

**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA  
[ADJUDICATION ORDER NO. EAD/BJD/BKM/33 - 38/2017-18]**

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

**In respect of:**

1. M/s Century First Portfolio Limited [PAN : AACCC8941P]
2. Mr. Hemraj Baid [PAN : ACXPB3595J]
3. Ms. Kanneganti Anasuya [PAN : AJOPK1905D]
4. Mr.P V Ravi Kumar [PAN : AIHPP9846J]
5. M/s Ksema Finsecure Consultants Limited [PAN :AADCK9953C]

**In the matter of Century Twenty First Portfolio Limited  
(Presently Arunjyoti Bio Ventures Limited)**

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI'), pursuant to the detection of a huge rise in the traded volumes and/or price of the shares of Century Twenty First Portfolio Limited (hereinafter referred to as 'CTL/company'), a company listed at Bombay Stock Exchange Limited (BSE), conducted an investigation into the alleged irregularity in the trading in the shares of CTL and into the possible violation of the provisions of the Securities and Exchange Board of India Act 1992 (hereinafter referred to as the 'Act') and various Rules and Regulations made there under during the period from September 17, 2010 to January 21, 2011(hereinafter referred to as the 'IP').

2. The investigation, inter alia, revealed that CTL (Noticee 1), Mr. Hemraj Baid (Noticee 2), Ms. Kanneganti Anasuya (Noticee 3), Mr. P V Ravi Kumar (Noticee 4) and M/s Ksema Finsecure Consultants Limited (Noticee 5) (hereinafter referred to as the 'Noticee 1-5/Noticee(s)) had failed to make disclosures for the change in shareholding as required under the provisions of law. It was observed that the disclosures had not been made under Regulation 13(6) of SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as the "PIT Regulations, 1992") by CTL, under Regulation 13(4) r/w 13(5) of PIT Regulations, 1992 and Regulation 7(1A) r/w Regulation 7(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as the "SAST Regulations, 1997") r/w Regulation 35 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as the "SAST Regulations, 2011") by Hemraj Baid, under Regulation 7(1A) r/w Regulation 7(2) of SAST Regulations, 1997 r/w Regulation 35 of SAST Regulations, 2011 by Kanneganti Anasuya, (K Anasuya), under Regulations 13(1) and 13(3) r/w 13(5) of PIT Regulations, 1992 and Regulation 7(1) r/w 7(2) of SAST Regulations, 1997 r/w Regulation 35 of SAST Regulations, 2011 by PV Ravi Kumar, under Regulation 13(1) of PIT Regulations, 1992 and Regulation 7(1) r/w 7(2) of SAST Regulations, 1997 r/w Regulation 35 of SAST Regulations, 2011 by Ksema Finsecure Consultants Ltd.

### **Appointment of Adjudicating Officer**

3. SEBI has, therefore, initiated adjudication proceedings against the Noticees and Shri Prakash Jagdale was appointed as the Adjudicating Officer (AO) vide Order dated March 17, 2015 under Section 19 of the Act, read with Section 15-I (1) of Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by

Adjudicating Officer) Rules, 1995 (hereinafter referred to as "Adjudication Rules") to inquire and adjudge under Sections 15A(b) of the Act, for the alleged violations committed by the Noticee(s). Subsequently, vide Order dated May 18, 2017 the undersigned has been appointed as Adjudicating officer to adjudge the said matter.

**Show Cause Notice, Reply and Personal Hearing**

4. A common show cause notice dated November 30, 2015 (hereinafter referred to as 'SCN') was issued to the Noticees under Rule 4(1) of the said Rules to show cause as to why an inquiry should not be held and penalty should not be imposed on them under Section 15A (b) of the Act for the alleged violation of the provisions of law.
5. Noticee 1, vide letter dated January 08, 2016 and February 19, 2016, Noticee 2, vide e-mail and letter dated February 29, 2016 and also vide letter dated February 25, 2016, Noticee 3, vide letter dated February 24, 2016, Noticee 4, vide letter dated February 17, 2016 and Noticee 5, vide letter dated February 17, 2016 submitted their replies to the SCN.
6. In order to conduct inquiry, vide letter dated February 09, 2016 an opportunity of personal hearing was granted to the Noticee(s) on February 23, 2016 by Erstwhile AO. However, the Noticee 1 & 4 vide letters dated February 19, 2016 and February 17, 2016 have shown their inability to appear in the personal hearing and requested to take up the matter on basis of replies filed by them. Noticee 2, 3 & 5 did not avail the opportunity to attend the personal hearing. Further, pursuant to my appointment as an AO, in order to inquire and adjudge the matter, emails dated August 29, 2017 were sent to the Noticee 1-4 and a letter to Noticee 5 providing opportunity of filing additional reply, if any and also opportunity of personal hearing before me, if so desired. However Noticee 1, 3 & 4

vide their emails dated August 30, 2017 stated that they do not have any further submission to make and expressed their inability to attend the personal hearing and also requested to consider their replies as their final submissions. Letter dated August 29, 2017 has been returned undelivered. No further submission has been received from Noticee 2. Since replies of the Noticee(s) to the SCN have already been filed in the matter, I am proceeding with the matter on the basis of the submissions filed by the Noticee(s) and material available on record.

