

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: AO/SBM/EAD-3/ 116-118 /2018)**

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

In respect of:

**Oasis Tradelink Ltd. (PAN: AAACO4802B)
Hygenic Palm Oil Private Ltd. (PAN: AAACH5501J)
Maruti Nutritious Food Pvt. Ltd. (PAN: AACCM7574N)**

**In the matter of
Oasis Tradelink Ltd
1st Floor, Maruti House, Opp. Sales India Showroom,
Ashram Road, Ahmedabad - 380 009**

FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') carried out an inspection of the books/records of M/s. Guinness Corporate Advisors Pvt. Ltd, a SEBI registered Merchant Banker, under SEBI registration no. INM000011930 during the period August 21, 2014 to August 28, 2014. The inspection team examined the public issues handled by the said Merchant Banker with specific focus on the level of due-diligence exercised by the Merchant Banker while handling the public issues. The inspection team had observed substantial price movement in the scrip price of some of the issuer companies managed by the above mentioned Merchant Banker, post their dates of listing. It was observed that in some of the issues, the percentage change in the scrip price had increased substantially when compared to the corresponding change in the sensex movement over the same period of time. With regard to the company, Oasis Tradelink Ltd., it was remarked in the inspection report that the scrip price fell by 1% from its issue price of Rs. 30.00 to Rs. 29.75 on August 21, 2014, while the sensex during the corresponding period rose by 5.41%.

2. The price movement in the scrip of Oasis Tradelink Ltd (hereinafter referred to as '**Company**'/ '**OTL**'/ '**Noticee no. 1**') was examined for the period from July 14, 2014 to August 21, 2014 (hereinafter referred to as '**examination period**'). The total share capital of OTL as on July 09, 2014 was Rs 7,29,56,410 represented by 72,95,641 equity shares of face value of Rs 10 each. As per the corporate announcement made by OTL during the examination period, the shares of OTL were listed and admitted to dealings on the stock exchange from July 14, 2014 on the SME trading platform of BSE. It was observed that the price variation in the scrip of OTL vis-a-vis BSE SME was not substantial and there was low volatility in the scrip during the first month of its listing date, except the first 2 - 3 days of listing, which could be seen in most of the Initial Public Offers (IPOs). Further, it was observed during the course of examination by SEBI that the two promoter entities of OTL namely, Hygenic Palm Oil Private Limited / '**Noticee no. 2**' and Maruti Nutritious Food Pvt. Ltd. / '**Noticee no.3**', who also figured among the top traders during the examination period had put together contributed to 13.80% of the total market volume (on gross traded volume basis) in the scrip of OTL.
3. It is alleged that Noticee no. 1, Noticee no. 2 and Noticee no. 3 (hereinafter also collectively referred to as '**Noticees**'), had failed to make the necessary disclosures w.r.t the transactions done by them in the scrip of OTL, under the provisions of SEBI (Substantial acquisition of shares and Takeovers) Regulations, 2011 (hereinafter referred to as '**SAST Regulations**') and also under SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as '**PIT Regulations**'). Therefore, it is alleged that Noticees have violated the relevant provisions of the SAST Regulations and PIT Regulations during the examination period and were liable for penalty under section 15A (b) of the SEBI Act, 1992 (hereinafter referred to as '**SEBI Act**').

APPOINTMENT OF ADJUDICATING OFFICER

4. Vide Order dated August 03, 2017, I was appointed as the Adjudicating Officer in the said matter to inquire into and adjudge under section 15A (b) of the SEBI

Act for the alleged violation of Regulation 13 (4A) r/w 13(5) of the PIT Regulations and Regulation 29(2) read with Regulation 29(3) of SEBI (SAST) Regulations by Noticees 2 and 3 and the alleged violation of Regulation 13(6) of the PIT Regulations by Noticee no 1.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

5. Show Cause Notice No. SEBI/HO/EAD-3/23632/2017 dated September 29, 2017 (hereinafter referred to as “**SCN**”) was issued to the Noticees under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as “**Adjudication Rules**”) to show cause as to why an inquiry should not be initiated and penalty, if any, be not imposed under the provisions of section 15A (b) of the SEBI Act for the alleged violation of the aforementioned provisions of law by the Noticees. Vide letters dated November 04, 2017 and December 01, 2017, Noticees made their submissions in response to the SCN, details of which are as under:

- (i) *We have complied with the said regulations by giving the disclosures under the PIT regulations and SAST Regulations on September 29, 2016.*
- (ii) *We would also like to bring it to your notice that we have complied with our compliances and filings as well as the disclosure requirements. The company is an investor friendly and this is reflected by the fact that there has been no instance of investor complaints or grievances raised against us.*
- (iii) *We would like to bring to your kind attention that during the Examination period, the management did not have sufficient knowledge or alternate expertise to deal with the said requirements. But as soon as we received notice from your side, we have complied the provision of SAST and PIT by intimating stock exchange on 29th September, 2016.*

6. In the interest of natural justice and in terms of Rule 4(3) of the Adjudication Rules, Noticees were granted an opportunity of personal hearing on December 20, 2017. However, Noticees vide their letters dated December 18, 2017 sought for an adjournment of the hearing. The Noticees were provided with another opportunity of hearing on January 2, 2018. Mrs. Deepa Premachandran, appeared as Authorized Representative (AR) on behalf of the Noticees on the stipulated date of hearing and reiterated the submissions

made by the Noticees vide letters dated November 4, 2017 and December 01, 2017. Pursuant to the hearing, Noticees also made additional submissions in the matter vide their letter dated January 18, 2018 and reiterated the submissions made by them in their earlier letters.

