

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: AO/SBM-ASR /EAD-3/ 34 /2017)

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 BY ADJUDICATING OFFICER) RULES, 1995 AND SECTION 23-I OF SECURITIES CONTRACTS (REGULATION) ACT, 1956 READ WITH RULE 5 OF THE SECURITIES CONTRACTS (REGULATION) (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 2005.

In respect of:

**Baba Arts Limited
PAN: AACCB5518R**

**3A, Valecha Chambers,
New Link Road,
Andheri (West),
Mumbai 400 053.**

FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted investigation into the alleged irregularities in the trading in the shares of Baba Arts Limited (hereinafter referred to as "**Noticee /Company/BAL**") for the period June 11, 2009 to October 30, 2009 (hereinafter referred to as the '**examination period**'). BAL is listed on the Bombay Stock Exchange (hereinafter referred to as "**BSE**"). Pursuant to the investigations, it was observed that the Noticee had allegedly failed to make timely disclosures to BSE w.r.t the important decision taken in its Board of

Directors (**BOD**) meeting held on June 30, 2009 to not issue any Bonus Shares to shareholders. In this regard, it was observed that on June 19, 2009, the Noticee had informed the BSE that it would hold a BOD meeting on June 30, 2009 to consider the agenda items viz. Financial Results of the company for the year ended March 31, 2009, to declare dividend and also to issue Bonus Shares to its shareholders. It is observed that the above agenda items were also disseminated on the website of the BSE on June 19, 2009 (at 4.08:29 pm). It is alleged that the decision taken in the BOD meeting dated June 30, 2009 to not issue the Bonus Shares to shareholders was a 'Price Sensitive Information' within the meaning of Regulation 2 (ha) of SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as '**PIT Regulations, 1992**'). It was further alleged that the aforementioned price sensitive information was not communicated by the Noticee to BSE on a prompt and immediate basis in terms of the provisions of Clause 36(7) of the Listing Agreement r/w Section 21 of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as '**SC(R) Act, 1956**') and clause 1.1 r/w clause 2.1 of the 'Code of Corporate Disclosure Practices for Prevention of Insider Trading' contained in Schedule II to Regulation 12 (2) of the PIT Regulations, 1992.

2. In view of the above, it is alleged that the Noticee has violated the provisions of clause 36(7) of the Listing Agreement r/w Section 21 of SC(R) Act, 1956 and clause 1.1 r/w clause 2.1 of the 'Code of Corporate Disclosure Practices for Prevention of Insider Trading' contained in Schedule II to Regulation 12 (2) of the PIT Regulations, 1992. Therefore, adjudication proceedings were initiated against the Noticee under the provisions of Section 15 A (b) of the SEBI Act, 1992 (hereinafter referred to as '**SEBI Act**') and Section 23A (a) of the SC(R) Act, 1956.

APPOINTMENT OF ADJUDICATING OFFICER

3. Vide Order dated March 6, 2012, SEBI appointed Shri D. Ravikumar as the Adjudicating Officer in the said matter. Pursuant to the transfer of Shri D Ravikumar, the undersigned was appointed as Adjudicating Officer vide Order dated June 22, 2015 to inquire into and adjudge under the provisions of Section 15-I of the SEBI Act read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules, 1995**'), Section 23-I of the SC(R) Act, 1956 and Rule 3 of Securities Contracts (Regulations) (Procedure for holding Inquiry and Imposing Penalties by Adjudicating Officer), Rules 2005 (hereinafter referred to as '**Adjudication Rules, 2005**') for the violations specified in the Show Cause Notice vide ref no. A&E/DRK/MD/13004/2012 dated June 12, 2012 (hereinafter referred to as '**SCN**') issued to the Noticee. It was alleged in the SCN that the Noticee had failed to comply with the provisions of clause 36(7) of the Listing Agreement r/w Section 21 of SC(R) Act, 1956 and clause 1.1 r/w clause 2.1 of the 'Code of Corporate Disclosure Practices for Prevention of Insider Trading' contained in Schedule II to Regulation 12 (2) of the PIT Regulations, 1992.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