**Submissions made by the Noticee:**

7. **Noticee 1**, vide its letters dated January 08, 2016 and February 19, 2016 denied all the charges leveled against it in the SCN. The main submissions as under:

- Company has made all disclosures relating to Mr Hemraj Baid on November 13, 2010 to BSE on the mail ids i.e. [corp.realtions@bseindia.com](mailto:corp.realtions@bseindia.com), [corp.compliances@bseindia.com](mailto:corp.compliances@bseindia.com). A copy of the screen shot from BSE site and sent mail page from the company's mail id has also been enclosed.
- Company has not made any delayed filing to BSE for the disclosures submitted by Mr Hemraj Baid in respect of PIT Regulations, 1992.
- Mr Hemraj Baid has sold 30,000 shares on November 08, 2010 and submitted disclosure in terms of PIT Regulations 1992 to the company on November 10, 2010.
- Company in turn has made a disclosure to BSE on November 12, 2010 which was posted on the BSE website on November 13, 2010 at 11:37 a.m.(as seen from the BSE website screenshot), which is within the prescribed time limit given under PIT Regulations, 1992 and hence there is no non-compliance from the company.

- Company's financial position is not in good shape and it is burdensome and expensive for the company to come to Mumbai to appear in the proceedings.
8. **Noticee 2** vide his letters dated February 29, 2016 and February 25, 2016 denied all the charges leveled against him in the SCN and submitted as under:
- He has informed to the exchange as well other authorities from time to time as and when he sold his holding/shares in the referred company.
  - He is also not aware of any significant rise of price and violation of insider trading rule from his side if any.
  - He is not connected with any such trade or wrong willful violation of this act.
  - As and when he has sold his shares he has informed to the exchange and the authorities immediately. As far as his knowledge is concerned he has not caused any loss to any investor due to sale of his shares.
  - In case if by chance he has delayed in sending the information of his transaction to the exchange for few days that may be due to clerical mistake or without any bad intention.
  - He requests to take a lenient view on the subject and requests to condone any such delay.
  - He assures that hereafter he would take utmost care in complying SEBI rules and acts.
  - He had made disclosures as per SAST 1997, SAST 1997 & PIT Regulations 1992 for the sale of transactions made by him on October 19, 2010 and October 21, 2010 to the company as well as BSE but he is surprised to know that the disclosures relating to SAST Regulations is not posted on BSE website whereas disclosures relating to PIT Regulations 1992 are displayed on the same.

- Since disclosures pertaining to PIT Regulations 1992 are displayed on BSE website, the information of sale of his shares in the company was disseminated to all concerned and there is no concealment of any information.

**9. Noticee 3** vide her email dated February 25, 2016 forwarded her reply dated February 25, 2016, a copy of demand draft informing about the payment of fine already paid and a copy of the earlier adjudication order. Vide letter dated February 24, 2016 she denied all the charges leveled against her in the SCN and submitted as under:

- She sold 51,000 shares and 58,000 shares on 07.10.2010 and 08.10.2010 respectively and the respective disclosures as per SAST Regulations 1997, SAST Regulations 2011 and PIT Regulations 1992 were sent both to the Company through hand delivery and to BSE by ordinary post respectively. Accordingly, BSE immediately kept the said information on its website for the information of all the investors and others at large and thus the purpose of disclosure has been effectively complied with within the prescribed time. No investors are put to any kind of loss or inconvenience as a result of the said transactions.
- SEBI had conducted enquiry on the Company's promoters for disclosure requirements under SAST and PIT Regulations and accordingly passed an Order on 25.06.2014 (Adjudication Order No. AK/AO-93-96/2014) wherein a penalty of Rs. 3 lakhs was imposed on him which was duly paid vide DD No.147413004805 dtd 06th November, 2014 copy of which is attached herewith.
- She was already penalized by SEBI for non/delayed submission of disclosures under SEBI SAST and PIT Regulations which she duly paid and however in the present case as said above she complied with the Regulations and therefore she requested to drop the proceedings against her.

**10.Noticee 4** vide his letters dated December 31, 2015 and February 17, 2016 submitted that he was not aware of the relevant regulations which govern the disclosures. They were not intentional and it happened inadvertently and not to conceal anything with a view to misguide the investors or public at large.

