

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER Ref No.: Order/AP/VS/2020-21/9535]

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:

Oasis Tradelink Limited
(PAN: AAACO4802B)
Ground Floor, Maruti House Bldg,
Toran Dining Hall, 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 promoters 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. SEBI sought certain Information from the Registrar & Transfer Agent of the company, Skyline Financial Services Private Limited (hereinafter referred to as "Skyline"). Skyline vide its email dated November 22, 2019 submitted that it sends BENPOS/ transaction details of promoters on weekly basis through e-mail regarding weekly/fortnightly/monthly reports and provided the copy of quarterly / weekly reports sent to OTL. Following were observed from the report:
 - a) Mr. Snehal Bharatbhai Patel (Snehal) sold 3,00,000 shares off market during the week January 12, 2018 to January 19, 2018 and sold 28,362 shares off market during the week January 19, 2018 to January 26, 2018. The details of his transactions are as follows:

S. No.	Date of Transaction	Pre Transaction Holding	Pre Transaction Holding in %	Transaction Quantity	Post Transaction holding in %	Nature of transaction	Transaction value* (in ₹)
1	12/01/2018-19/01/2018	5,72,842	5.27	3,00,000	2.51	Off market transfer	2,49,15,000
2	19/01/2018-26/01/2018	2,72,842	2.76	28,362	2.25	Off market transfer	23,55,464

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

As per the weekly reports provided by the RTA, the details of the above transactions were available with OTL on January 22, 2018 and January 29, 2018 respectively. Since the transactions were of value more than ₹10 lakhs, OTL was under obligation to make requisite disclosures to BSE within 2 trading days under regulation 7(2)(b) of the PIT Regulations. However, the OTL did not make any disclosures to the exchange even after becoming aware of the information.

- b) Snehbar Stockholdings Pvt. Ltd. (Snehbar) purchased 1,28,496 shares off market during the week February 9, 2018 to February 16, 2018 and sold 4,220 shares off market during the week February 16, 2018 to February 23, 2018. Later it also sold 1,24,276 shares during the March 16, 2018 to March 23, 2018. Due to the aforementioned transactions, the shareholding of Snehbar 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	09/02/2018 - 16/02/2018	5,95,000	5.47	1,28,496	7,23,496	6.65	Off market buy	1,06,34,672
2	16/02/2018 - 23/02/2018	7,23,496	6.65	4,220	7,19,276	6.61	Off market sale	4,12,136
3	16/03/2018 - 23/03/2018	7,19,276	6.61	1,24,276	5,95,000	5.47	Off market sale	1,25,54,350

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

As per the weekly reports provided by the RTA, the details of above transactions were available with OTL on February 19, 2018, March 1, 2018 and March 26, 2018 respectively. Since the transactions were of value more than ₹10 lakhs, OTL was under obligation to make requisite disclosures to BSE within 2 trading days under regulation 7(2)(b) of the PIT Regulations. However, the OTL did not make any disclosures to the exchange even after becoming aware of the information.

3. 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 August 09, 2019 and reminder summons dated August 21, 2019 and September 05,2019 summoned the Noticee to furnish documents/records/information etc. as per enclosed annexure therein. It was also advised to the Noticee that in case it fails to disobey the information requisition vide the aforesaid summons, SEBI may initiate prosecution/adjudication proceedings against it.

4. The Noticee vide email dated September 11, 2019 acknowledged the summons dated September 05, 2019 and requested extension of time to submit its reply and the request of the Noticee was acceded to till September 19, 2019. However, the Noticee failed to give any response.
5. Subsequently, SEBI sought information from BSE regarding the details of disclosures filed by OTL to BSE, under relevant provisions of PIT Regulations and SAST Regulations in respect of transactions undertaken by the Noticee and other promoters of the OTL. BSE vide emails dated July 26, 2019 submitted that it had not received any disclosures under PIT Regulations from the Noticee for the investigation period.
6. In view of the above, it was alleged that the Noticee have violated the provisions of regulation 7(2)(b) of the PIT Regulations with regard to transactions carried by Snehal and Snehbar in the scrip of OTL 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)...

(b) Every company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information

Explanation. — It is clarified for the avoidance of doubts that the disclosure of the incremental transactions after any disclosure under this sub-regulation, shall be made when the transactions effected after the prior disclosure cross the threshold specified in clause (a) of sub-regulation (2).

7. 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	August 09, 2019	Whether disclosures were received from certain promoters of the OTL in the scrip of OTL. Furnish the acknowledgment copies of disclosures filed with Exchange during the period January 01, 2018 to February 28, 2018	Delivered	No reply received
2	August 21, 2019	Furnish the acknowledgment copies of disclosures filed with Exchange during the period January 01, 2018 to February 28, 2018	Delivered	No reply received
3	September 05, 2019	Furnish the acknowledgment copies of disclosures filed with OTL	Delivered	Sought extension of time but later 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, August 21, 2019 and September 05, 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.

