

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/AA/AR/2020-21/9195]**

**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), 1995.**

In respect of

**Eyelight Events and Promotions Private Limited
(PAN : AABCE4972B)**

In the matter of

Sanraa Media Ltd

FACTS OF THE CASE

1. The Securities and Exchange Board of India (hereinafter referred to as '**SEBI**'), while conducting an investigation of the GDR issue of Sanraa Media Ltd (hereinafter referred to as '**Sanraa**'), observed that the shareholding of one of the promoters of Sanraa viz. Eyelight Events & Promoters India Pvt. Ltd (hereinafter referred to as '**Eyelight**'/ '**the Noticee**') had changed by more than 2% during the period from March 31, 2008 to June 30, 2008. However, it is alleged that the noticee had not made the relevant disclosures in this regard to the stock exchange and Sanraa, thereby violating the provision of Regulation 7(1A) of the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 (hereinafter referred to as '**SAST Regulations**').

APPOINTMENT OF ADJUDICATING OFFICER

2. Shri Suresh B. Menon was appointed as the Adjudicating Officer, vide communique dated November 23, 2017, under Section 15-I of the SEBI Act read with Rule 3 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge

under the provisions of section 15 A(b) of the SEBI Act, the alleged violation of the relevant provisions of the SAST Regulation by the noticee, wherever applicable. Pursuant to the transfer of Shri Suresh B. Menon to another department, I was appointed as an AO in the present matter vide communique of appointment of AO dated March 25, 2019.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

3. A Show Cause Notice ref. A&E/EAD3/SBM-ASR/4442/8/2018 dated February 12, 2018 (hereinafter referred to as 'SCN') was issued to the noticee in terms of Rule 4 of the Adjudication Rules to show cause as to why inquiry should not be initiated and penalty, if any, be not imposed on them under Section 15A(b) of the SEBI Act, for the alleged contravention of the provisions of the SAST Regulations by the noticee. Briefly, the allegations made in the SCN against the noticee is given below:
 - a. *It is observed that Eyclight Events & Promoters India Pvt. Ltd/ Noticee no. 8 is one of the promoter of the Sanraa. It is alleged in the Investigation Report that the shareholding of Noticee no. 8 in Sanraa had reduced from 26,11,600 shares (which is 39.69 % of the pre GDR issue share capital or 9.93% of the post GDR issued share capital of Sanraa) to 16,54,950 shares (which is 6.23% of the post GDR issued share capital) during the period from March 31, 2008 to June 30, 2008. Thus the change in the shareholding of the Noticee no. 8 was more than the threshold limit of 2%, prescribed under Regulation 7(1A) of the SAST Regulations. It is alleged that Noticee no. 8 had failed to make the requisite disclosures. The same has been confirmed by BSE. The detailed allegations pertaining to the failure of the Noticee no. 8 to make disclosures for change of more than 2% in its shareholding in Sanraa has been mentioned in the Investigation Report (pages 5, 6 and 26).*
 - b. *Therefore, it is alleged that the Noticee no. 8 has violated the provisions of Regulation 7(1A) of the SAST Regulations.*
4. The SCN has alleged that the shareholding of the noticee, which is one of the promoter entities of Sanraa has reduced from 26,11,600 shares (which is 39.69 % of the pre GDR issue share capital or 9.93% of the post GDR issued share

capital of Sanraa) to 16,54,950 shares (which is 6.23% of the post GDR issued share capital) during the period from March 31, 2008 to June 30, 2008 (hereinafter referred to as '**Investigation Period**'). The abovementioned change in the shareholding of the Noticee was more than the threshold limit of 2% and thus triggered disclosure requirements as prescribed under Regulation 7(1A) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as '**SAST Regulations**'). However, it was alleged in the SCN that the Noticee failed to comply with the aforementioned disclosure requirements.

5. The SCN issued to the noticee returned undelivered from its address available with SEBI. Pursuant to my appointment as an AO, vide letter dated July 11, 2019, the SCN was once again sent to the noticee and it was also informed about my appointment as AO in the matter. The aforesaid letter along with the SCN also returned undelivered from the address of the noticee. Thereafter, another attempt was made to deliver the hearing notices, for scheduling hearing on August 08, 2019, along with the SCN to the noticee by way of affixture, in terms of rule 7(c) of the Adjudication Rules. However, the attempt to deliver the SCN and hearing notice by way of an affixture also failed.
6. Subsequently, the noticee was granted an opportunity of personal hearing on August 21, 2020 at 01:00 PM vide digitally signed email dated August 10, 2020, and the same was communicated to the noticee on its email id 'avramani1958@gmail.com' (obtained from the website of Ministry of Corporate Affairs). In reply, the noticee informed SEBI that it was unaware of the SCN issued against it and requested for the information regarding the same. In reply to its mail, the SCN was reissued to the noticee vide email dated August 12, 2020. Further the noticee was also informed that as per the records available on the website of Ministry of Corporate Affairs, the official email id of the noticee is 'avramani1958@gmail.com' and hence the e-mail was sent in such address.
7. The noticee vide its email dated August 14, 2020, requested for four weeks' time to file its submissions in reply to the SCN. The noticee was granted additional

time to submit its reply in the matter vide email dated September 02, 2020. An opportunity of hearing was also granted to the noticee through video conferencing on Webex platform on September 15, 2020. The noticee availed the opportunity of personal hearing on September 15, 2020 and submitted the following:

- a. Mr. A. Venkatramani became director of the noticee on December 24, 2008.
 - b. The noticee was not the acquirer of the shares of Sanraa Media during the relevant period.
 - c. The noticee requested for time till September 18, 2020 for making further submissions in the matter.
8. Vide its email dated September 17, 2020, noticee submitted its final reply in the matter and made following submissions.
- a. *The allegation made against Eyclight in the said SCN are contained in paragraph 25 therein; it is stated that there was a reduction in the shareholding of Eyclight in Sanraa Media Limited ("Sanraa" or "the Company") from 9.93% to 6.23% during the period March 31, 2008 to June 30, 2008 i.e. more than 2%. It is alleged that Eyclight had failed to inform the Company about this change in shareholding of more than 2% as required of them under Regulation 7(1 A) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("the Takeover Regulations, 1997").*
 - b. *It is evident from the said Regulation that it is an acquirer who is required to make a disclosure to the Company and not the seller/transferor.*
 - c. *In this case, Eyclight was the transferor and not the acquirer and therefore, there was no obligation cast on Eyclight under Regulation 7(1 A) of the Takeover Regulations, 1997 to disclose or report the reduction in its shareholding to the Company during the period March 31, 2008 to June 30, 2008. Therefore, the allegation that Eyclight failed to comply with the requirement of Regulation 7(1 A) of the Takeover Regulations, 1997 is erroneous, false and unsustainable.*

CONSIDERATION OF ISSUES AND FINDINGS

9. I have carefully perused the SCN, submissions made by the noticee and all the documents/evidence available on record. The issues that arise for consideration in the present case are:
- I. Whether the noticee violated the provisions of the Regulation 7(1A) of SAST Regulations 1997?
 - II. Does the violation, if any, attract monetary penalty under Section 15A(b) of the SEBI Act?
 - III. If yes, what should be the quantum of penalty?
10. In this regard, it is pertinent to refer to the relevant provisions of the SAST Regulations which read as under

SAST Regulations

7. Acquisition of 5 per cent and more shares or voting rights of a company.

(1A) Any acquirer who has acquired shares or voting rights of a company under sub-regulation (1) of regulation 11, shall disclose purchase or sale aggregating two per cent or more of the share capital of the target company to the target company, and the stock exchanges where shares of the target company are listed within two days of such purchase or sale along with the aggregate shareholding after such acquisition or sale

Consolidation of holdings

11. (1) No acquirer who, together with persons acting in concert with him, has acquired, in accordance with the provisions of law, 15 per cent or more but less than 55 per cent of the shares or voting rights in a company, shall acquire, either by himself or through or with persons acting in concert with him, additional shares or voting rights entitling him to exercise more than [5%]of the voting rights, in any financial year ending on 31st March], unless such acquirer makes a public announcement to acquire shares in accordance with the Regulations.

ISSUE I: Whether the noticee violated the provisions of the Regulation 7 (1A) of SAST Regulations?

11. In this regard, the details of shareholding pattern of the noticee in Sanraa during the Investigation period is reproduced hereunder in the following table:

Table 1 – Shareholding pattern of the Noticee (Source: www.bseindia.com)

Name of the promoter	Quarter ended March 2008		Quarter ended June 2008		Quarter ended Sep 2008	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Eyelight Events & Promoters India Pvt Ltd	26,11,600	39.69	16,54,950	6.23	13,36,120	4.91

12. From the table above, I find that the noticee, which was one of the promoter entities of Sanraa at the relevant time, has reduced its shares in Sanraa from 26,11,600 (39.69 % in Pre-GDR issue share capital, i.e., 9.93% post GDR issued share capital) to 16,54,950 (6.23% in post GDR issued share capital) during the period from March 2008 to September 2008. I note that the shareholding of the noticee reduced from 39.69% (9.93% post GDR issued share capital) in the quarter ending March - 2008 to 6.23% in June – 2008 and to 4.91% in September – 2008. Thus, the overall reduction in such shareholding percentage of the noticee from March 2008 to September 2008 (considering post GDR issued share capital) is found to be as 5.02%.
13. In this context, I note that the Regulation 7(1A) of SAST Regulations says that any acquirer who has acquired shares or voting rights of a company as mentioned under sub-regulation (1) of regulation 11, shall disclose purchase or sale aggregating two per cent (2%) or more of the share capital of the target company to the target company, and to the stock exchanges where shares of the target company are listed within two days of such purchase or sale along with the aggregate shareholding after such acquisition or sale. It is noted that the allegation of non-disclosure under Regulation 7(1A) of SAST Regulations has been made against the noticee for its disposal of shares which resulted in more than 2% reduction in the shareholding of the noticee. At this juncture, I would like to refer to the order of Hon'ble Securities Appellate Tribunal (hereinafter referred to as 'SAT') in the matter of *Mr. Ravi Mohan and Ors vs SEBI (Appeal no 97/2014)* decided on December 16, 2015 wherein following observations have been made by SAT.

