

**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA  
[ADJUDICATION ORDER NO. AK/AO-93-96/2014]**

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

In respect of

**Mr. Hemraj Baid (PAN ACXPB3595J), Ms. Anasuya Kanneganti (PAN AJOPK1905D), Ms. Nisha Baid (PAN AIMPB6065G) and M/s Century 21st Portfolio Limited (PAN AACCC8941P)**

In the matter of

M/s Century 21st Portfolio Limited

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**FACTS OF THE CASE**

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') observed that M/s. Century 21st Portfolio Limited (hereinafter referred to as '**the company**') had allegedly violated Clause 35 of the equity Listing Agreement read with Section 21 of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as '**SCRA**') and that during the quarters ending September 2011, December 2011 and March 2012, Mr. Hemraj Baid, director and promoter of the Company and Ms. Anasuya Kanneganti & Ms. Nisha Baid, both promoters of the company had allegedly violated certain provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as '**PIT Regulations**'). Further, the Company's shares were listed on Bombay Stock Exchange Ltd. (hereinafter referred to as '**BSE**'), Delhi Stock Exchange Ltd. (hereinafter referred to as '**DSE**'), Ludhiana Stock Exchange Ltd. (hereinafter referred to as '**LSE**') and Ahmadabad Stock Exchange Ltd. (hereinafter referred to as '**ASE**').

## **APPOINTMENT OF ADJUDICATING OFFICER**

2. The undersigned was appointed as the Adjudicating Officer vide Order dated December 24, 2013 under Section 15I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') and Rule 4 of Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 2005 read with Section 23-I of SCRA to inquire into and adjudge under Section 15A(b) of the SEBI Act and Section 23E of SCRA for the alleged violations of the PIT Regulations and the equity Listing Agreement read with SCRA.

## **SHOW CAUSE NOTICE, HEARING AND REPLY**

3. SEBI *inter alia* observed that Mr. Hemraj Baid, Ms. Anasuya Kanneganti, Ms. Nisha Baid and the company M/s. Century 21st Portfolio Limited (hereinafter respectively referred to as '**Noticee nos. 1 to 4**') and collectively referred to as '**the Noticees**') allegedly violated the following provisions:
  - a. Mr. Hemraj Baid (**Noticee no. 1**), promoter and director of the Company had transacted more than 25,000 shares on 4 instances viz. November 05, 2011, December 27, 2011, January 12, 2012 and January 17, 2012, and was hence, required to disclose to the exchange and the company under Regulation 13(4) and 13(4A) read with Regulation 13(5) of PIT Regulations within two (2) days. As per the exchange report, Noticee no. 1 made the necessary disclosure for his transactions dated November 05, 2011, however, disclosures for transaction dated December 27, 2011, January 12, 2012 and January 17, 2012 were not made within the stipulated time. It was, therefore, alleged that the Noticee no. 1 failed to make such disclosure on three instances within the stipulated time;
  - b. Ms. Anasuya Kanneganti (**Noticee no. 2**), promoter of the company had transacted more than 25,000 shares on 3 instances viz. December 27, 2011, December 28, 2011 and January 06, 2012, and was hence, required to disclose to the exchange and the company under Regulation 13(4A) read with Regulation 13(5) of PIT Regulations within two (2) days. It was alleged that Noticee no. 2 failed to make such disclosure on all three instances within the stipulated time;

- c. Ms. Nisha Baid, (**Noticee no. 3**), promoter of the company had transferred 50,000 shares (2.41% of total paid up share capital) on November 05, 2011. It was alleged that Noticee no. 3 failed to make the required disclosure under Regulation 13(4A) read with Regulation 13(5) of PIT Regulations within the stipulated time;
  - d. It was further observed from the shareholding pattern on BSE website for quarter ending March 2012 that Noticee no 1 was holding 17,000 shares (0.82%). However, on perusal of information provided by the Registrar and Share Transfer Agent (hereinafter referred to as '**RTA**') Venture Capital & Corporate Investments Pvt Ltd. vide email dated July 03, 2012, it was observed that Noticee no. 1's three demat accounts viz. BO-IDs - 1203520000077954, 1201090003829572 and IN30273410034912 were holding 'Nil' shares as on March 31, 2012. It was, thus, alleged that the holding mentioned by the company Century 21st Portfolio Limited (**Noticee no. 4**) to the stock Exchange was incorrect and misleading. Therefore, Noticee no. 4 was alleged to have violated Clause 35 of the equity listing agreement read with Section 21 of the SCRA.
4. Accordingly, common show cause Notice Nos. EAD-6/AK/RSL/12830/2014, EAD-6/AK/RSL/12831/2014, EAD-6/AK/RSL/12833/2014 and, EAD-6/AK/RSL/12835/2014 dated May 06, 2014 were (hereinafter referred to as '**SCN**') issued and the Noticees were advised to show cause as to why an inquiry should not be held against them and penalty be not imposed under Section 15A (b) of the SEBI Act/Section 23E of SCRA, as applicable.
5. The Noticees have *inter alia* submitted as under:
- 5.1 **Mr. Hemraj Baid, Noticee No. 1** vide email and letter dated May 21, 2014 *inter alia* submitted as follows:
- 5.1.1 *That he had sold shares in the company and had prepared all the relevant documents and kept them ready for dispatch or submission to stock exchange, but, by oversight could not submit the same within the specified time which resulted in submission of the disclosures with a delay of few days;*