4. As mentioned above, SCN dated June 12, 2012 was issued to the Noticee in terms of the relevant Adjudication Rules read with the provisions of the SEBI Act and SC(R) Act, 1956. The SCN issued to the Noticee *inter-alia* mentioned the following:
 - a. On June 19, 2009, Noticee informed BSE that a meeting of its Board of Directors (BOD) will be held on June 30, 2009 to consider the financial results of the company for the year ended March 31, 2009 along with other

important issues like issue/payment of dividend on equity shares and issue of bonus shares to the shareholders of the company.

- b. On July 01, 2009, at 9:12:59 AM and 11:22:39 AM, Noticee informed BSE that in its BOD meeting, which was held on June 30, 2009, the Board had recommended the payment of dividend at Rs. 1/- per share (25%) on equity shares of Rs. 4/- each for the year ended March 31, 2009 and also considered/approved the Financial results of the company for the year ended March 31, 2009
- c. It was alleged that the Noticee had on July 1, 2009 informed the BSE about all other decisions that were taken by its BOD in the meeting held on June 30, 2009, except the important decision that was taken in the said BOD meeting to not issue bonus shares to the shareholders of the company for the time being.
- d. Further, it was alleged that it was only on July 02, 2009 at 3:08 PM that the Noticee had informed BSE about the decision taken by its BOD to not issue the bonus shares. Therefore, it was alleged that there was a delay of two days on the part of the Noticee in disseminating the information to BSE regarding the decision taken in the BOD meeting to not issue the Bonus Shares to shareholders. As per the aforementioned provisions of Law, it is alleged that such price sensitive information i.e decision taken by the Board to not issue the bonus shares to the shareholders has to be communicated to the stock exchanges on a prompt and immediate basis.
- e. In view of the above, it was alleged that Noticee has violated the provisions of clause 36(7) of the Listing Agreement read with Section 21 of SC(R) Act, 1956 and Clause 1.1 read with Clause 2.1 of Code of Corporate Disclosure Practice for Prevention of Insider Trading contained in Schedule II read with Regulation 12(2) of PIT Regulations, 1992. It was therefore alleged that

Noticee was liable for penalty under the provisions of Section 15A (b) of the SEBI Act and Section 23A (a) of the SC(R) Act, 1956.

5. In response to the SCN, the Noticee submitted its reply vide letter dated June 20, 2012. Briefly, the submissions made by the Noticee are as under:
 - a. The Noticee admitted to the allegations leveled in the SCN and mentioned that due to oversight on its part, the price sensitive information relating to the decision taken in its BOD meeting to not issue the bonus shares could not be informed to the BSE immediately. It was mentioned by the Noticee that as soon as this oversight came to its knowledge, on July 02, 2009 at 3:08:00 PM, the Noticee disseminated the said price sensitive information to BSE.
 - b. The promoters/directors of the Company have not derived any monetary benefit on account of the said delay in informing the price sensitive information as they have not entered into any transaction in the shares of the Noticee during the period June 19, 2009 to July 02, 2009.
 - c. The shareholders of the Company have not incurred any loss on account of the delay in disseminating the price sensitive information.
 - d. There was no major fluctuation in price or volume of the shares of the Company on BSE during the period from June 19, 2009 to July 03, 2009.
 - e. There was no malicious intent to derive any undue gain on the part of the Noticee in making delayed disclosure of the price sensitive information.
6. During the course of the proceedings, the Noticee filed a Consent application to SEBI on August 22, 2012 in terms of SEBI (Settlement of Administrative and Civil Proceedings), Regulations, 2014. The said consent application was rejected by the High Powered Advisory Committee in its meeting held on March 20, 2014. The same was also communicated to the Noticee by SEBI on June 10, 2014.