**11.Noticee 5** Vide its letter dated February 17, 2016 denied all the charges leveled against it in the SCN and submitted as under:

- It does not have any connection, relation, arrangement, agreement, undertaking, etc. with CTL, Mr Hemraj Baid, Ms K Anasuya and Mr P V Ravi Kumar.
- Neither it is involved nor a party to insider trading or any price up activities.
- All the trades done by it in CTL are under normal course of trade.
- It has agreed to Non-disclosure under PIT Regulations 1992 to company, of acquisition of 7.16% of share capital of CTL on October 21, 2010; required vide Regulation 13(1) of PIT Regulations 1992 and non-disclosure under SAST Regulations 1997 to company and BSE, of acquisition of 7.16% of share capital of CTL on October 21, 2010; required vide Regulations 7(1) r/w 7(2) of SAST Regulations, 1997 r/w Regulation 35 of SAST Regulations 2011.
- It has regretted for such non-compliance regarding specific disclosure requirements of SEBI.

### **Consideration of Issues, Evidence and Findings**

**12.** I have carefully perused the charges levelled against the Noticee(s) in the SCN, written submissions made and all the documents available

on record. In the instant matter, the following issues arise for consideration and determination:

- a. **Whether the Noticee(s) have violated the provisions of law under PIT Regulations 1992, SAST Regulations 1997 and SAST Regulations 2011 as mentioned in Para 2 above?**
  - b. **Does the violation, if any, on the part of the Noticee(s) attract monetary penalty under Section 15 A(b) of the Act?**
  - c. **If so, what would be the quantum of monetary penalty that can be imposed on the Noticee(s) taking into consideration the factors mentioned in Section 15J of the Act?**
13. Before proceeding further, I would like to refer to the relevant provisions of the PIT Regulations, 1992, SAST Regulations, 1997 and SAST Regulations, 1997 which read as under:

***PIT Regulations, 1992***

*Regulation 13 (1). Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company in Form A, the number of shares or voting rights held by such person, on becoming such holder, within 2 working days of :—*

*(a) the receipt of intimation of allotment of shares; or*

*(b) the acquisition of shares or voting rights, as the case may be.*

*Regulation 13 (3). Any person who holds more than 5% shares for voting rights in any listed company shall disclose to the company in Form C the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below 5%, 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 2% of total shareholding or voting rights in the company.*

*Regulation 13 (4). Any person who is a director or officer of a listed company, shall disclose to the company and the stock exchange where the*



*securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person and his dependents (as defined by the company) from the last disclosure made under sub-regulation (2) or under this sub-regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.*

*Regulation 13 (5).The disclosure mentioned in sub-regulations (3) and (4) shall be made within two working days of :*

- (a) the receipts of intimation of allotment of shares, or*
- (b) the acquisition or sale of shares or voting rights, as the case may be.*

*Regulation 13 (6). Every listed company, within two working days] of receipt, shall disclose to all stock exchanges on which the company is listed, the information received under sub-regulations (1), (2), (3) and (4) in the respective formats specified in Schedule III.*

### **SAST Regulations, 1997**

*Regulation 7(1). Any acquirer, who acquires shares or voting rights which (taken together with shares or voting rights, if any, held by him) would entitle him to more than five per cent or ten per cent or fourteen per cent or fifty four per cent or seventy four per cent shares or voting rights in a company, in any manner whatsoever, shall disclose at every stage the aggregate of his shareholding or voting rights in that company to the company and to the stock exchanges where shares of the target company are listed.*

*(1A) Any acquirer who has acquired shares or voting rights of a company under sub-regulation (1) of regulation 11, or under second proviso to sub-regulation (2) 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.*

*Explanation.—For the purposes of sub-regulations (1) and (1A), the term acquirer‘ shall include a pledgee, other than a bank or a financial institution and such pledgee shall make disclosure to the target company and the stock exchange within two days of creation of pledge.*

*Regulation 7(2). The disclosures mentioned in sub-regulations (1) and (1A) shall be made within [two days] of,—*

*(a) the receipt of intimation of allotment of shares; or*

*(b) the acquisition of shares or voting rights, as the case may be.*

### **SAST Regulations, 2011**

#### *Regulation 35*

*(1) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, stand repealed from the date on which these regulations come into force.*

*(2) Notwithstanding such repeal,— (a) anything done or any action taken or purported to have been done or taken including comments on any letter of offer, exemption granted by the Board, fees collected, any adjudication, enquiry or investigation commenced or show-cause notice issued under the repealed regulations, prior to such repeal, shall be deemed to have been done or taken under the corresponding provisions of these regulations;*

*(b) the previous operation of the repealed regulations or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the repealed regulations, any penalty, forfeiture or punishment incurred in respect of any offence committed against the repealed regulations, or any investigation, legal proceeding or remedy in respect of any such right, Page 68 of 70 privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid, shall remain unaffected as if the repealed regulations has never been repealed;*

*(c) any open offer for which a public announcement has been made under the repealed regulations shall be required to be continued and completed under the repealed regulations.*

(3) After the repeal of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, any reference thereto in any other regulations made, guidelines or circulars issued thereunder by the Board shall be deemed to be a reference to the corresponding provisions of these regulations.

