement Regulations, *"An application in respect of any specified proceeding pending before the Board shall not be considered if it is made after sixty days from the date of service of the notice to show cause or supplementary notice(s) to show cause, whichever is later."* Further, ARs were

informed that as per Regulation 8 (1) of Settlement Regulations, *"The filing of an application for settlement of any specified proceedings shall not affect the continuance of the proceedings save that the passing of the final order shall be kept in abeyance till the application is disposed of."* Accordingly, the ARs were advised to make their submissions, if any, now and were informed that no further hearing shall be granted. Based on the above, the ARs submitted that they would like to make written response within a week of the disposal of the said settlement application and if no response is received by the AO within the said period, the AO shall be free to proceed with the matter, based on the documents on record.

12. I note that, vide email dated October 14, 2022, Noticees sought inspection of documents and also submitted, *inter alia*, as under;

> *"We request your good office to provide the above-referred information/documents and then, grant us four weeks to submit the written submissions in the matter. Also, please provide us with an opportunity for a personal hearing after we have filed written submissions to represent our case effectively. We seek a personal hearing as no effective hearing has occurred in the matter since we were before Settlement Division with our representation for acceptance of the settlement. Since the settlement is returned now (arbitrarily, against which we reserve our right), we would like to file our written submissions in the adjudication proceedings after considering all the relied-upon material and then orally argue all the issues of facts and law before Ld AO. We emphasize that right of personal hearing is a statutory one and cardinal to the administration of justice – Kindly refer to the decision of the Hon'ble Supreme Court in* ***Natwar Singh vs Director of Enforcement & Anr. [(2010) 13 SCC 255]."***

13. I note that, vide email dated October 17, 2022, the Noticees were informed that sufficient opportunities have already been granted to them, in compliance with principles of natural justice and all the documents, including the ones sought in their mail October 14, 2022, relied upon in the proceedings have been sufficiently covered in the show cause notice, wherever applicable.

14. In response to the above, Noticees, vide email dated October 17, 2022, submitted, inter alia, that record of proceedings of hearing recognizes the right of noticees to make written submissions. These submissions can be made once all the material/ information relied on for issuing SCN and proceeding with inquiry is provided. The rights and safeguards available to the noticees under Procedure Rules are statutory, and the noticees are willing to file written submissions in a time-bound manner on inspection and receipt of all relied-on information and relevant communications. The merits of the matter were not discussed during the hearing as the noticees' were following up for their voluntary settlement – the record of proceedings stands in evidence. To close the proceedings without affording an effective right to make written submissions and without hearing noticees on the merits of the matter, would be hasty and arbitrary, falling foul of the Procedure Rules as well as the very object of having an adjudicating mechanism. Please first share the list of documents/information relied on for inquiry, grant an inspection as sought and do not proceed forward without providing us with the documents and inspection sought, along with an opportunity to make written submissions.

15. I note that, vide email dated October 19, 2022, Noticees were informed as under;

> *"The Show cause notice was issued to you on 07/06/2022 and you were asked to give your reply within 14 days of the receipt of the same. However, despite lapse of over 90 days, no reply to the SCN was received from you. During this time no request was made for inspection of documents. However, as per the principles of natural justice, an opportunity of hearing was given to you on 07/09/2022 and you were also given further time to respond to the show cause notice, however no reply was received from you on or before the date of hearing.*
>
> *Your authorized representative made oral submissions during the hearing and had stated that his written submissions would be given within a week of the disposal of settlement application and in case no response was provided by him to the AO, the AO could proceed with the matter. Also he was informed of the provisions of the Regulation 8(1) of the SEBI (Settlement*

Proceedings) Regulations) 2018 during the hearing, however no request was made by him for inspection of the documents in the matter. As per Regulation 8(1) of the SEBI (Settlement Proceedings) Regulations) 2018, the present proceedings would be conducted, barring passing of final order, pending a settlement application.