7. In the interest of natural justice and in order to conduct an inquiry in terms of the Adjudication Rules, the Noticee was granted an opportunity of personal hearing on September 24, 2012 vide letter dated August 30, 2012. Shri Naishadh H. Mankad, Authorised Representative (AR) who is also the Company Secretary of the Noticee appeared for the hearing on September 24, 2012 and reiterated the submissions made by the Noticee vide its letter dated June 20, 2012. Pursuant to my appointment as the Adjudicating officer in the matter, another opportunity of hearing was granted to the Noticee on March 29, 2016. Shri Mankad, the AR on behalf of the Noticee appeared for the hearing on the stipulated date. Thereafter, Noticee made additional submissions in the matter vide its letter dated April 04, 2016. The excerpts of the submissions made by the Noticee are as under:
- a. This is the first violation on the part of the Company of the provisions of the Listing Agreement and Code of Corporate disclosures Practice for prevention of Insider Trading.
 - b. There are no other proceedings initiated or pending against the Company under the Companies Act, listing Agreement, SC(R) Act, 1956 or any of the SEBI Regulations.
 - c. The Company is prompt in attending to the Investor grievances and there are no investor grievances pending to be resolved as on date.

ISSUES FOR CONSIDERATION AND FINDINGS:

8. I have carefully examined the written submissions made by the Noticee, the additional submissions made by the Noticee pursuant to the hearing, the facts and circumstances of the case and the material on record. I observe that the present proceedings have been initiated against the Noticee for its alleged failure to disseminate the price sensitive information to BSE, regarding the

decision taken by its Board of Directors of not approving the issuance of bonus shares to shareholders, on a prompt and immediate basis.

9. Before proceeding further, it will be appropriate to refer to the relevant provisions of the Listing Agreement, SC(R) Act, 1956 and the PIT Regulations 1992, allegedly violated by the Noticee, details of which are as under:

Listing Agreement

36. Apart from complying with all specific requirements as above, the Company will keep the Exchange informed of events such as strikes, lock-outs, closure on account of power cuts, etc. both at the time of occurrence of the event and subsequently after the cessation of the event in order to enable the shareholders and the public to appraise the position of the Company and to avoid the establishment of a false market in its securities. In addition, the Company will furnish to the Exchange on request such information concerning the Company as the Exchange may reasonably require. The Company will also immediately inform the Exchange of all the events, which will have bearing on the performance/operations of the company as well as price sensitive information.

The material events may be events such as:

(1)...

(2)...

...

(7) Any other information having bearing on the operation/performance of the company as well as price sensitive information, which includes but not restricted to;

viii) Cancellation of dividend/rights/bonus, etc.

The above information should be made public immediately.

SC(R) Act 1956

Conditions for listing

21. Where securities are listed on the application of any person in any recognized stock exchange, such person shall comply with the conditions of the listing agreement with that stock exchange.

PIT Regulations, 1992

Definitions

2. In these regulations, unless the context otherwise requires:—

(ha) “price sensitive information” means any information which relates directly or indirectly to a company and which if published is likely to materially affect the price of the securities of company.

POLICY ON DISCLOSURES AND INTERNAL PROCEDURE FOR PREVENTION OF INSIDER TRADING

Code of internal procedures and conduct for listed companies and other entities

12 (2) The entities mentioned in sub-regulation (1), shall abide by the code of Corporate Disclosure Practices as specified in Schedule II of these Regulations.

SCHEDULE II OF CODE OF CORPORATE DISCLOSURE PRACTICES FOR PREVENTION OF INSIDER TRADING

1.0 Corporate Disclosure Policy

1.1 To ensure timely and adequate disclosure of price sensitive information, the following norms shall be followed by listed companies:—

2.0 Prompt disclosure of price sensitive information

2.1 Price sensitive information shall be given by listed companies to stock exchanges and disseminated on a continuous and immediate basis.

