

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER Ref No.: Order/AP/VS/2020-21/7561]

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) RULES, 1995.

In respect of:

Mrubhee Stockholdings Private Limited
(PAN: AABCM0004)
14/A, Hindu Colony,
Nr Swastik Vidhya Mandir, Navrangpura,
Ahmedabad, Gujarat-380009

In the matter of
Oasis Tradelink Limited

1. Oasis Tradelink Limited (hereinafter referred to as 'OTL'), is a company listed on Bombay Stock Exchange Limited (BSE). Securities and Exchange Board of India ('SEBI') had conducted an investigation in the matter of trading in the scrip of the OTL by its promoter Mrubhee Stockholdings Private Limited (hereinafter referred to as 'the Noticee'), to ascertain whether there was any violation of the provisions of SEBI (Prohibition of Insider Trading) Regulation, 2015 (hereinafter referred to as 'the PIT Regulations') during the period January 1, 2018 to March 31, 2018 (hereinafter referred to as 'investigation period').
2. During the investigation it was observed that on February 14, 2018 the Noticee had sold 29,341 shares on-market and purchased 1,77,837 shares off-market. Later it also sold 1,48,496 shares off-market on February 15. Due to the aforementioned transactions, the shareholding of the Noticee remained unchanged for the Quarter ended March 2018 *vis-à-vis* for the quarter ending December 2017. The details of its transactions are as follows:

Sr. No	Date of transaction	Pre-transaction holding in no. of shares	Pre-transaction holding in %	Transaction Qty.	Post-transaction holding in no. of shares	Post-transaction holding in %	Nature of transaction	Transaction Value (₹)
1.	14/02/2018	705000	6.48	29341	675659	6.21	On market sale	25,41,667
2	14/02/2018	675659	6.21	177837	853496	7.85	Off market buy	1,59,07,520*
3	15/02/2018	853496	7.85	148496	705000	6.48	Off market sale	1,31,56,746*

* (based on closing price on BSE on the date of transaction)

3. From the above table it is noted that for all the above three transactions the transaction value of the shares exceeded ₹10 lakhs. As per regulation 7(2)(a) of the PIT Regulations, the Noticee was under obligation to make the requisite disclosures within two days to OTL. It is alleged that the Noticee failed to make the requisite disclosure to OTL on all the above mentioned occasions.

4. In order to conduct an investigation in to the disclosures made by the Noticee to BSE/OTL the Investigating Authority (IA) appointed by SEBI in the matter, vide summon dated April 10, 2019 summoned the Noticee to furnish documents/records/information etc. as per enclosed annexure therein. It was also advised to the Noticee that in case he fails to disobey the information requisition vide the aforesaid summons, SEBI may initiate prosecution/adjudication proceedings against it. Mr. B. A Patel, Director of the Noticee, vide his letter dated May 04, 2019 acknowledged the summons and requested additional time for his submission.
5. After seeking extension on medical ground Mr. B A Patel vide letter dated May 27, 2019, informed that the Noticee had filed the disclosures with the OTL and also submitted the courier delivery receipt dated Feb 14, 2019, addressed to BSE. However, it did not provide any copies of disclosures acknowledged by BSE/OTL.
6. Subsequently, SEBI vide its email dated June 19, 2019, asked the Noticee to provide the copies of disclosures filed by it, duly acknowledged by the OTL. However, no information was received from the Noticee. Further, reminder summons were issued to the Noticee on August 9, 2019 and August 21, 2019, seeking information pertaining to disclosures made by it to the OTL under PIT Regulations in respect of its transfer in the scrip of OTL during the investigation period. However, the Noticee failed to give any response.
7. SEBI sought information from BSE regarding the details of disclosures filed by OTL to BSE, under relevant provisions of PIT Regulations in respect of transactions undertaken by the Noticee and other promoters of the OTL. BSE vide email dated July 26, 2019 and August 28, submitted that it had not received any disclosures under PIT Regulations from the Noticee in the scrip of OTL for the investigation period.
8. In view of the above, it was alleged that the Noticee have violated the provisions of regulation 7(2)(a) of the PIT Regulations with regard to its transfer during the investigation period as per mentioned in para 2 hereinabove. The relevant provisions of the PIT Regulations are reproduce as follows:

Disclosures by certain persons.

7(2) Continual Disclosures.