Further, during the hearing you were given full opportunity to present your case. The submissions of your representative, was taken on record. The proceedings are being carried out with full transparency, however, you failed to seek the documents between the time when the SCN was issued to you and opportunity of hearing was granted. It is observed that after a lapse of one month from the date of the hearing and 4 months from issuance of SCN, you are seeking documents afresh post hearing to respond to the SCN.

You may note that you have been granted sufficient time to respond to the show cause notice. However, the laid down procedure ought not to be used for delaying the proceedings by the Noticees. It may be noted that a request for inspection after hearing is completed, delays the whole process of adjudication, which is required to be completed in a time bound manner as per Rules.

However, you may submit the specific documents which you seek to inspect, for consideration of the AO."

16. I note that on non-receipt of any response from the Noticees, vide email dated October 27, 2022, Noticees were advised to submit request for inspecting the specific documents which they seek to inspect on or before October 31, 2022 after which no request shall be entertained and the order shall be passed based on documents on record.

17. I note that vide email dated October 29, 2022, the Noticees submitted as under;

"We would first require a list of all the documents and information relied on for the present proceedings. Even still, we could preliminarily list out the documents /information below, which is referred to but not provided along with the SCN:

1. *Complete chain of communications between SEBI and NSE/BSE pertaining to the matter, as reflected in Para 5 of the SCN.*

2. Complete chain of communications held between SEBI and the Complainant.

3. The communications of Ld. AO or the officers assisting him, with the Settlement division, the Operations Department of SEBI (CFD-DCR), or any other department or division of SEBI concerning the matter.

4. The complete enquiry report, by whatever name called, concerning the matter.

5. The Opinion of the Board for adjudging the matter under Rule 3 of SEBI (Procedure for holding Inquiry and Imposing Penalties) Rules, 1995.

6. Any other documents/information relevant here.

We would also request your good office to kindly provide the Noticees for the inspection of the complete file about the matter, including all the documents/information requested above.

The Noticees be given reasonable additional time, after the supply of documents (as requested above) or physical inspection of the case file, to make written submissions, in the interest of fair proceedings. In addition, a list of all relied-upon documents and information should be disclosed for the Noticees as they currently do not know what all has been relied on or referred to for the adjudication proceedings. The Noticees may be granted another opportunity for a personal hearing after considering the written submissions of the Noticees

18. I note that the Noticees were granted an opportunity of inspection of documents on November 11, 2022. From the records of the proceedings, I note that all the relevant documents were shown and requisite copies were provided to the ARs of the Noticees.

19. Subsequent to the above, Vide intimation dated November 14, 2022, Noticees were granted another opportunity of hearing on November 28, 2022. In response to the same, Noticees, vide email dated November 23, 2022 stated, inter alia, as under;

"Authorized representatives had requested copies of various other documents available in the original main file of the matter. But copies of the same were not provided merely by stating that they cannot be provided as they have not been relied on for issuing SCN.

Authorized Representatives requested the communications held between the Settlement division, the operations department of SEBI and the Ld. AO – as the failure of settlement voluntarily initiated by the undersigned is the purported sole ground stated behind this Adjudication in the examination report –the same was not provided, citing that these are inter-departmental communications – notably, the existence and knowledge of such communications were not disputed.

The Noticees also cited the Apex Court judgement in ***T. Takano Vs Securities Exchange Board of India &Anr.****(2022)****Civil Appeal Nos. 487-488 of 2022 decided on February 18, 2022,*** *that at the Adjudication stage, all documents useful or relevant to the subject matter must be disclosed to the noticee, subject to exceptions noticed by the Court.*

In light of the above-stated and to prepare a comprehensive reply to the Show Cause Notice dated 7th June 2022, I request your good office to resolve the above-said two pending issues by providing the following documents/information and accordingly provide us with the time to file written submissions before your good office and keep the hearing post receipt of our written submissions only.

a. List of relied-on documents for issuing of SCN as well as during the adjudication proceedings;

b. Complete inter-departmental communication as referred to in para 6 of the SCN;

c. All documents relevant to the matter and those which were available in the Adjudication file but not provided, including thoseas enlisted in ***Annexure -A*** *of record of proceedings dated 11th November 2022.*

20. I note from the records of proceedings of inspection of documents, held on November 11, 2022, that all documents which were relevant for the instant proceedings and sought by the ARs were provided, except the following;

20.1 **<u>HPAC fact sheet:</u>** This is pertaining to Settlement proceedings and has no relevance for the instant proceedings.