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

7. I have carefully examined the written submissions made by the Noticees, the facts and circumstances of the case and the material on record. The allegations made against the Noticees are that they have failed to make the necessary disclosures in respect of their acquisition and sale of shares of OTL, during the examination period, under the relevant provisions of SAST Regulations and PIT Regulations, as applicable.
8. Before moving forward, the relevant extracts of the provisions of SAST Regulation and PIT Regulation allegedly violated by the Noticees are as under:

SAST Regulations, 2011

Disclosure of acquisition and disposal.

29.(1)

(2) Any person, who together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, shall disclose the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below five per cent, 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 two per cent of total shareholding or voting rights in the target company, in such form as may be specified.

(3) The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition of shares or voting rights in the target company to,—

(a) every stock exchange where the shares of the target company are listed; and

(b) the target company at its registered office.

PIT Regulations, 1992

Disclosure of interest or holding in listed companies by certain persons – Initial Disclosure

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.

Continual disclosure.

(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.

(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.

(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.

Disclosure by company to stock exchanges

(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), (2A), (3), (4) and (4A) in the respective formats specified in Schedule III.

9. From the material on record, I note that as per the quarterly filing made by OTL to the Bombay Stock Exchange (BSE) for the quarter ended June 2014, the shareholding of the promoters/promoter group of OTL was 35,43,697 shares, which represented 48.57 % of the total share capital of OTL. I find that Noticee 2 and 3, being the members of the promoter group of OTL, were 'persons acting in concert' (PACs) within the meaning of Regulation 2 (q) (2) (iv) of the SAST Regulations. As per the SCN, it is mentioned that Noticee 2 and 3, vide their transactions dated July 16, 2014, had collectively purchased 2,12,000 shares of OTL (representing 2.90% of the total share capital of the company). In terms of Regulation 29 (2) read with Regulation 29 (3) of the SAST

Regulations, Noticee 2 and 3 were under an obligation to make the necessary disclosures w.r.t the change in shareholding, which had exceeded 2% of the total shareholding in OTL, to the Company and to the BSE within 2 working days of the change in their shareholding i.e the disclosures were required to be made by them within two working days from July 16, 2014.

10. Similarly, as promoters of OTL, Noticee no 2 and 3 were required to make necessary disclosures under Regulation 13(4A) r/w Regulation 13(5) of the PIT Regulations to the company and to BSE in the prescribed format (form D) within two working days of the acquisition of 2,12,000 shares, as mentioned above. I find that Noticee 2 had purchased 1,32,000 shares of OTL on July 16, 2014 and the shareholding of Noticee 2 increased from 7,87,470 to 9,19,470 shares i.e the shareholding of Noticee no 2 increased by 1.81% (from 10.79% to 12.60%) of the total share capital of the company. On the same day, i.e on July 16, 2014, Noticee 3 purchased 80,000 shares of OTL, which resulted in increase in its shareholding from 2,04,780 to 2,84,780 shares and as a result, there was a change in the shareholding of Noticee no 3 and the change exceeding by more than 25,000 shares. Subsequently, on August 11, 2014, Noticee 3 sold 24,000 shares of OTL and the shares sold by Noticee 3 had resulted in change in shareholding and the change exceeding Rs 5 lakhs in value. Therefore, the above mentioned transactions of Noticee 2 and 3, which resulted in change in their shareholding required them to make the necessary disclosures to the company and BSE u/r 13(4A) r/w 13(5) of the PIT Regulations.

11. The details of the transactions of Noticee no 2 and 3 in the scrip of OTL during the examination period are mentioned as under-

Table I-

Date	Noticee no.	Gross Buy	% change in shareholding	Violation
16/07/2014	Noticee 2	132000	1.81%	Regulation 29(2) r/w 29(3) of SAST Regulations
16/07/2014	Noticee 3	80000	1.09%	
Total		212000	2.90%	

Table-II

Date	Noticee no.	Gr Buy/%change in shareholding	Gross Sell	Sell Value	Violation
16/07/2014	Noticee 2	132000 shares (1.81%)	-	-	Regulation 13 (4A) r/w 13(5) of the PIT Regulations
16/07/2014	Noticee 3	80000 shares (1.09%)	-	-	Regulation 13 (4A) r/w 13(5) of the PIT Regulations
11/08/2014	Noticee 3	-	24000	726000	Regulation 13 (4A) r/w 13(5) of the PIT Regulations