#### **FINDINGS:**

**14.** From the shareholding pattern, I note that the promoter shareholding was reduced by 3,82,300 shares (18.36% of share capital) during the quarter ended December 2010 as under:

**Details of promoter shareholding (QE June 2010 - QE December 2010):**

Sl. No.	Name	Jun-10		Sep-10		Dec-10	
		No. of shares	% of shareholding	No. of shares	% of shareholding	No. of shares	% of shareholding
1	Mr.Hemraj Baid	4,80,000	23.18	4,72,000	22.79	2,88,000	13.91
2	Mr.K Anasuya	3,93,900	19.02	3,93,900	19.02	2,45,800	11.87
3	Mr.Nisha Baid	85,000	4.10	85,000	4.10	64,800	3.13
4	Mr.Jaichand Lall Baid	30,000	1.45	30,000	1.45	0	0.00
	Total	9,88,900	47.75	9,80,900	47.37	5,98,600	28.91

#### **With respect to Noticee 1**

**15.** It is noted from SCN that CTL on receipt of the disclosure from Noticee 2 was under statutory obligation to make disclosure under Regulation 13(6) of PIT Regulations, 1992 as under:

Date	No. of shares sold	Shareholding for Qtr December 2010	Non-Disclosure
Nov 08, 2010	30,000 (1.45%)	2,88,000 (13.91%)	Regulation 13(6) of PIT Regulations, 1992

**16.** It is noted that in respect of above sell transactions by Noticee 2 on November 8, 2010, Noticee 2 made the disclosures under Regulation 13(4) of PIT Regulations, 1992 to the CTL within the stipulated timeline. However, CTL had filed belatedly on February 17, 2011 with BSE.

Further, CTL, in its reply to SCN, vide its letter dated February 19, 2016, submitted that it had sent aforesaid disclosure to BSE within the prescribed time limit given under PIT Regulations, vide email dated November 12, 2010 and submitted with the screenshot of the sent page of e-mail box in support of its statement. Hence, it made its submission that there was no non-compliance by the company.

17. At this juncture, it is pertinent to mention **Hon'ble SAT** in the matter of **Mega Resources Ltd. v. SEBI (Appeal No. 49/2001)** wherein it was observed:

*"Mere dispatch of the information is short of the said requirement. If the requirement was only 'to send', on sufficient proof of posting the letter would have in the normal course to some extent met with such a requirement... Therefore the crucial question is whether the requisite disclosure has been made by the Appellant. For the purpose it is necessary to know what is meant by 'disclosure' in the sense in which it is used in the regulation. Disclosure is required to be made to the Target Company. 'Disclose to the company' is the clue. 'Disclose' according to Websters Encyclopedic Dictionary means -to make known, reveal or uncover –to cause to appear, allow to be seen, lay open to view. According to Black's Law Dictionary 'Disclosure' means –act of disclosing, revelation, the impartation of that which is secret or not fully understood. Disclose is to expose to review or knowledge anything, which before was secret, hidden or concealed. Thus the requirement is that the information should reach the person to whom it is meant. The obligation does not end by simply posting the information in a letterbox."(Emphasis supplied)*

18. The agency through which the document is sent acts as the agent of the sender and if a dispute were to arise whether the said document has been received by the addressee or not, the onus would be on the sender to establish the fact by clear and cogent evidence in this regard. The Noticees have not placed on record any acknowledgement received from the Stock Exchanges in this regard to the disclosures that were allegedly to have been sent to BSE.

19. Besides above, I also note from the submission made by Noticee 1 that it had made disclosures, vide email to BSE on November 13, 2010 to two email id i.e. [corp.realtions@bseindia.com](mailto:corp.realtions@bseindia.com), [corp.compliances@bseindia.com](mailto:corp.compliances@bseindia.com).

Upon preliminary scrutiny, I note that the email ids of BSE are incorrect (spelling mistake) and the right email ids are [corp.relations@bseindia.com](mailto:corp.relations@bseindia.com), [corp.compliance@bseindia.com](mailto:corp.compliance@bseindia.com). Further, BSE, in its email dated March 12, 2014, during the course of investigations had submitted that CTL made disclosure belatedly on February 17, 2011. Thus, the submission of Noticee that it made disclosure within the prescribed limit is devoid of merit.