- 5.1.2 *That delay in making disclosure was purely an inadvertent act and there was no attempt to conceal anything;*
- 5.1.3 *That changes that happened in the shareholding were shown in the shareholding pattern as filed by the company in the subsequent quarters on quarterly basis;*
- 5.1.4 *That no gain or unfair advantage was made out of the inadvertent lapse that happened unintentionally;*
- 5.1.5 *That the said transaction did not cause any loss to any investor or group of investors;*
- 5.1.6 *That there has been no non compliance in the past from his side.*

5.2 **Ms. Anasuya Kanneganti, Noticee no. 2** vide letter dated May 18, 2014 *inter alia* submitted as follows:

- 5.2.1 *That she sold shares during the period from December 2011 to January 2012, however there was a delay in making disclosures under Regulation 13 of PIT Regulations by few days;*
- 5.2.2 *That the delay in disclosure was not intentional and it happened inadvertently;*
- 5.2.3 *That the shareholding was correctly reflected in the shareholding pattern for the quarters ended December 31, 2011 and March 31, 2012 as submitted to stock exchanges by the Company;*
- 5.2.4 *That the inadvertent lapse was not to conceal anything which will misguide the investors or public at large, due to the delay;*
- 5.2.5 *That the Noticee has not made any gain or unfair advantage out of the lapse and have not caused loss to any investor;*
- 5.2.6 *That there has been no non compliance in the past.*

5.3 **Ms. Nisha Baid, Noticee no. 3** vide letter dated May 21, 2014 *inter alia* submitted as follows:

- 5.3.1 *That she sold 50,000 shares of the company on November 05, 2011 and made the disclosure as required under Regulation 13 of PIT Regulations on November 14, 2011. After some days of sale of the said shares, she was told that SEBI PIT Regulations have*

*changed on August 16, 2011 and she needed to make the disclosure for the same, after which she immediately made the disclosure, but, in the process it got delayed by four days;*

- 5.3.2 That she is a housewife and not much acquainted with SEBI Regulations. As soon as she was informed of the disclosures requirement, she submitted the necessary disclosure without making any further delay;*
- 5.3.3 That the lapse was not intentional;*
- 5.3.4 That the lapse was not to conceal anything which will misguide the investors or public at large due to delay;*
- 5.3.5 That she has not made any gain or unfair advantage out of the inadvertent lapse and not caused any loss to investor or group of investors;*
- 5.3.6 That there has been no non compliance in the past.*

5.4 The **company M/s. Century 21st Portfolio Ltd., Noticee no. 4** vide letter dated May 15, 2014 *inter alia* submitted as follows:

- 5.4.1 That the company is a small company with paid up capital of around Rs. 2 crore;*
- 5.4.2 That the company has been prompt in complying with the provisions of Listing Agreement and particularly the shareholding pattern under clause 35 of the Listing Agreement has been filed within the stipulated time i.e. 21 days from the end of the quarter on quarterly basis;*
- 5.4.3 That the Company also filed yearly disclosures within the specified time in terms of SEBI Takeover Regulations with the stock exchange;*
- 5.4.4 Thus, there was no default in submission of shareholding pattern within the prescribed time and in the past also the company was regular in complying with the requirement;*
- 5.4.5 That the company could not appoint specialized person for secretarial and listing compliances due to the financial pressure/crunch, and as a result, that was handled by the company staff, who were not professionally qualified and were not acquainted with the SEBI Regulations. The shareholding of Mr. Hemraj Baid was shown*

*inadvertently as 17,000 instead of Nil. The correct shareholding pattern was sent from September 2012 onwards;*