10. In the instant case, I observe that on June 19, 2009, the Noticee had informed BSE about its impending BOD meeting to be held on June 30, 2009 to *inter alia* consider the agenda items viz. (a) the Audited Financial Results of the Company for the year ended March 31, 2009 (b) to declare dividend on equity shares and (c) to issue Bonus Shares to the shareholders of the company. These details were also disseminated on the website of the BSE on the same day. Thereafter, in the BOD meeting held on June 30, 2009, the agenda items

mentioned at (a) and (b) above were discussed and approved by the Board of the Noticee. However, in respect of the item at (c) above, which was also discussed in the above mentioned BOD meeting, a decision was taken by the Board to not issue Bonus Shares to the shareholders of the Company for the time being. Thereafter, I note that on the very next day of the aforementioned BOD meeting, i.e on July 1, 2009 (between 09:12:59 a.m to 11:22:39 a.m), Noticee made the disclosures to BSE w.r.t the decisions taken at (a) and (b) above. However, regarding the other important decision taken at (c) above, the necessary disclosures were not made by the Noticee to BSE on July 1, 2009.

11. The information regarding issue of securities by a company i.e in the instant case, the decision taken by the BOD of the Noticee to not issue the Bonus Shares to its shareholders is a 'price sensitive information' within the meaning of Regulation 2 (ha) of the PIT Regulations, 1992. Therefore, such 'price sensitive information' was required to be disseminated by the Noticee to BSE on continuous and immediate basis. Admittedly, the Noticee failed to disseminate the information at (c) above to BSE on an immediate and prompt basis. The same was disseminated to the BSE by the Noticee only on July 2, 2009 (at 3:08:00 pm). The Noticee mentioned that due to oversight on its part, the 'price sensitive information' regarding the decision taken by its Board to not issue the Bonus Shares to the shareholders of the company could not be disseminated to BSE on July 1, 2009 along with other disclosures made by it on the same day. The sequence of events leading to delay on the part of the Noticee in disseminating the price sensitive corporate announcement to BSE and the corresponding price / volume, in the scrip of the Company, as extracted from the Capitaline database is mentioned in the following table:

Date & Time	Remarks/observation	Closing Price	Volume Traded
19 June 04:08 PM	Noticee informed BSE that a meeting of the Board will be held on June 30, 2009, to inter alia, consider: (1) the Audited Financial Results for the Year Ended March 31, 2009. (2). dividend on equity shares. (3).issue of Bonus Shares to shareholders.	25.95	55,078
22 June		29.80	62,787
23 June		28.30	48,040
24 June		25.65	51,134
25 June		26.40	49,680
26 June		26.00	51,214
29 June		25.85	10,903
30 June	Meeting of the Board of Directors of the Company takes place wherein issuance of dividend and financial results for the year ended March 31, 2009 were approved; however, Board also decides not to go ahead with issuance of Bonus shares to shareholders.	25.15	30,934
01 July 09:12 AM	Noticee informed BSE that the Board, at its meeting held on June 30, 2009, inter alia, has recommended Dividend on Equity Shares at Rs 1.00 per share (25%) on Shares of Rs. 4/- each for the year ended on March 31, 2009. However, Noticee failed to inform BSE about the other important decision taken by the BOD regarding the rejection of the proposal of issue of Bonus shares to shareholders.	28.10	21,039
01 July 11:22 AM	Noticee informed BSE about the Standalone financial results for the Quarter & Year ended March 31, 2009 & Consolidated financial result for the Year ended March 31, 2009.	28.10	21,039
02 July At 03:08 PM	Noticee informed BSE that the Board of Directors of the Company at its meeting held on June 30, 2009, inter alia, has decided NOT to issue any Bonus Shares for the time being.	28.65	49,983
03 July		25.55	27,761

12. From the above Table, I observe the following:

- a. In all, Noticee made four disclosures to the BSE during the period June 19, 2009 to July 02, 2009.
- b. On June 19, 2009 at 04:08 PM, Noticee made a disclosure to BSE that its Board will hold a meeting on June 30, 2009 to, *inter-alia*, consider

declaration of Dividend, to issue Bonus shares to shareholders and also to discuss and approve the Financial Results of the company for the year ended March 31, 2009. The same was also disseminated on the website of BSE on June 19, 2009.