**20.** Thus, I conclude that Noticee 1 has violated the provisions of Regulation 13(6) of PIT Regulations, 1992 with respect of sale transaction made by Noticee 2 as mentioned above.

**With respect to Noticee 2**

**21.** It is noted from SCN that Mr. Hemraj Baid is a promoter director of CTL, was holding 4,80,000 shares (23.18% of the shareholding) as on June 30, 2010 and he had sold 1,92,000 shares (9.27% of the shareholding) during the period September 21 – November 08, 2010 and details are as below:

<b>Date</b>	<b>No. of shares sold</b>	<b>Shareholding</b>	<b>Non-Disclosure</b>
Oct 19, 2010	82,000 (3.96%)	3,90,000 (18.83%)	Regulation 7(1A) r/w Regulation 7(2) of SAST Regulations, 1997 r/w Regulation 35 of SAST Regulations, 2011  Regulation 13(4) r/w 13(5) of PIT Regulations, 1992
Oct 21, 2010	72,000 (3.48%)	3,18,000 (15.36%)	
Nov 08, 2010	30,000 (1.45%)	2,88,000 (13.91%)	Regulation 13(4) r/w 13(5) of PIT Regulations, 1992

**22.** It is noted from the above that Mr. Hemraj Baid has not made any disclosures under Regulation 13(4) of PIT Regulations, 1992 to BSE, in respect of sell transactions on October 19, 2010, October 21, 2010 and November 08, 2010. Further, Mr. Hemraj Baid has not made disclosures under Regulation 7(1A) of SAST Regulations, 1997 to the company and BSE, in respect of sell transactions on October 19, 2010 and October 21, 2010.

**23.** Noticee 2 submitted that he had made disclosures as per SAST 1997, SAST 1997 & PIT Regulations 1992 for the sale of transactions made by him on October 19, 2010 and October 21, 2010 to the company as well as BSE and also claimed that the disclosures relating to PIT Regulations 1992 are displayed on the same. Upon verification of BSE website it is noted that disclosure under Regulation 13(6) (disclosure of company to BSE) of PIT Regulations 1992 is available on website of BSE. However, under Regulation 13(4) (disclosure by Noticee to BSE) r/w Regulation 13(5) of PIT Regulations, 1992 the disclosures are not available on the website of BSE. Further, Noticee 2 did not submit any documents in support of his claim of filing disclosure under Regulation 13 (4) r/w Regulation 13(5) of PIT Regulations 1992.

**24.** Similarly, the disclosures as claimed by the Noticee 2 to have been made to company and BSE under Regulations 7 1(A) r /w Regulation 7 (2) of SAST Regulations 1997 also are not available on the BSE website. Further, no documents have been submitted by the Noticee in support of his claim of filing disclosure Regulations 7 1(A) r /w Regulation 7 (2) of SAST Regulations 1997 He further submitted that since disclosures pertaining to PIT Regulations 1992 are displayed on BSE website, the information of sale of his shares in the company was disseminated to all concerned and there is no concealment of any information.

**25.** From the above facts, I have noted that the sale transactions under reference, which were required by statute to be disclosed in the public domain was made by the company and not by the Noticee directly to the exchange. I also noted that Noticee, by virtue of being director of the company and also holding substantial shareholding is under statutory obligation to disclose directly to the exchange under Regulations 13 (4) of PIT Regulations 1992 and Regulations 7 (1A) of SAST 1992 respectively. Any delay or non-disclosure in this regard, cannot be

viewed leniently as such disclosures could be material for investors to take informed decisions. I have taken note that the disclosure of relevant sale transactions of Noticee 2 was already in public domain (by virtue of disclosure made by company to BSE) during the relevant period and therefore may not have substantially impacted investors. However, Noticee 2, being director and substantial shareholder was duty bound to comply with statutory obligation at all times which he failed by not making disclosure to BSE directly.

**26.** Thus, I conclude that Noticee 2 has violated Regulations 13 (4) r/w Regulations 13 (5) of PIT Regulations 1992 and Regulations 7 (1A) r/w Regulation 7(2) SAST 1997 r /w Regulation 35 of SAST 2011.