20.2 **<u>CMS ATR Reports:</u>** These are reports from SEBI database on past action against entities, if any, which in the instant case is Nil. The database is used as one of the factors to determine quantum of penalty against the entities, where the allegations are established.

20.3 **<u>Complaints received in the matter by SEBI:</u>** SCN was based on findings of examination which was carried out independently by SEBI, after receipt of one complaint dated July 14, 2020 and the same was provided along with the SCN. Copies of other complaints were already provided by SEBI to Noticees through NSE, based on which the suo moto settlement application was filed by SEBI and hence the Noticee was already in possession of the same. Nevertheless, as stated above, SCN was based on findings of examination which was carried out independently by SEBI.

21. I note that in the T.Tikano matter, Hon'ble Court distinguished the stage of Adjudication as distinct from the initial stage under Rule 4(1) and held that at the stage of Adjudication, all documents <u>useful or relevant to the subject-matter have to be disclosed to the notice</u>e, subject to exceptions noticed by the Court. I note that decisions taken under Settlement Proceeding have no impact/ have no relevance for the instant proceedings as they are separate proceedings. In the instant matter, the alleged violations, as stated in the SCN, were observed by SEBI. Since the Noticees opted for suo moto settlement, on rejection of their application, the instant proceedings were initiated by SEBI, as per the provisions of SEBI Act. I note that even where it was not warranted, in order to satisfy the quest of the Noticees, comprehensive set of documents sought were provided to the Noticees, vide email dated November 23, 2022. I note that Noticees were also informed that sufficient time has already been granted to them as and when requested, in the matter and hence no further time can be granted for submitting your reply to the SCN, accordingly Noticees were advised to submit reply to the SCN, by November 25, 2022 and last opportunity of hearing was granted to the Noticees on November 28, 2022.

22. Vide email dated November 23, 2022, Noticees accepted all the documents provided to them and requested for 15 days' time for response to the SCN and also requested for rescheduling the hearing accordingly. Vide email dated November 24, 2022, the request of the Noticees was accepted and the Noticees were given time till December 09, 2022 and also last opportunity of hearing on December 13, 2022. Noticees were informed that in light of ample opportunities granted to them, no further request w.r.t. reply to SCN or hearing shall be entertained.

23. Vide email dated December 09, 2022, Noticees informed that they have filed an appeal before Hon'ble Securities Appellate Tribunal (SAT) and requested that pending its disposal, the adjudication proceedings may be kept under abeyance. I note that, vide order dated January 18, 2023, Hon'ble SAT dismissed the said appeal as not maintainable, which was informed to undersigned by Noticees, vide email dated February 27, 2023. Noticees informed that SAT could not entertain the appeal because of Sub Section 4 of Section 15 JB of the SEBI Act, however, during the arguments on the invalidity of the Order dated 23 September 2023 (of Settlement Division of SEBI), the Hon'ble Bench reflected on imploring the Writ Jurisdiction of the Hon'ble High Court of Bombay regarding the same and accordingly the noticees are in the process of filing a Writ Petition before the Hon'ble High Court of Bombay regarding the return of their voluntary settlement application. I note that Noticees also requested not to pass any order or take any coercive or adverse action in the adjudication proceedings until the Hon'ble High Court of Bombay hears our Writ Petition.

24. Vide email dated February 28, 2023, Noticees informed that Writ Petition has been filed before the Hon'ble High Court of Bombay and a copy of the same was attached for your records. Noticees further requested to keep the adjudication proceedings in abeyance as the Writ Petition is expected to be taken up by the bench soon.