(a) Every promoter, employee and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded,

whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified;

9. It is also noted that during the investigation the Noticee was issued summons as per following details”

S. No.	Date of Summons	Particular of Information asked	Delivery Status	Noticee's submissions
1	April 10, 2019	Whether the Noticee have made disclosures pertaining to change in its shareholding of transaction value more than ₹10Lakh in the scrip of OTL, If yes, then provide documentary proof in support of the same.	Delivered	Noticee replied to summons and provided courier delivery receipt dated February 14, 2019, addressed to BSE
2	August 09, 2019	Furnish the acknowledgment copies of disclosures filed with OTL during the period January 01, 2018 to February 28, 2018	Delivered	No reply received
3	August 21, 2019	Furnish the acknowledgment copies of disclosures filed with OTL	Delivered	No reply received

From the above table it is noted that the Noticee had not co-operated with the Investigations by not furnishing the acknowledgment of the disclosures by OTL and BSE to IA and thus, had disobeyed the aforesaid summons dated August 9, 2019 and August 21, 2019 issued by IA and repeatedly failed to provide the documents/ information requisitioned by the IA. Thus, it was alleged that the Noticee, has failed to furnish the information required under the SEBI Act and thereby hampered the process of investigation and leading to violation of section 11C(3) of the SEBI Act which read as follows:

Investigation

11C(3) The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before him or any person authorised by it in this behalf as it may consider necessary if the furnishing of such information or the production of such books, or registers, or other documents, or record is relevant or necessary for the purposes of its investigation.

10. Based on above findings of the investigation, the competent authority in SEBI *prima facie* felt satisfied that there are sufficient grounds to inquire and adjudicate upon the alleged violations of the provisions of the PIT Regulations and SEBI Act by the Noticee. By a *communication-order* dated January 24, 2020, the undersigned has been appointed as Adjudicating Officer to inquire into and adjudge under following sections for the alleged violations by the Noticee:

S. No.	Allegation	Violations	Penalty under SEBI Act
1	Did not make disclosures on three occasions to OTL in respect of its 1 on-market and 2 off market transactions carried out of value greater than ₹10 lakhs	Regulation 7(2)(a) of the PIT Regulations, 2015	Section 15A(b) of the SEBI Act, 1992

S. No.	Allegation	Violations	Penalty under SEBI Act
2	Non-compliance of SEBI Summons dated Aug 9, 2019 and Aug 21, 2019 for furnishing information sought by IA	Section 11C(3) of the SEBI Act, 1992	Section 15A(a) of the SEBI Act, 1992

11. After the receipt of the records, the notice to show cause no. EAD-2/AP/VS/5411/1/2020 dated February 11, 2020 (hereinafter referred to as 'SCN') was issued to the Noticee in terms of rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as 'the Adjudication Rules') read with section 15I of the SEBI Act. By the SCN the Noticee was called upon to show cause as to why an inquiry should not be held against him in accordance with rule 4 of the Adjudication Rules read with section 15-I of the SEBI Act and why penalty, should not be imposed upon him under section 15A(a) and 15A(b) the SEBI Act for the alleged respective violation as mentioned hereinabove.

12. The SCN was sent at the last known address of the Noticee through Speed Post Acknowledgment Due, which was, duly served upon him. In the said SCN, the Noticee was asked to reply within a period of 14 days, however, no reply was received from the Noticee. Further, in the interest of natural justice and in terms of rule 4(3) of the Adjudication Rules, the Noticee was given additional opportunity to file reply to the SCN and was also granted an opportunity of personal hearing on March 18, 2020 and the same was communicated vide notice dated February 27, 2020. The said notice was duly served upon the Noticee, however, no reply / communication has been received from him despite service of notices upon it. Vide the said SCN/notice of hearing, it was clearly indicated that in case of failure to submit reply or to appear for the hearing, the case would be proceeded with *ex-parte* on the basis of the material available on record. It is noted that the Noticee had neither filed any reply nor have availed the opportunity of personal hearing despite service of notices upon him. In the facts and circumstances of this case, I am of the view that the Noticee has nothing to submit and in terms of rule 4(7) of the Adjudication Rules the matter can be proceeded *ex-parte* on the basis of material available on record.

13. I have carefully considered the allegations and charges levelled against the Noticee and relevant material relied upon in this case. In absence of any response from the Noticee, it is presumed that the Noticee admitted the charge of provisions as alleged in the case. In this regard, the observations of Hon'ble Securities Appellate Tribunal (SAT) in the matter of *Classic Credit Ltd. vs. SEBI* (Appeal No. 68 of 2003 decided on December 08, 2006) are relevant to rely upon wherein it has that- "*... the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice*

were admitted by them”. Further, the Hon’ble SAT in the matter of *Sanjay Kumar Tayal & Others vs SEBI* (Appeal No. 68 of 2013 decided on February 11, 2014), has, *inter alia*, observed that: “... appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices...”