**With respect to Noticee 3**

**27.** It is noted from the SCN that Ms. K Anasuya, is promoter, was holding 3,93,900 shares (19.02% of the shareholding) as on September 30, 2010 and it had sold 1,48,100 shares (7.15% of the shareholding) during the period September 21 – November 08, 2010. With respect to following dealings, disclosures were required to be made by Noticee 3 to CTL and BSE

<b>Date</b>	<b>No. of shares sold</b>	<b>Shareholding</b>	<b>Non-Disclosure</b>
Oct 07, 2010	51,000 (2.46%)	3,27,500 (15.81%)	Regulation 7(1A) r/w Regulation 7(2) of SAST Regulations, 1997 r/w Regulation 35 of SAST Regulations, 2011
Oct 08, 2010	58,000 (2.80%)	2,69,500 (13.01%)	

**28.** It is noted from the above that Ms K Anasuya has not made any disclosures under Regulation 7(1A) r/w Regulation 7(2) of SAST Regulations, 1997 r/w Regulation 35 of SAST Regulations, 2011 to BSE directly, in respect of sell transactions on October 07, 2010 & October 08, 2010. However, Noticee 3 had made the disclosure under aforesaid regulations to CTL within the prescribed time limit, which were thereafter disclosed by CTL to BSE.

29. Vide letter dated February 25, 2016, Noticee 3 submitted that she sold 51,000 shares and 58,000 shares on 07.10.2010 and 08.10.2010 respectively and the disclosures as per SAST Regulations 1997, SAST Regulations 2011 and PIT Regulations 1992 were sent to the Company through hand delivery and to BSE by ordinary post. However, she has not submitted any documentary proof in support of her submissions.
30. Similarly, the disclosures as claimed by the Noticee 3 to have been made to BSE under Regulations 7 1(A) r /w Regulation 7 (2) of SAST Regulations 1997 also are not available on the BSE website. Further, no documents have been submitted by the Noticee in support of his claim of filing disclosure Regulations 7 1(A) r /w Regulation 7 (2) of SAST Regulations 1997. In this regard, I place my reliance on the observations made **Hon'ble SAT** in the matter of **Mega Resources Ltd. v. SEBI (Appeal No. 49/2001)** as mentioned above at para 17.
31. In so far her submission that SEBI had conducted enquiry on the Company's promoters for disclosure requirements under SAST and PIT Regulations and accordingly passed an Order on 25.06.2014 (Adjudication Order No. AK/AO-93-96/2014) wherein a penalty of Rs. 3 lakhs was imposed on her is concerned, it is noted from the copy of the order dated June 25, 2014 that the periods/instances of violation in the cited case were December 27, 2011, December 28, 2011 and January 06, 2012 which have no connection with the subject of this adjudication proceeding. Therefore, the above submissions of Noticee 3 do not deserve any merit in the case.
32. From the above facts, I have noted that the sale transactions under reference, which were required by statute to be disclosed in the public domain was made by the company and not by the Noticee directly to the exchange. I also noted that Noticee 3, by virtue of holding substantial shareholding is under statutory obligation to disclose



directly to the exchange under Regulations 7 1(A) r /w Regulation 7 (2) of SAST Regulations 1997. Any delay or non-disclosure in this regard, cannot be viewed leniently as such disclosures could be material for investors to take informed decisions.

**33.** Thus, I conclude that Noticee 3 has violated the provisions of Regulations 7 1(A) r /w Regulation 7 (2) of SAST Regulations 1997 r/w Regulation 35 SAST 2011.

**With respect to Noticee 4**

**34.** It is noted from SCN that Mr. PV Ravi Kumar, an entity appearing in the public category, had acquired up to 11.59% of the share capital of the company during the quarter ended December 2010. The details of increase and subsequent decrease in his shareholding during the investigation period is given below.

<b>Date</b>	<b>Increase(+)/</b>	<b>Shareholding</b>	<b>Non-Disclosure</b>
Sep 30, 2010		80,000 (3.86%)	
Nov 29, 2010	+ 46,400 (2.24%)	1,26,400 (6.10%)	Regulation 7(1) SAST 1997 and Regulation 13 (1) PIT 1992
Dec 11, 2010	+113600 (5.49%)	2,40,000 (11.59%)	Regulation 7(1) SAST 1997 Regulation 13(3) PIT 1992
Jan 10, 2011	-15,000 (0.72%)	2,25,000 (10.86%)	N.A.
Jan 19, 2011	- 75,000 (3.62%)	1,50,000 (7.24%)	Regulation 13(3) PIT 1992
Jan 21, 2011	-50,000 (2.41%)	1,00,000 (4.83%)	

**35.** It is noted from the above that Mr. PV Ravi Kumar has not made following disclosures to company / BSE

- Disclosures under Regulation 13(3) of PIT Regulations, 1992 to the company in respect of acquisitions on December 11, 2010, January 19, 2011 and January 21, 2011.
- Disclosure under Regulation 13(1) of PIT Regulations, 1992 to the company in respect of acquisitions November 29, 2010.

- Disclosure under Regulation 7(1) SAST 1997 to the company and BSE in respect of in respect of acquisitions on November 29, 2010 and December 11, 2010.