25. Vide email dated May 25, 2023, Noticees were informed that their appeal in the instant matter was dismissed by Hon'ble SAT, vide order dated January 18, 2023, and there is no stay granted by Hon'ble High Court on their appeal, accordingly, adjudication proceedings are being proceeded with for passing of the order on merit. Noticees were also advised to make submissions, if any, on merits, by June 8, 2023 and indicate if they are desirous of an opportunity of hearing. The Noticees informed, vide email dated June 06, 2023 that the current status is that the matter along with their application for interim stay is listed for hearing on 19th June 2023. Noticees were asked to provide status of the hearing, vide email dated June 19, 2023, however, no response was received from the Noticees, till the signing of this order.

26. I note that sufficient time has elapsed since the SCN was issued and all the requisite documents were provided to the Noticee and ample opportunities provided to the Noticees for personal hearing, however despite there been no stay on the matter by any Court, the Noticees have neither submitted any replies on merit nor availed of any opportunity of hearing to make submissions on merit. Thus, I am of the considerate view that the principles of natural justice have been adequately complied with in the instant matter and now I proceed further on the basis of material on record.

CONSIDERATION OF ISSUES AND FINDINGS

27. I have taken into consideration the facts and material available on record. The issues that arise for consideration in the present case are as follows:
    - 27.1 Whether the Noticees have violated the provisions as alleged in the SCN?
    - 27.2 Does the violation, if any, attract monetary penalty u/s 15 A (b) of the SEBI Act?
    - 27.3 If so, what should be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act r/w Rule 5(2) of the Adjudication Rules?

28. Before moving forward, it is pertinent to refer to the relevant provisions which are alleged to have been violated by the Noticees. The said provisions are reproduced hereunder:

SAST REGULATIONS

10.(1). The following acquisitions shall be exempt from the obligation to make an open offer under regulation 3 and regulation 4 subject to fulfilment of the conditions stipulated therefore,—

*(**a**) acquisition pursuant to inter se transfer of shares amongst qualifying persons, being,—*

(i)immediate relatives;

(ii)persons named as promoters in the shareholding pattern filed by the target company in terms of the 30[listing regulations or as the case may be, the listing agreement or these regulations for not less than three years prior to the proposed acquisition;

(iii)a company, its subsidiaries, its holding company, other subsidiaries of such holding company, persons holding not less than fifty per cent of the equity shares of such company, other companies in which such persons hold not less than fifty per cent of the equity shares, and their subsidiaries subject to control over such qualifying persons being exclusively held by the same persons;

(iv) persons acting in concert for not less than three years prior to the proposed acquisition, and disclosed as such pursuant to filings under the listing regulations or as the case may be, the listing agreement]

(v) shareholders of a target company who have been persons acting in concert for a period of not less than three years prior to the proposed acquisition and are disclosed as such pursuant to filings under the listing regulations or as the case may be, the listing agreement, and any company in which the entire equity share capital is owned by such shareholders in the same proportion as their holdings in the target company without any differential entitlement to exercise voting rights in such company: Provided that for purposes of availing of the exemption under this clause,—

(i)If the shares of the target company are frequently traded, the acquisition price per share shall not be higher by more than twenty-five per cent of the volume-weighted average market price for a period of sixty trading days preceding the date of issuance of

notice for the proposed inter se transfer under sub-regulation (5), as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period, and if the shares of the target company are infrequently traded, the acquisition price shall not be higher by more than twenty-five percent of the price determined in terms of clause (e) of sub-regulation (2) of regulation 8; and

(ii) the transferor and the transferee shall have complied with applicable disclosure requirements set out in Chapter V.

(d) acquisition pursuant to a scheme ,—

(i) …..

(ii) ………..

(iii) of arrangement not directly involving the target company as a transferor company or as a transferee company, or reconstruction not involving the target company's undertaking, including amalgamation, merger or demerger, pursuant to an order of a court or a tribunal or under any law or regulation, Indian or foreign, subject to,—

h) acquisition of voting rights or preference shares carrying voting rights arising out of the operation of sub-section (2) of section 47 of the Companies Act, 2013 (18 of 2013).

(2) The acquisition of shares of a target company, not involving a change of control over such target company, pursuant to a scheme of corporate debt restructuring in terms of the Corporate Debt Restructuring Scheme notified by the Reserve Bank of India vide circular no. B.P.BC 15/21.04, 114/2001 dated August 23, 2001, or any modification or re-notification thereto provided such scheme has been authorised by shareholders by way of a special resolution passed by postal ballot, shall be exempted from the obligation to make an open offer under regulation 3".