14. While deciding the case, I cannot lose sight of settled position of law that the charge should be established with valid reasons and in accordance with law. I, therefore, deem it necessary to examine the charge. It is also a case that the charges and allegations have been leveled based upon the trades of the Noticee and supporting material as provided in the SCN. I have, therefore, considered the allegation leveled in the SCN and the relevant material brought on record.
15. It is established fact that the Noticee had failed to disclose its on and off market transaction of value more than ₹10 Lakhs on three occasion to OTL under regulation 7(2)(a) of the PIT Regulations. The BSE has confirmed that it had not received any disclosure from the Noticee about the aforesaid transactions and there is no material even to indicate any subsequent disclosures about the transaction in reasonable time. Thus, this is a case of complete failure on the part of the Noticee who is a promoter. Further, the non-compliance of the summons issued to it by the IA during the investigation shows its lackadaisical approach towards the Regulator. Therefore, the breach in the facts and circumstances as found hereinabove, in my view deserves imposition of monetary penalty upon the Noticee under section 15A(a) and 15A (b) of the SEBI Act, which reads as follows:

Penalties and Adjudication

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 to the Board, fails to furnish the same or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;

(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 or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, he

shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.

16. The provisions of regulations of the PIT Regulations are meant to ensure timely disclosures of significant change in shareholding; as such disclosures also enable the stock exchanges and regulators to monitor such material event. Such disclosures also bring about transparency and enable the investors in the scrip to take an informed investment or disinvestment decision. All stakeholders, including minority shareholders should be aware of the change in shareholding of the promoters. Any information asymmetry with regard to such transactions as in this case would defeat the purpose of disclosures. Hon'ble SAT in the matter of *Coimbatore Flavors & Fragrances Ltd. vs SEBI* (Appeal No. 209 of 2014 order dated August 11, 2014), has also held that *"Undoubtedly, the purpose of these disclosures is to bring about more transparency in the affairs of the companies. True and timely disclosures by a company or its promoters are very essential from two angles. Firstly; investors can take a more informed decision to invest or not to invest in particular scrip secondly; the Regulator can properly monitor the transactions in the capital market to effectively regulate the same."* Further in the matter of Appeal No. 66 of 2003 - *Milan Mahendra Securities Pvt. Ltd. vs. SEBI* – the Hon'ble SAT, vide its order dated April 15, 2005 held 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."*
17. Further, in these facts and circumstances of this case, the quantum of penalty has to be adjudged also taking into account the conduct of the Noticee as found in this case and the principle of proportionality. The failure as found in this case, had clearly defeated the purposes of the Regulations i.e. investor protection and ensuring regulation of market. Considering the role and responsibility of the Noticee in these regards and obligations cast upon it under the PIT Regulations, in my view, the default is grave and the gravity of this matter cannot be ignored. Therefore, no lenient view should be taken in this matter and the case deserves imposition of monetary penalty proportionate to the default as found in this case.
18. For the purpose of adjudication of penalty it is relevant to mention that under section 15I of the SEBI Act imposition of penalty is linked to the subjective satisfaction of the Adjudicating Officer. The words in the section that *"he may impose such penalty"* are of considerable significance, especially in view of the guidelines provided by the legislature in section 15J. The factors stipulated in Section 15J of the SEBI Act, are as follows:-

“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 investor/ +s as a result of the default;*
- (c) the repetitive nature of the default.*

Explanation-

For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.”

19. In this case, from the material available on record, any quantifiable gain or unfair advantage accrued to the Noticee or the extent of loss suffered by the investors as a result of the default cannot be computed. It is however noted that defaults as noted in this matter are repetitive in nature. Further the disclosure related violations as required under the PIT Regulations are of significant importance from the point of view of the investors and regulators.
20. Considering the facts and circumstances of the case and above factors and exercising the powers conferred upon me under section 15I of the SEBI Act read with rule 5 of the Adjudication Rules, I hereby impose a monetary penalty on Noticee *viz.*, Mrubhee Stockholdings Private Limited as per following table and in my view, the said penalty is commensurate with the violation committed by him in this case.

S. No.	Violations	Penalty under SEBI Act, 1992	Penalty
1	Regulation 7(2)(a) of the PIT Regulations, 2015	Section 15A(b)	₹5,00,000/- (Rupees Five Lacs only)
2	Section 11C(3) of the SEBI Act, 1992	Section 15A(a)	₹5,00,000/- (Rupees Five Lacs only)
	Total		₹10,00,000/- (Rupees Ten Lacs only)

21. The Noticee shall remit / pay the said total amount of penalty within 45 days of the receipt of this Order 20 in either of the way of demand draft in favour of “SEBI – Penalties Remittable to Government of India”, payable at Mumbai, or by following the path at SEBI website www.sebi.gov.in, ENFORCEMENT> Orders> Orders of AO> PAY NOW; OR by using the web link <https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html>. In case of

any difficulties in payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in

22. The Demand Draft or details and confirmation of e-payment made in the format as given in table below shall be sent to "The Division Chief, EFD-DRA-4, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051." and also to e-mail id :- tad@sebi.gov.in

1	Case Name	
2	Name of the 'Payer/Noticee'	
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)	

23. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.
24. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee and also to SEBI.

Date: April 27, 2020
Place: Mumbai

Amit Pradhan
Adjudicating Officer