**36.** Noticee 4, vide his letters dated December 31, 2015 and February 17, 2016 submitted that he was not aware of the relevant regulations which govern the disclosures. They were not intentional and it happened inadvertently and not to conceal anything with a view to misguide the investors or public at large. Noticee 4 has admittedly submitted that he has not disclosed and unknowingly violated Regulation.

**37.** From the table above, I note that Noticee was acquiring and disposing substantial number of shares of CTL. As on December 11, 2010, Noticee acquired around 11.56 % of the shareholding of the company which is considered substantial holdings for any investor. Therefore, any dealings (either purchase or sale) by such substantial shareholder would be material information for investors to take informed decisions. Accordingly, legislature has contemplated disclosure based regulatory framework for protection of interest of investors.

**38.** In view of above, Noticee 4 being substantial shareholders was duty bound to exercise due care, caution and diligence and also be aware of various regulatory requirements before, during and after its dealing in the shares of CTL. In this context, the ignorance of law or intention for transactions cannot be considered as a defense as laid down as the established principle of law that “ignorance of law is no excuse”. Since the Noticee 4 was buying and selling shares in substantial quantities, such dealing would have not only influenced the price but also disclosure of such dealings would have certainly being relevant for investors, had it been in public domain.

**39.**In view of above, Noticee 4 failed to make any disclosure to company and BSE and thus violated Regulations 13 (1), 13 (3) r/w Regulations 13 (5) of PIT Regulations 1992 and Regulations 7 (1) r/w 7(2) SAST 1997 r/w Regulation 35 SAST Regulations 2011.

**With respect to Noticee 5**

**40.**It is noted from SCN that M/s Ksema Finsecure Consultants Ltd (Ksema) had purchased 1,48,200 shares (7.16% of the share capital of the company) during the period Oct 19-21, 2010, details of which are given below.

<b>Date of credit of shares</b>	<b>Increase in shareholding</b>	<b>Shareholding</b>	<b>Non-Disclosure</b>
Oct 19, 2010	78,200 (3.78%)	78, 200 (3.78%)	
Oct 21, 2010	70,000 (3.38%)	1,48,200 (7.16%)	Regulation 7(1) of SAST Regulations, 1997 and  Regulation 13(1) of PIT Regulations, 1992 &

**41.**It is noted from the above that Ksema Finsecure Consultants Ltd has not made any disclosures Regulation 13(1) of PIT Regulations, 1992 pursuant to above acquisition of shares on October 21, 2010 to the company. However, the said disclosure has not been made by it to the company. Similarly, the disclosures under Regulation 7(1) of SAST 1997 had to be made to the company and BSE for the acquisition on October 21, 2010.

**42.**From the above facts, I have noted that the acquisition under reference, which were required by statute to be disclosed in the public domain was not made by the Noticee to the company and to the exchange.

**43.**Ksema Finsecure Consultants Ltd. Vide letter dated February 17, 2016 has admittedly submitted that it failed to disclosure under PIT

Regulations 1992 to company, of acquisition of 7.16% of share capital of CTL on October 21, 2010 which was required under Regulation 13(1) of PIT Regulations 1992 and also failed to disclose under SAST Regulations 1997 to company and BSE, of acquisition of 7.16% of share capital of CTL on October 21, 2010 which was required vide Regulations 7(1) r/w 7(2) of SAST Regulations, 1997 r/w Regulation 35 of SAST Regulations 2011.

- 44.** Thus, I conclude that Noticee 5 by not disclosing to CTL and BSE has violated the provisions of Regulations 7(1) r/w 7(2) of SAST Regulations, 1997 r/w Regulation 35 of SAST Regulations 2011. Further, Noticee 5 by not disclosing to CTL has violated Regulation 13(1) of PIT Regulations 1992.

### **CONCLUSION**

- 45.** In view of above, it conclude that CTL has violated Regulation 13(6) of PIT Regulations, 1992, Hemraj Baid has violated Regulation 13(4) r/w 13(5) of PIT Regulations, 1992 and Regulation 7(1A) r/w Regulation 7(2) of SAST Regulations, 1997 r/w Regulation 35 of SEBI SAST Regulations, 2011, K Anasuya has violated Regulation 7(1A) r/w Regulation 7(2) of SAST Regulations, 1997 r/w Regulation 35 of SAST Regulations, 2011, PV Ravi Kumar has violated Regulations 13(1) and 13 (3) r/w 13(5) of PIT Regulations, 1992 and Regulation 7(1) r/w 7(2) of SAST Regulations, 1997 r/w Regulation 35 of SAST Regulations, 2011 and Ksema Finsecure Consultants Ltd has violated Regulation 13(1) of PIT Regulations, 1992 and Regulation 7(1) r/w 7(2) of SAST Regulations, 1997 r/w Regulation 35 of SAST Regulations, 2011 and thus liable for monetary penalties as prescribed under Section 15A(b) of the Act.