*5.4.6 That the lapse was not intentional and not to misguide investors or public at large;*

*5.4.7 That the company has not made any undue gain or unfair advantage out of the lapse and also not caused any loss to any investor or group of investors.*

6. Thereafter, the Noticees were provided an opportunity of personal hearing before me on June 04, 2014 vide hearing notices dated May 22, 2014. Since no confirmation was received from the Noticees for the personal hearings scheduled on June 04, 2014, vide email dated June 03, 2014 the Noticees were advised to confirm their attendance for the hearing. Thereafter, vide email dated June 03, 2014, the Noticees submitted that they have no additional information to present in person other than the ones already submitted in writing and requested to consider the written submissions made by the Noticees and proceed further in their absence.

7. I, thus, observe that the Noticees have waived their opportunity for personal hearing and have requested to consider their written submissions made in this regard. Hence, I proceed with the matter on the basis of the written submissions made by the Noticees and the material available on record.

### **CONSIDERATION OF ISSUES AND FINDINGS**

8. I have examined the SCN, carefully perused the written submissions of the Noticee and the documents available on record. It is observed that the allegation against the Noticee's no. 1, 2 and 3 is that they failed to make the relevant disclosures under the PIT Regulations within the stipulated time and the allegation against Noticee no. 4 is that it mentioned incorrect and misleading holding to the stock exchange and therefore violated Clause 35 of the equity listing agreement read with Section 21 of the SCRA.

9. The issues that arise for consideration in the present case are:

- 9.1 Whether Noticee no. 1 failed to make the disclosure within the stipulated time and thereby violated Regulation 13(4) and 13(4A) read with Regulation 13(5) of PIT Regulations?
- 9.2 Whether the Noticee no. 2 failed to make the disclosure within the stipulated time and thereby violated Regulation 13(4A) read with Regulation 13(5) of PIT Regulations?
- 9.3 Whether the Noticee no. 3 failed to make the disclosure within the stipulated time and violated Regulation 13(4A) read with Regulation 13(5) of PIT Regulations?
- 9.4 Whether the Noticee no. 4 violated Clause 35 of the equity listing agreement read with Section 21 of the SCRA?
- 9.5 Whether the failure on the part of the Noticee's no. 1 to 3 to comply with the aforesaid provisions of the PIT Regulations attracts monetary penalty under section 15A(b) of the SEBI Act and, if so, what would be the monetary penalty that can be imposed on the Noticee no. 1 to 3?
- 9.6 Whether the failure on the part of the Noticee no. 4 to comply with the provisions of Clause 35 of the equity listing agreement read with Section 21 of the SCRA attracts monetary penalty under Section 23E of the SCRA and, if so, what would be the monetary penalty that can be imposed on the Noticee no. 4?
10. Before moving forward, it will be appropriate to refer to the relevant provisions of the PIT Regulations, Clause 35 of the Listing Agreement and Section 21 of the SCRA which read as under:

**Regulation 13 (4), 13 (4A) and 13(5) of the PIT Regulation, 1992**

***[Disclosure of interest or holding in listed companies by certain persons - Initial Disclosure]***

***Continual disclosure.***

***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 subregulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.]***

**13 (4A)** Any person who is a promoter or part of promoter group 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 from the last disclosure made under Listing Agreement or under sub-regulation (2A) 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.]

**13 (5)** The disclosure mentioned in sub-regulations [(3), (4) and (4A)] 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.

### **Clause 35 of the equity Listing Agreement**

**35.** “The company agrees to file with the exchange the following details, separately for each class of equity shares/security in the formats specified in this clause, in compliance with the following timelines, namely :-

a. One day prior to listing of its securities on the stock exchanges.

b. On a quarterly basis, within 21 days from the end of each quarter.

c. Within 10 days of any capital restructuring of the company resulting in a change exceeding +/-2% of the total paid-up share capital.”

### **Section 21 of the SCRA, 1956**

#### **LISTING OF SECURITIES**

##### **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.]

11. Now, the first issue for consideration is whether the Noticee’s no. 1, 2 and 3 violated the provisions of Regulation 13(4) and/or 13(4A) read with 13(5) of the PIT Regulations. The same is examined in detail as below:

11.1 I find that Regulation 13 (4) of PIT Regulation mandates that any person who is a director or officer of a listed company and Regulation 13(4A) of PIT Regulations mandates that any person who is a promoter or part of promoter group of a listed company, must disclose to the company and the stock exchange where the securities of the company are listed, the total number of shares or voting rights held and change in shareholding or voting rights, if



there is a change in shareholding or voting rights from the last disclosure and such change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower. As per Regulation 13(5) of the PIT Regulations, such disclosure is to be made within two working days of the receipt of intimation of allotment of shares or the acquisition or sale of shares or voting rights.