3) An increase in voting rights in a target company of any shareholder beyond the limit attracting an obligation to make an open offer under sub-regulation (1) of regulation 3, pursuant to buy-back of shares by the target company shall be exempt from the obligation to make an open offer provided such shareholder reduces his shareholding such that his voting rights fall to below the threshold referred to in sub-regulation (1) of regulation 3 within ninety days from the date of the closure of the said buy-back offer.

(4) The following acquisitions shall be exempt from the obligation to make an open offer under sub-regulation (2) of regulation 3,—

(a)acquisition of shares by any shareholder of a target company, upto his entitlement, pursuant to a rights issue.

(b) acquisition of shares by any shareholder of a target company, beyond his entitlement, pursuant to a rights issue, subject to fulfillment of the following conditions,—

(i)the acquirer has not renounced any of his entitlements in such rights issue; and

(ii)the price at which the rights issue is made is not higher than the ex-rights price of the shares of the target company, being the sum of,—(A)the volume weighted average market price of the shares of the target company during a period of sixty trading days ending on the day prior to the date of determination of the rights issue price, multiplied by the number of shares outstanding prior to the rights issue, divided by the total number of shares outstanding after allotment under the rights issue: Provided that such volume weighted average market price shall be determined on the basis of trading on the stock exchange where the maximum volume of trading in the shares of such target company is recorded during such period; and

(B)the price at which the shares are offered in the rights issue, multiplied by the number of shares so offered in the rights issue divided by the total number of shares outstanding after allotment under the rights issue:

(c) increase in voting rights in a target company of any shareholder pursuant to buy-back of shares: Provided that, —(i)such shareholder has not voted in favour of the resolution authorising the buy-back of securities under section 68 of the Companies Act, 2013 (18 of 2013)

(e)acquisition of shares in a target company from state-level financial institutions or their subsidiaries or companies promoted by them, by promoters of the target company pursuant to an agreement between such transferors and such promoter;

(f) acquisition of shares in a target company from a venture capital fund or category I Alternative Investment Fund or a foreign venture capital investor registered with the Board, by promoters of the target company pursuant to an agreement between such venture capital fund or category I Alternative Investment Fund or foreign venture capital investor and such promoters.

(5) In respect of acquisitions under clause (a) of sub-regulation (1), and clauses (e) and (f) of sub-regulation (4), the acquirer shall intimate the stock exchanges where the shares of the target company are listed, the details of the proposed acquisition in such form as may be specified, atleast four working days prior to the proposed acquisition, and the stock exchange shall forthwith disseminate such information to the public.

(6) In respect of any acquisition made pursuant to exemption provided for in this regulation, the acquirer shall file a report with the stock exchanges where the shares of the target company are listed, in such form as may be specified not later than four working days from the acquisition and the stock exchange shall forthwith disseminate such information to the public.

(7) In respect of any acquisition of or increase in voting rights pursuant to exemption provided for in clause (a) of sub-regulation (1), sub-clause (iii) of clause (d) of sub-regulation (1), clause (h) of sub-regulation (1), sub-regulation (2), sub-regulation (3) and clause (c) of sub-regulation (4), clauses (a), (b) and (f) of sub-regulation (4), the acquirer shall, within twenty-one working days of the date of acquisition, submit a report in such form as may be specified along with supporting documents to the Board giving all details in respect of acquisitions, along with a non-refundable fee of rupees one lakh fifty thousand by way of direct credit in the bank account through NEFT/RTGS/IMPS or any other mode allowed by RBI or] by way of a banker's cheque or demand draft payable in Mumbai in favour of the Board.

Explanation. — For the purposes of sub-regulation (5), sub-regulation (6) and sub-regulation (7) in the case of convertible securities, the date of the acquisition shall be the date of conversion of such securities.

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.