“.....27. It is relevant to note that while inserting regulation 7(1A), SEBI has deemed it proper to amend regulation 7(2) with effect from 09.09.2002 by providing that the disclosure obligation under regulation 7(1) and 7(1A) shall be discharged within two days of the events specified under regulation 7(2). Thus, as a result of insertion of regulation 7(1A) and amendment of regulation 7(2), the disclosure obligation in relation to purchase or sale of shares referred to in regulation 7(1A) has to be made within two days of the events specified in regulation 7(2). On perusal of regulation 7(2) it is seen that the events enumerated therein relate only to acquisition of shares and do not relate to sale of shares or voting rights in excess of the limits prescribed under regulation 7(1A). As a result, even though regulation 7(1A) contemplates that an acquirer together with persons acting in concert with him when sell shares of the target company in excess of the limits prescribed under regulation 7(1A) must make disclosure within two days of such sale, in view of the amendment to regulation 7(2), the disclosure obligation under regulation 7(1A) has to be discharged within two days of the events specified under regulation 7(2). Since regulation 7(2) as amended does not contemplate any obligation to disclose sale of shares by an acquirer covered under regulation 7(1A), the question of discharging that obligation arising under regulation 7(1A) read with regulation 7(2) does not arise at all.

28..... Thus, by 2002 amendment it is made clear that although disclosure of purchase or sale referred to under regulation 7(1A) has to be discharged within two days of purchase or sale, of shares referred to therein, by amending regulation 7(2) it is provided that two days time to make disclosure under regulation 7(1A) shall commence on the happening of events specified under regulation 7(2). Since regulation 7(2) (as amended) does not set out any event relating to sale of shares specified under regulation 7(1A), the question of complying with regulation 7(1A) within two days of sale of shares does not arise at all.

29..... Therefore, when the Takeover Regulations, 1997 provides that the disclosure obligation specified under regulation 7(1A) has to be discharged in the manner specified under regulation 7(1A) read with regulation 7(2) and regulation 7(2) does not provide for disclosure in relation to sale of shares in excess of the limits prescribed under regulation 7(1A), SEBI is not justified in holding that the appellants by failing to make disclosure of sales covered under regulation 7(1A) within the stipulated time, have violated regulation 7(1A) read with regulation 7(2) of the Takeover Regulations, 1997. Consequently, SEBI is not justified in imposing penalty on the appellants.³³ For all the aforesaid reasons, the issues raised in these appeals are answered as follows:-a)...Disclosure obligation under regulation 7(1A) has to be discharged in accordance with regulation 7(1A) read with regulation 7(2). Since regulation 7(2) does not contemplate for disclosure relating to sale of shares in excess of the limits set out under regulation 7(1A), appellants herein cannot be said to have failed to comply with regulation 7(1A) within the time stipulated under regulation 7(1A) read with regulation 7(2). Consequently, penalty imposed on the appellants cannot be sustained.....”

14. I am of the view that the ratio of the aforementioned judgment of Hon'ble SAT applies to the instant matter also as the allegation against the noticee for non-disclosure under Regulation 7(1A) of SAST Regulations is pertaining to its sale of shares and consequent reduction in shareholding. Thus, in line with the observations of Hon'ble SAT mentioned above, it is clear that that the noticee cannot be held liable for violation of the Regulation 7(1A) along with Regulation 7(2) of the SAST Regulations for not disclosing its transactions in the shares of Sanraa, as it is not an acquirer of the shares of Sanraa. Therefore, in the context of the sale of shares of Sanraa by the noticee, its obligation to make the disclosure under Regulation 7(1A) of the SAST Regulations does not arise at all.

15. Therefore, in view of the observations of Hon'ble SAT in the abovementioned order, I conclude that the allegation of violation of Regulation 7(1A) of SAST Regulations against the noticee cannot be sustained.

ORDER

16. In view of the findings in the preceding paragraphs, I hereby dispose of the Adjudication Proceedings initiated against the noticee viz. Eyclight Events & Promoters India Pvt. Ltd under section 15A (b) of the SEBI Act for their violation of Regulation 7(1A) of the SAST Regulations.

17. In terms of the provisions of Rule 6 of the AO Rules, a copy of this order is being sent to the noticee i.e. Eyclight Events and Promotions Private Limited and also to the Securities and Exchange Board of India.

Date: September 25, 2020

Place: Mumbai

Dr. ANITHA ANOOP

ADJUDICATING OFFICER