11.2 I find from the Annual Report of the Company and the BSE website that Noticee no. 1 was the promoter and director of the company when Noticee no. 1 transacted for more than 25,000 shares on 4 instances viz. November 05, 2011, December 27, 2011, January 12, 2012 and January 17, 2012 and was, thus, required to disclose to the exchange and the company under Regulation 13(4) and 13(4A) read with Regulation 13(5) of PIT Regulations within two working days of the receipts of intimation of allotment of shares or the acquisition or sale of shares or voting rights, as the case may be. The details of the off-market transactions as observed for Noticee no. 1 during the period from October 01, 2011 till January 17, 2012 are as given below:

Date of transaction	Name of entity receiving shares	Shares transferred	Balance in Mr. Hemraj Baid's account	Mr. Hemraj Baid's Holding in %
5-Nov-11	S Jhansi	1,00,000	188,000	9.08
27-Dec-11	Srinivas Yalamarthy	1,00,000	88,000	4.25
5-Jan-12	Prasanth K Pabbathi	17,000	71,000	3.43
12-Jan-12	Sanivarapa S Reddy	36,000	35,000	1.69
17-Jan-12	Maligi R Reddy	35,000	0	0

It is observed that Noticee no. 1 made the necessary disclosure for his transaction dated November 05, 2011 within the stipulated time, however, failed to make disclosures for transaction dated December 27, 2011, January 12, 2012 and January 17, 2012 within the stipulated time.

11.3 I find from BSE website that Noticee no. 2 was the promoter of the company when Noticee no. 2 transacted for more than 25,000 shares on 3 instances viz. December 27, 2011,

December 28, 2011 and January 06, 2012, and was hence, required to disclose to the exchange and the company under Regulation 13(4A) read with Regulation 13(5) of PIT Regulations within two working days of the receipt of intimation of allotment of shares or the acquisition or sale of shares or voting rights. The following were the transactions as observed from Noticee no. 2's demat statements:

Date	Quantity of shares debited	Balance in her account	Holding%
1-Oct-11		2,45,800	11.87
27-Dec-11	50,000	1,95,800	9.45
28-Dec-11	75,000	1,20,800	6.18
6-Jan-12	75,000	45,800	2.21
31-Mar-12		45,800	2.21

*Note - The holding above also includes 100 shares which are held by the entity in physical form*

It is observed that Noticee no. 2 did not make the relevant disclosures in respect of all the aforesaid 3 instances within the stipulated time.

11.4 I further find from BSE website that Noticee no. 3 was the promoter of the company when Noticee no. 3 transferred 50,000 shares (2.41% of total paid up share capital of the company) on November 05, 2011 and failed to make the disclosure within the stipulated time.

11.5 I find from the replies of the Noticee's no. 1, 2 and 3 that they have all admitted to the delay in making the disclosures under the relevant provision of Regulation 13 (4) and/ or 13(4A) of the PIT Regulations within the stipulated time. Hence, it is established without doubt that the Noticee's no. 1, 2 and 3 have violated the provisions of the PIT Regulations by not making the required disclosure with the stipulated time.

12. The next issue for consideration is whether the Noticee no. 4 made incorrect and misleading disclosure regarding holding of one of its promoters to BSE for quarter ending March 2012, and thus, violated Clause 35 of the equity listing agreement read with Section 21 of the SCRA.

12.1 Noticee no. 4, for the quarter ending March 31, 2012, had disclosed to BSE the holding of one of its promoter Mr. Hemraj Baid (Noticee no. 1) as 17,000 shares (0.82%), whereas, as per the information provided by the Registrar and Share Transfer Agent (RTA), Venture Capital & Corporate Investments Pvt Ltd, Mr. Hemraj Baid's three demat accounts were holding Nil shares as on March 31, 2012. It was, thus, alleged that the holding of one of the promoters of the company mentioned by Noticee no. 4 to the stock Exchange was incorrect and misleading, hence, Noticee No. 4 was alleged to have violated Clause 35 of the equity listing agreement read with Section 21 of the SCRA.