Provided that in case of listed entity which has listed its specified securities on Innovators Growth Platform, any reference to "five percent" shall be read as "ten percent" and any reference to "two percent" shall be read as "five per cent".

(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

Issue I. Whether the Noticees have violated the provisions as alleged in the SCN?

29. SEBI observed that the violations by Noticees pertain to disclosure requirements under Regulation 10 and Regulation 29 of SAST Regulations, as under;

29.1 Notice No. 3 acquired 4.55% of the shares of the TC on May 19, 2015. Since the acquisition was more than 2%, the transaction triggered disclosure requirement under Regulation 29(2) r/w 29(3) of SAST Regulations. It was observed that disclosure by Noticee No. 3 was made with a delay of 1926 days. The transaction details are summarized in the table below:

Date of Transaction	Pre-Transaction shareholding	Post-Transaction shareholding	Due date of disclosure u/r 29(2)	Actual date of disclosure u/r 29(2)	Delay
May 19, 2015	8.01	12.56	May 21, 2015	August 28, 2020	1926 days

29.2 During FY 2016-17, Noticee No. 3 acquired, through inter-se transaction between the promoters, 2.62% of the shares from Sangam Infratech Limited (**SIL**). Further, during the FY 2016 -17, on March 24, 2017, Noticee No. 1, one of the promoters of the TC acquired, through inter-se transaction between the promoters, 4.07% of the shares of the TC from another promoter entity, Badri

Ram Pal (HUF). The details of the transactions in the FY 2016-17 are mentioned in the table below:

Date of Transaction	Acquirer Promoter	Seller Promoter	Type of transaction	% change in shareholding
November 16, 2016	Noticee No. 3	SIL	Inter-se transfer between promoters	2.62
March 24, 2017	Noticee No. 1	Badri Ram Pal Soni (HUF)	Inter-se transfer between promoters	4.07

29.3 The transaction dated March 24, 2017 triggered disclosure requirement under Regulation 10(5), 10(6) and 10(7) of SAST Regulations as the transfer was amongst the promoters and the combined acquisition in both the transactions exceeded 5% in the respective financial year. However, the disclosures under Regulation 10(5), 10(6) and 10(7) by Noticee No. 1 was made on August 14, 2020. The delay in making disclosure is mentioned in the table below:

Disclosure under Regulation	Delay in days
Regulation 10(5)	1243
Regulation 10(6)	1232
Regulation 10(7)	1205

29.4 Noticee No. 2 acquired 4.82% of the shares of the TC on July 19, 2019. Since the acquisition was more than 2%, the transaction triggered disclosure requirement under Regulation 29(2) r/w 29(3) of SAST Regulations. It was observed that disclosure was made with a delay of 406 days. The transaction details are summarized in the table below:

Date of Transaction	Pre-Transaction shareholding %	Post-Transaction shareholding %	Due date of disclosure u/r 29(2)	Actual date of disclosure u/r 29(2)	Delay
July 19, 2019	0.13%	4.95%	July 21, 2019	August 28, 2020	406 days

29.5 Thereafter, Noticee No. 2, the promoter of the TC, acquired 12.17% shares of the TC from another promoter entity, i.e. Noticee No. 3, on August 20, 2019. The transaction was inter-se amongst the promoters. The transaction triggered disclosure requirement under Regulation 10(5), 10(6) and 10(7) of SAST Regulations as acquisition exceeded 5%.

29.6 The disclosure under Regulation 10(5), 10(6) and 10(7) for the above transaction was made on October 16, 2020. The delay in making disclosures is as under:

Disclosure under Regulation	Delay in days
10(5)	430
10(6)	423
10(7)	393

29.7 Based on the above, it was alleged that the Noticees have violated the provisions of SAST Regulations, as under;

Name of the Noticee	Provisions violated by the Noticee
Noticee No. 1	Regulation 10(5), 10(6) and 10(7) of SAST Regulations.
Noticee No. 2	Regulation 29(2) read with Regulation 29(3) of SAST Regulations and Regulation 10(5), 10(6) and 10(7) of SAST Regulations.
Noticee No. 3	Regulation 29(2) Read with Regulation 29(3) of SAST Regulations.