- c. On June 30, 2009, in the Board of Directors meeting, the financial results of the company and the decision to issue dividend to the equity shareholders, were approved by the BOD. However, in the same meeting, the BOD also took a decision to not issue Bonus Shares to the shareholders of the company for the time being.
- d. On July 1, 2009 i.e. the very next day of the aforementioned BOD meeting, at 9.12 AM, the decision taken by the Board to issue dividend to shareholders was disclosed/disseminated by the Noticee to BSE. However, no disclosure was made by the Noticee regarding the other important decision taken by the BOD to not issue any bonus shares to the shareholders of the company. The shares of BAL closed at Rs. 28.10 on July 01, 2009.
- e. On July 1, 2009, at 11:22 am, Noticee made a disclosure to BSE regarding the approval of the financials of the Company for the year ended March 31, 2009, which were discussed and approved in the BOD meeting dated June 30, 2009.
- f. On July 02, 2009 at 3:08 PM, Noticee disclosed to BSE regarding the decision taken by its BOD to not issue any bonus shares to the shareholders of the company for the time being. The shares of BAL closed at Rs. 28.65 at the close of trading on July 02, 2009.
- g. There were no other corporate announcements made by the Noticee during the aforementioned period mentioned in the Table above.

h. On perusal of the price volume data of BAL during the period June 19, 2009 to July 03, 2009, I observe that the scrip price had moved in the range of Rs. 25.55 to Rs. 29.80 during the said period.

13. I find that the Listing Agreement mandates the listed companies to immediately inform the stock exchanges of all material events, including price sensitive information, which will have a bearing on the performance / operations of the company. Infact, the provisions of sub-clause 7 (viii) of Clause 36 of the Listing Agreement clearly stipulates that the company shall immediately inform the stock exchanges of all material events, which also includes cancellation of dividend/rights/bonus etc. The Code of Corporate Disclosure practices for prevention of Insider Trading as stated in Schedule II read with Regulation 12 (2) of the PIT Regulations 1992 also mandates that the price sensitive information should be disclosed by listed companies to stock exchanges on a continuous and immediate basis. As already mentioned, the decision taken by the BOD of the Noticee on June 30, 2009, to not issue Bonus Shares to its shareholders is very much a 'price sensitive information' within the meaning of regulation 2 (ha) of the PIT Regulations 1992 and therefore, Noticee ought to have disseminated the said decision/material information to BSE along with other material information, which the Noticee had disseminated to the BSE on July 1, 2009 i.e declaration of dividend and Financial Results for the year ended March 31, 2009. It is on record that Noticee has failed to make the disclosure on the decision taken by its Board to not issue Bonus Shares to the shareholders on a prompt and immediate basis. The said disclosure was made by the Noticee to BSE belatedly on July 2, 2009 at 3.08 pm. Such belated disclosures may have the potential to impact the trading in the shares of the company. It also goes without saying that belated disclosure of material/price sensitive information by the company may result in market abuses like price manipulation and insider trading and unsuspecting investors may easily fall prey to such market misconducts.

14. In this context, it is relevant to quote the observations made by Hon'ble SAT in the matter of *M/s. Helios and Matheson Information Technology Limited vs SEBI* (Appeal No. 69 of 2011 decided vide order dated November 16, 2011). In the said Order, following was observed by SAT:

... The requirement of making necessary disclosures to the stock exchanges and through them to the investors is contained in clause 36 of the listing agreement that is executed between the stock exchange(s) and the issuer company. This agreement is executed by every listed company with the stock exchange(s) where its securities are listed and it has a statutory force. There is a format prescribed by SEBI which is contained in its manuals and every listing agreement has to be in that format. The relevant part of clause 36 requiring the necessary disclosures to be made from time to time reads thus:

"Listing Agreement

Clause 36 – "..... The Company will also immediately inform the Exchange of all the events, which will have bearing on the performance/operations of the company as well as price sensitive information. The material events may be events such as:

(1) to (6)

(7) Any other information having bearing on the operation/performance of the company as well as price sensitive information, which includes but not restricted to,

(i) Issue of any class of securities.