- 46.** Section 15A(b) of the Act (as existed during the period of violation) reads as under:

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

**15A.** *If any person, who is required under this Act or any rules or regulations made thereunder,-*

*(a) to furnish any document, return or report .....*

*(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations, 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.*

- 47.** Here, it is important to refer to the observation of the Hon'ble Supreme Court of India in the matter of **SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC)** wherein it was 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..."*

- 48.** While determining the quantum of penalty under Section 15A(b), it is important to consider the factors stipulated in Section 15J of SEBI Act, which read as under:-

**15J** - *Factors to be taken into account by the adjudicating officer While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-*

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

- (b) the amount of loss caused to an investor or group of investors as a result of the default;
- (c) the repetitive nature of the default.

**49.** It is not possible from the material available on record to ascertain the disproportionate gain or unfair advantage made by the Noticees or the amount of loss caused to an investor or group of investors as a result of the default. I have considered proportionate shareholdings of Noticee(s) and relative impact of non-disclosures of such holdings on investors, promoter / director category, repetitive nature of non-compliance of PIT / SAST Regulations, as factors while imposing penalty. I note that, in **Appeal No. 66 of 2003 - Milan Mahendra Securities Pvt. Ltd. Vs SEBI**, the Hon'ble SAT has observed that, *"the purpose of these disclosures is to bring about transparency in the transactions and assist the Regulator to effectively monitor the transactions in the market."*

#### **ORDER**

**50.** In view of the above, after considering all the facts and circumstances of the case and exercising the powers conferred upon me under Section 15-I of the Act and Rule 5 of AO Rules, I hereby impose a monetary penalties as per following table under Section 15A (b) of the Act. In my view, the penalties imposed are commensurate with the default committed by the Noticee(s) and also act as a deterrent factor for the Noticee(s) and others in protecting the interest of Investors.

<b>Noticee No.</b>	<b>Name of Noticees (charges)</b>	<b>Amount of Penalty / Provisions of Law violated</b>
1	<b>M/s Century First Portfolio Limited</b> <b>(Non disclosure to BSE)</b>	<b>Rs. 2,00,000/-</b> -(Rupees Two Lakh only) for violation of Regulation 13 (6) of PIT Regulations, 1992

2	<b>Mr. Hemraj Baid (Promoter Director)  ( Non-disclosure to company and BSE)</b>	<b>Rs. 5,00,000/-</b> -(Rupees Five Lakh only for violation of Regulation 13(4) r/w 13(5) of PIT Regulations, 1992 and Regulation 7(1A) r/w Regulation 7(2) of SAST Regulations, 1997 r/w Regulation 35 of SEBI SAST Regulations, 2011
3	<b>Ms. Kanneganti Anasuya (Promoter)  (Non-disclosure to BSE)</b>	<b>Rs. 2,00,000/-</b> -(Rupees Two Lakh only) for violation of Regulation 7(1A) r/w Regulation 7(2) of SAST Regulations, 1997 r/w Regulation 35 of SAST Regulations, 2011
4	<b>Mr.P V Ravi Kumar  (Non-disclosure to company and BSE)</b>	<b>Rs. 5,00,000/-</b> -(Rupees Five Lakh only) for violation of Regulations 13(1) and 13(3) r/w 13(5) of PIT Regulations, 1992 and Regulation 7(1) r/w 7(2) of SAST Regulations, 1997 r/w Regulation 35 of SAST Regulations, 2011
5	<b>M/s Ksema Finsecure Consultants Limited  (Non-disclosure to company and BSE)</b>	<b>Rs. 2,00,000/-</b> -(Rupees Two Lakh only) for violation of Regulation 13(1) of PIT Regulations, 1992 and Regulation 7(1) r/w 7(2) of SAST Regulations, 1997 r/w Regulation 35 of SAST Regulations, 2011

**51.**The amount of penalty shall be paid either by way of demand draft in favor of "SEBI - Penalties Remittable to Government of India",

payable at Mumbai, or by e-payment in the account of "SEBI - Penalties Remittable to Government of India ", A/c No. 31465271959, State Bank of India, Bandra Kurla Complex Branch, RTGS Code SBIN0004380 within 45 days of receipt of this order. The said demand draft or forwarding details and confirmation of e-payment made in the format as given in table below should be forwarded to "The Division Chief (Enforcement Department - DRA- I ), Securities and Exchange Board of India, SEBI Bhavan, Plot no C- 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 052.

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)	

**52.** In terms of Rule 6 of the Rules, copies of this order are sent to the Noticee and also to the Securities and Exchange Board of India.

**Date: August 31, 2017**

**Place: Mumbai**

**B J DILIP  
GENERAL MANAGER &  
ADJUDICATING OFFICER**