29.8 It is pertinent to refer the judgment of Hon'ble Securities Appellate Tribunal (SAT) in the matter of *Classic Credit Ltd. vs. SEBI* (Appeal No. 68 of 2003 decided on December 08, 2006) wherein it, inter alia, observed that –

"*............ the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the showcause notice were admitted by them".*

30. Further, as mentioned at para 4 above, Noticees confirmed to the Company that they are in the process of filing all the missing reports/ intimations/ disclosures under Takeover Regulations to make good the lapses and delay in filing such reports/ intimations/ disclosures under Takeover Regulations.

31. Based on the above, it is established that the Noticees have violated the provisions of SAST as alleged in the SCN and are liable for penalty under section 15A(b) of the SEBI Act.

ISSUE No. II: Does the violations attract monetary penalty u/s 15 A (b) of the SEBI Act?

32. As the violation of provisions of the SAST Regulations by the Noticees have been established, I find that Noticees are liable for monetary penalty u/s 15A(b) of SEBI Act. The contents of the said provisions of law is reproduced herein below:

SEBI Act

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

15A (b) *If any person, who is required under this Act or any rules or regulations made there under 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;*

Issue III. If so, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act r/w Rule 5(2) of the Adjudication Rules?

33. While determining the quantum of penalty, it is important to consider the factors stipulated in Section 15J of the SEBI Act which reads as under:-

15J – Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or 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.

34. The disclosure requirements under the SAST Regulations are there to provide transparency, information and fair treatment for shareholders who are affected by any change in shareholdings. The said Regulation also seeks to achieve disclosure of timely and adequate information to enable shareholders to make an informed decision. Timely disclosures are 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. The declarations/ disclosures as required under the SAST Regulations have significant importance from the point of view of effective market regulation.

35. Although the loss suffered by the investors due to non-disclosure by the Noticees has not been quantified, I would also like to rely on following observation of Hon'ble Securities Appellate Tribunal (SAT) in the case of Mrs. Komal Nahata vs. SEBI (Appeal No. 5 of 2014 decided on January 27, 2014) *"Argument that no investor has suffered on account of non- disclosure and that the AO has not considered the mitigating factors set out under Section 15J of SEBI Act, 1992 is without any merit because firstly penalty for non-compliance of SAST Regulations, 1997 and PIT Regulations, 1992 is not dependent upon the investors actually suffering on account of such non-disclosure."*

36. I note that no action has been taken by SEBI in the past against the Noticees.

ORDER

37. Considering the facts of the matter, response of the Noticees, violations established against the Noticees, number of days delay in compliance with the

regulatory provisions, and exercising the powers conferred upon me u/s 15-I of the SEBI Act r/w rule 5 of Adjudication Rules, I hereby impose the following penalty on the Noticees;

Noticees (PAN)	**Violation of provisions**	**Penalty u/s**	**Penalty (Rs.)**
Anurag Soni (PAN: BETPS9242G)	Regulation 10(5), 10(6) and 10(7) of SAST Regulations.	15 A (b) of SEBI Act	Rs. 5,00,000 (Rupees Five Lakhs Only)
Sangam E - Com Limited (PAN: AAHCS4551N)	Regulation 10(5), 10(6) and 10(7) of SAST Regulations.		Rs. 5,00,000 (Rupees Five Lakhs Only)
	Regulation 29(2) read with Regulation 29(3) of SAST Regulations		Rs. 5,00,000 (Rupees Five Lakhs Only)
Sangam Business Credit Limited (PAN: AAACS8302E)	Regulation 29(2) read with Regulation 29(3) of SAST Regulations		Rs. 5,00,000 (Rupees Five Lakhs Only)

I feel that the said penalty is commensurate with the violations committed by the Noticees in this case.

38. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order 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. 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 for realization

of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

40. In terms of Rule 6 of the Adjudication Rules, a copy of this order is sent to the Noticees and to the Securities and Exchange Board of India.

Place: Mumbai	**AMIT KAPOOR**
Date: June 20, 2023	**ADJUDICATING OFFICER**