12.2 In reply to the SCN issued to it, Noticee no. 4 *inter alia* submitted that the company could not appoint a specialized person for secretarial and listing compliances due to the financial pressure/crunch, as a result the same was handled by a company staff, who was not professionally qualified and not acquainted with SEBI Regulations, hence, the shareholding of one of its promoters got inadvertently reported as 17,000 shares instead of Nil holding.

12.3 I find that the Noticee no. 4 is a company listed at BSE, DSE, LSE and ASE, and thus, Noticee no. 4 was under an obligation to comply with the listing conditions and make true and correct disclosure of holdings. The Noticee no. 4 cannot be absolved from its liability from making correct disclosure with regard to the listing requirements because it could not appoint professionally qualified personnel. I find from the above that Noticee No. 4 has admitted that the shareholding of one of its promoters got inadvertently reported as 17,000 shares instead of Nil holding. Thus, I conclude that Noticee no. 4 violated Clause 35 of the equity listing agreement read with Section 21 of the SCRA.

13. The Hon'ble Supreme Court of India in the matter of *SEBI Vs. Shri Ram Mutual Fund* [2006] 68 SCL 216(SC) 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...”.*

14. In view of the foregoing, I am convinced that it is a fit case to impose monetary penalty under Section 15A(b) of the SEBI Act on Noticee no. 1, Noticee no. 2 and Noticee no. 3 and under Section 23E of the SCRA against Noticee no. 4. The provisions of the Section 15A(b) of the SEBI Act and Section 23E of the SCRA reads as under:

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

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

*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 of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.*

***Penalty for failure to comply with provision of listing conditions or delisting conditions or grounds.***

**23E.** *If a company or any person managing collective investment scheme or mutual fund, fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof, it or he shall be liable to a penalty not exceeding twenty-five crore rupees.*

15. While determining the quantum of monetary penalty under Section 15A(b) of the SEBI Act and Section 23E of the SCRA, I have considered:

✓ ***the factors stipulated in Section 15-J of SEBI Act, which reads 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.”*

✓ ***the factors specified under Rule 5(2) of Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 2005, which reads as under:***

**5 (2) While adjudging the quantum of penalty under section 23-I of the Act, 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.

16. In view of the charges as established, the facts and circumstances of the case and the judgments referred to and mentioned hereinabove, the quantum of penalty would depend on the factors referred in Section 15-J of the SEBI Act and Rule 5(2) of Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 2005 stated as above.

17. The main objective of the PIT Regulation in respect of the disclosure norms is to bring about the transparency in the market and aim at preventing information asymmetry that may preclude any investor from equal treatment and opportunity with respect to the aforesaid information. Correct and timely disclosures are also an essential part of the proper functioning of the securities market and failure to do so results in preventing investors from taking well-informed decisions. Besides, continual disclosure under PIT Regulations aims to make insider trading transparent by facilitating exposure of any illegal

trade, and, thereby, serving as a deterrent. Thus, the cornerstone of PIT Regulations is investor protection.

18. Further in order that investors can get a true picture of the promoter shareholding in the listed entities and the changes to the same, clause 35 of the Listing Agreement requires listed entities to submit to the stock exchanges on a quarterly basis, statement of its shareholding pattern providing *inter-alia* the details of shares held by promoter/promoter group & public and details of shares held against Depository Receipts.
19. As per Section 15A(b) of the SEBI Act, the Noticee no. 1, Noticee no. 2 and Noticee no. 3 , are liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less. As per section 23E of the SCRA, Noticee no. 4 is liable to a penalty not exceeding twenty-five crore rupees. Further, under Section 15 J of the SEBI Act/ Rule 5(2) of Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 2005, as applicable, the adjudicating officer has to give due regard to certain factors which have been stated as above while adjudging the quantum of penalty. It is noted that no quantifiable figures are available to assess the disproportionate gain or unfair advantage made as a result of such non-compliance by the Noticees. Further from the material available on record, it is not possible to ascertain the exact monetary loss to the investors on account of non-compliance by the Noticees. However, I note that the Hon'ble Securities Appellate Tribunal (SAT) in the matter of Komal Nahata Vs. SEBI (Date of judgment- January 27, 2014) has observed that:  
  
*“Argument that no investor has suffered on account of non disclosure and that the AO has not considered the mitigating factors set out under Section 15J of SEBI Act, 1992 is without any merit because firstly penalty for non compliance of SAST Regulations, 1997 and PIT Regulations, 1992 is not dependent upon the investors actually suffering on account of such non disclosure.”*

In view of the same, the argument put forth by the Noticees that no loss has been caused to any investor or group of investors due to their non-submission/ delay in submission under the relevant provisions of the PIT Regulations is not relevant for the given case. The Noticees have further *inter alia* submitted that there has been no non-compliance in the past from their side.