8. 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 to BSE on 2 instance each for the transaction carried out by Snehal and Snehar of value more than ₹10 lakh, even after becoming aware of the transactions	Regulation 7(2)(b) of the PIT Regulations, 2015	Section 15A(b) of the SEBI Act, 1992
2	Non-compliance of SEBI Summons dated August 09, 2019, August 21, 2019 and September 05, 2019 for furnishing information sought by IA	Section 11C(3) of the SEBI Act, 1992	Section 15A(a) of the SEBI Act, 1992

9. After the receipt of the records, the notice to show cause no. EAD-2/AP/VS/5411/4/2020 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.

10. The SCN was sent at the last known address of the Noticee through Speed Post Acknowledgment Due, which was, duly served upon it. 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 it despite service of notices upon it. Thereafter, due to ongoing pandemic situation in the interest of natural justice another opportunity of hearing was granted to Noticee on August 21, 2020. In reply to said Notice of hearing, CA Mr. Ramchandra Dallaram Choudhary, vide his letter dated August 18, 2020 informed that:

“...the Hon’ble NCLT, Ahmedabad had on 04.12.2019 (certified order copy received on 10.01.2020), in the matter C.P. (I.B) No. 433/NCLT/AHM/2018, passed an order for initiation of Liquidation against the Corporate Debtor, M/s. Oasis Tradelink Limited (In liquidation). In the same order, the undersigned have been appointed as the Liquidator by the NCLT u/s 34(1) of the Insolvency and Bankruptcy Code, 2016 (the Code). It may further be noted that in consonance with the stipulations contained in Section 33 (5) subject to section 52 when a liquidation order has been passed, no suit or other legal proceeding shall be instituted by or against the Corporate Debtor.

Section 33 (5) of IBC, 2016 is quoted herewith for your ready reference:

“Subject to section 52, when a liquidation order has been passed, no suit or other legal proceeding shall be instituted by or against the corporate debtor:

Provided that a suit or other legal proceeding may be instituted by the liquidator, on behalf of the corporate debtor, with the prior approval of the Adjudicating Authority”

.....

Further, if SEBI has any pending dues recoverable pertaining to the period before liquidation commencement being 04.12.2019 the undersigned request to appropriately submit the relevant claim form as notified under the Code to the Liquidator which shall be considered for repayment under the waterfall mechanism as per Section 53 of the Code and after its due verification under Liquidation Regulations, 2016...”

11. It is thus, observed that the Hon’ble NCLT Ahmedabad has passed an order of liquidation on December 04, 2019 against the Noticee and CA Mr. Ramchandra Dallaram Choudhary has been appointed as the liquidator under section 34(1) of the Insolvency and Bankruptcy Code, 2016, and whereas the adjudication proceedings have been initiated vide *communication-order* dated January 24, 2020 and the same is a later development to the liquidation order.

12. 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 also cannot lose sight of another settled position that prior to establishing the charges on the Noticee, I should examine the maintainability of the instant adjudication proceedings against the Noticee. In this regard the relevant provisions of section 33(5) and section 33(6) of IBC are as under:

IBC, 2016

33 (5) *Subject to section 52, when a liquidation order has been passed, no suit or other legal proceeding shall be instituted by or against the corporate debtor:*

Provided that a suit or other legal proceeding may be instituted by the liquidator, on behalf of the corporate debtor, with the prior approval of the Adjudicating Authority.

(6) *The provisions of sub-section (5) shall not apply to legal proceedings in relation to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.*

13. Section 33(5) of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as 'IBC') imposes a bar on the initiation of the suit or legal proceedings against the corporate debtor post the liquidation order. I further observe that the liquidation order was passed on December 04, 2019, which is prior to the initiation of the instant proceedings i.e., on February 11, 2020. I also observe that in terms of section 33(6) of the IBC, the provision of section 33(5) of the IBC will not apply, if such transaction is so notified by the Central Government in consultation with any Financial Sector Regulator (FSR). However, in the present case nothing has been brought on record that the Central Government has consulted with FSR to grant exemption from the applicability of section 33(5) of the IBC in respect of these adjudication proceedings. As such there is a bar of continuance of these proceedings before me in terms of the provisions of section 33(5) of the IBC.

14. In view of the aforesaid observations, the present proceedings are not maintainable, and therefore, cannot be proceeded with. The matter is accordingly disposed of.

15. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee and also to SEBI.

Date: November 03, 2020
Place: Mumbai

Amit Pradhan
Adjudicating Officer