(ii) Acquisition, merger, de-merger, amalgamation, restructuring, scheme of arrangement, spin off or selling divisions of the company, etc.

(iii) to (viii)

The above information should be made public immediately."

A reading of the aforesaid clause makes it clear that a company has to immediately inform the stock exchange(s) of the events which would have a bearing on its performance/operations as well as price sensitive information. Sub-clause 7(i) of clause 36 requires the issuer company to inform the stock exchange(s) regarding issue of any class of securities...

... Price sensitive information when published is likely to materially affect the price of the securities of a company and it is for this reason that clause 36 of the listing agreement mandates that such information should be made public at the earliest. This is also the requirement of clause 2.1 of the Code of Corporate Disclosure Practices for Prevention of Insider Trading in schedule II to the PIT regulations which provides that "price sensitive information shall be given by listed companies to stock exchanges and disseminated on a continuous and immediate basis". Disclosure of such information prevents insider trading. It is pertinent to mention that PIT regulations prohibit a person from trading when he is in possession of unpublished price sensitive information. Non-disclosure of price sensitive information is, thus, viewed seriously."

15. As evident from the above observations, Noticee has made belated disclosure to the stock exchange (BSE) of the important price sensitive information regarding the decision taken in its BOD meeting to not issue bonus shares to shareholders. Noticee has also not disputed the fact that it made the disclosure to BSE belatedly. Therefore, I hold that Noticee has violated the provisions of clause 36(7) of the Listing Agreement read with Section 21 of SC(R) Act, 1956 and Regulation 2 (ha) of the PIT Regulations, 1992 r/w Clause 1.1 and Clause 2.1 of the Code of Corporate Disclosure Practice for Prevention of Insider Trading contained in Schedule II read with Regulation 12(2) of the PIT Regulations, 1992.

16. By not making the disclosures on time, the Noticee has failed to comply with the mandatory statutory obligation. In this context, reliance is placed upon the order of The Hon'ble Supreme Court of India in the matter of Chairman, SEBI Vs Shri Ram Mutual Fund {[2006] 5 SCC 361} held that *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant"*.
17. As the violation of the aforementioned provisions of law by the Noticee has been established, I am convinced that it is a fit case for imposing monetary penalty on the Noticee under the provisions of Section 15 A(b) of the SEBI Act and Section 23A(a) of the SC(R) Act, 1956, which read as under :

15A of SEBI Act -. Penalty for failure to furnish information, return, etc.-

If any person, who is required under this Act or any rules or regulations made there under,-

(a)

(b) to file any return or furnish any information, books or other documents within the time specified therefore in the regulations, fails to file return or furnish the same within the time specified therefore in the regulations, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less".

23A of SC(R) 1956-. Any person, who is required under this Act or any rules made there under,—

(a) to furnish any information, document, books, returns or report to a recognised stock exchange, fails to furnish the same within the time specified therefore in the listing agreement or conditions or bye-laws of the recognised stock exchange, shall be liable to a penalty of one lakh

rupees for each day during which such failure continues or one crore rupees, whichever is less for each such failure;

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

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

While adjudging the 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”*

19. Similarly, while determining the quantum of penalty under section 23A(a) of the SC(R) Act, 1956, it is important to consider the factors stipulated in section 23 J of the SC(R) Act, 1956, which reads as under :

23J. *While adjudging the quantum of penalty under section 23-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.*

20. I observe that the investigation report of BAL for the examination period has not brought out any adverse remarks/findings/observations w.r.t price manipulation in the scrip, concentration of clients, abnormal trading pattern and the connections of clients with the management of the company etc. Be it as it may, the timely disclosure of the price sensitive information regarding the

decision taken by the BOD of the Noticee to not issue Bonus Shares to the shareholders of the company was of significant importance from the standpoint of the investors and to bring about more transparency in the affairs of the company. Besides this, the requirements of law also mandates the company to make timely disclosures to prevent market misconducts.