20. I further note that Noticees No. 1 and 2 have *inter alia* stated that changes that happened in the shareholding were shown in the shareholding pattern as filed by the company in the subsequent quarters on quarterly basis. However, I note that under Regulation 13 (4)/ (4A) read with 13(5) of the PIT Regulations, disclosure is required to be made within two working days of the receipts of intimation of allotment of shares, or, the acquisition or sale of shares or voting rights, as the case may be, whereas disclosure under clause 35 of the listing agreement is done on a quarterly basis, within 21 days from the end of each quarter.
21. I also note that Noticee No. 3, Ms. Nisha Baid has stated that she is a housewife and not much acquainted with SEBI Regulations and that as soon as she was informed of the disclosures requirement, she submitted the necessary disclosure without making any further delay. A promoter of a listed company is expected to be up-to-date with regards to changes in the regulatory environment and should be able to seamlessly integrate any new directive introduced by the regulator, as regulations are in public interest.
22. In addition to the aforesaid, I am also inclined to consider the following mitigating factors while adjudging the quantum of penalty: a) the paid-up capital/ market capitalization of the company at the relevant point of time; b) the trading volumes of the company's shares on the Exchanges, where the shares were listed, during the relevant period; c) the number of occasions in the instant proceeding that the Noticees have violated the applicable Regulations.
23. I find that the market capitalization of the company during the said period was less than ₹. 3 crore. I further note from the BSE website that there were about 270 shareholders in

public shareholding category holding approx. 89% of total paid-up capital of the Company as on March 31, 2012. The average trading volume on BSE during the relevant period was about 1,500 shares. I further find that the Noticee no. 1 violated Regulation 13(4) and 13(4A) read with Regulation 13(5) of the PIT Regulation on three (3) occasions. Noticee no. 2 and Noticee No. 3 violated Regulation 13(4A) read with 13(5) of the PIT Regulation on three (3) occasions and one (1) occasion respectively. Further Noticee no. 4 made incorrect and misleading disclosure of one of its promoters holding on one occasion in quarter ended 31<sup>st</sup> March 2012, thereby violating Clause 35 of the equity listing agreement read with section 21 of the SCRA.

24. I find that the Noticees have *inter alia* claimed that delay in making disclosure was purely an inadvertent act. However, any transaction which requires compliance of the PIT Regulations, if not complied, is always a serious matter, and cannot be considered a mere "technical" violation, even if the transaction is otherwise in compliance, since the shareholders/ investors were deprived of the information. Also, disclosure of incorrect information about the shareholding of the promoters of the listed company affects price discovery in the secondary market.
25. As a listed company, the Noticee Company and its promoters had a responsibility to comply with the disclosure requirements under the equity listing agreement/ PIT Regulations, as applicable, in accordance with their spirit, intention and purpose. Non / Delayed / Incorrect compliance with disclosure requirements by a listed company and its promoters undermines the regulatory objectives and jeopardizes the achievement of the underlying policy goals.



## **ORDER**

26. After taking into consideration all the facts and circumstances of the case, I impose a penalty as under against the Noticees:

S. No.	Name of the Noticees	Penalty in Rs.
1.	<b>Mr. Hemraj Baid (Noticee no. 1)</b>	<b>Rs. 3,00,000/- (Three Lakhs only)</b>
2.	<b>Ms. Anasuya Kanneganti (Noticee no. 2)</b>	<b>Rs. 3,00,000/- (Three Lakhs only)</b>
3.	<b>Ms. Nisha Baid (Noticee no. 3)</b>	<b>Rs. 2,00,000/- (Two Lakhs only)</b>
4.	<b>M/s Century 21st Portfolio Limited (Noticee no. 4)</b>	<b>Rs. 2,00,000/- (Two Lakhs only)</b>

The Noticees shall be liable to pay the said monetary penalty which will be commensurate with the violations committed by the Noticees.

27. The Noticees shall pay the said amount of penalty by way of demand draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, within 45 days of receipt of this order. The said demand draft should be forwarded to Mr. Debashis Bandyopadhyay, Deputy General Manager, Investigation Department, SEBI Bhavan, Plot No. C – 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.
28. In terms of rule 6 of the Rules, copies of this order are sent to the Noticees and also to the Securities and Exchange Board of India.

**Date: June 25, 2014**  
**Place: Mumbai**

**Anita Kenkare**  
**Adjudicating Officer**