21. The contentions of the Noticee that no investors have suffered due to the delay in making the disclosure, the promoter/directors did not derive any benefit on account of the delay in disclosing the price sensitive information to BSE, the shares of the company did not witness any abnormal fluctuations, no investor complaints were received on account of the delay, the violation of the listing agreement had occurred for the first time etc. are not valid grounds to avoid liability.
22. It is noted that no quantifiable figures are available to assess the disproportionate gain or unfair advantage made as a result of the default of the Noticee. Further, from the material made available, the amount of loss caused to an investor or group of investors also cannot be quantified. However, the belated disclosures made by listed companies tend to mislead gullible investors and place them in a precarious position. Such delay in making the disclosure of important price sensitive information, as was observed in the present case, can erode the confidence of investors and can also lead to possible market abuses/misconducts. It is of utmost importance that a sense of fair play be maintained in the market so that gullible investors do not fall prey to market misconducts. One of the main objective of the Listing Agreement and PIT Regulations is to achieve fair treatment by inter alia mandating timely dissemination of price sensitive information by entities/listed companies and therefore, ensure adequate information to the public/ investors/ shareholders so as to enable them to take a balanced investment decision. True and timely dissemination of information to public are also an essential part in the proper

functioning of the securities market and failure to do so results in preventing investors from taking well-informed decisions.

ORDER:

23. In view of the foregoing, considering the facts and circumstances of the case, the material on record, I, in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules 1995 and Section 23-I of the SC(R) Act, 1956 read with Rule 5 of the Adjudication Rules, 2005, hereby impose a total penalty of Rs 3,00,000/- (Rupees Three Lakh only) under Section 15A(b) of the SEBI Act, 1992 and Section 23A(a) of the Securities Contracts (Regulation) Act, 1956, on the Noticee i.e. Baba Arts Limited for violation of the provisions of Clause 36(7) of the Listing Agreement read with Section 21 of Securities Contracts (Regulation) Act, 1956 and Regulation 2 (ha) of PIT Regulations 1992 and Clause 1.1 & Clause 2.1 of Code of Corporate Disclosure Practice for Prevention of Insider Trading contained in Schedule II to Regulation 12(2) of the PIT Regulations, 1992 r/w Regulation 12 of SEBI (Prohibition of Insider Trading) Regulations, 2015 and Regulation 103 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

24. The Noticee shall remit / pay the said amount of penalty within 45 days of the 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 e-payment facility into Bank Account , the details of which are given below-

Account No. for remittance of penalties levied by Adjudication Officer	
Bank Name	State Bank of India
Branch	Bandra-Kurla Complex
RTGS Code	SBIN0004380

Beneficiary Name	SEBI – Penalties Remittable To Government of India
Beneficiary A/c No	31465271959

25. The Noticee shall forward the said Demand Draft or the details/ confirmation of penalty so paid through e-payment (in the format given in the table below) to “The Division Chief, Enforcement Department (EFD), Securities and Exchange Board of India, SEBI Bhavan, Plot No C-4A, ”G” Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051” .

1. Case Name:	
2. Name of Payee:	
3. Date of payment:	
4. Amount Paid:	
5. Transaction No:	
6. Bank Details in which payment is made:	
7. Payment is made for: (like penalties /disgorgement/recovery/Settlement amount and legal charges along with order details)	

26. In terms of the provisions of Rule 6 of the Adjudication Rules, copy of this order is being sent to the Noticee viz. Baba Arts Limited and also to the Securities and Exchange Board of India.

Place: Mumbai
Date: August 07, 2017

SURESH B. MENON
ADJUDICATING OFFICER