12. I note from the records/material made available that Noticee no 2 and 3 had made belated disclosures to the company on August 9, 2014 u/r 13(4A) r/w 13(5) of the PIT Regulations w.r.t their transactions involving purchase of 1,32,000 and 80,000 shares of OTL on July 16, 2014. In support of the same, Noticees also submitted the formats containing the disclosure details made by them. I also observe that Noticee no 2 and 3 have failed to make the disclosures to the company under Regulation 29 (2) read with Regulation 29(3) of the SAST Regulations w.r.t the above mentioned transactions. From the BSE website, I observe that Noticee no 2 and 3 had made belated disclosures to BSE in respect of the above transactions under Regulation 29 (2) read with Regulation 29(3) of the SAST Regulations and u/r 13(4A) r/w 13(5) of the PIT Regulations. I find from the BSE website that regarding the purchase of 1,32,000 shares and 80,000 shares of OTL by Noticee 2 and 3 on July 16, 2014, disclosures were made by the Noticees to BSE on September 29, 2016 and September 30, 2016 respectively u/r 13(4A) r/w 13(5) of the PIT Regulations and u/r 29(2) r/w 29(3) of the SAST Regulations. As regards the

transaction of Noticee no 3 on August 11, 2014 involving sale of 24,000 shares of OTL, I find that Noticee no 3 had failed to make the necessary disclosures to the company and to BSE under Regulation 13(4A) r/w Regulation 13(5) of the PIT Regulations. Clearly, from the above observations, there was default on the part of Noticees no 2 and 3 in making timely disclosures under the provisions of Regulation 29 (2) read with Regulation 29 (3) of the SAST Regulations and also under Regulation 13(4A) r/w Regulation 13 (5) of the PIT Regulations. In view of the above, I hold that Noticees 2 and 3 have violated the aforementioned provisions of the SAST and PIT Regulations.

13. It is alleged in the SCN that OTL i.e Noticee no 1 had failed to make the necessary disclosures under Regulation 13(6) of the PIT Regulations. From the records made available, I find that vide e-mail dated December 21, 2015 addressed to SEBI, OTL has admitted to the fact that it had received the disclosure formats from Noticee 2 and 3 under Regulation 29 (2) r/w Regulation 29 (3) of the SAST Regulations and also under Regulation 13(4A) r/w Regulation 13 (5) of the PIT Regulations on August 9, 2014. Upon perusal of these formats submitted by the Noticees, I note that these formats were pertaining to disclosures made by Noticee 2 and 3 u/r 13(4), 13(4A) of the PIT Regulations w.r.t the transactions involving purchase of 1,32,000 shares and 80,000 shares of OTL by them on July 16, 2014. OTL could not produce anything on record to show that it had received the disclosure formats from Noticee no 2 and 3 under Regulation 29(2) r/w Reg. 29(3) of the SAST Regulations. In any case, after receiving the disclosure formats from Noticee no 2 & 3 under Regulations 13(4), 13(4A) r/w Regulation 13 (5) of the PIT Regulations on August 9, 2014, OTL failed to make the necessary disclosures to BSE within the stipulated time period prescribed under Regulation 13(6) of the PIT Regulations. I note from the website of BSE that the disclosures made by Noticee no 2 and 3 under Regulations 13(4), 13(4A) r/w Regulation 13 (5) of the PIT Regulations were disseminated on the BSE website on September 30, 2016 i.e there was a delay of almost two years in making the disclosures to the stock exchange. As regards the transaction involving sale of 24,000 shares of OTL by Noticee no 3 on August 11, 2014, I find that the relevant disclosures under the PIT Regulations were not made by Noticee no 3 to OTL

and to BSE. Therefore, when OTL had not received the disclosure formats from Noticee no 3 regarding the aforementioned sale transaction, the requirement of OTL to make the disclosures to the stock exchange u/r 13(6) of PIT Regulations does not arise. Clearly, from the above observations, Noticee no 1 has failed to make the disclosures u/r 13(6) of the PIT Regulations within the stipulated time period in respect of the disclosure formats received by it from Noticee 2 and 3 on August 9, 2014. In view of the same, I hold that Noticee no 1 has violated the provisions of Regulation 13(6) of the PIT Regulations.

14. In this context, I note that BSE has categorically confirmed to SEBI vide its e-mail dated December 18, 2015 that no disclosures have been received from Noticee no. 2 and 3 for their dealings in the scrip of OTL in the month of July and August 2014 under Regulation 13(4A) read with 13(5) of SEBI (PIT) Regulations 1992 and Regulation 29(2) read with 29(3) of SEBI (SAST) Regulations 2011. Vide e-mail dated December 23, 2015, BSE also confirmed the fact that OTL has not submitted the disclosures under Regulation 13(6) of the PIT Regulations regarding the dealings of the entities (viz. Noticee no. 2 and 3). Thus, it is clear that till the date of the aforementioned e-mails and confirmation made by BSE, no disclosures were made by the Noticees to the stock exchange in respect of the aforementioned transactions.

15. Therefore, from the above observations, I hold that Noticees have failed to make the disclosures required under the aforementioned provisions of law within the specified time period. In view of the same, I hold that Noticee no. 2 and 3 have violated the provisions of Regulation 13(4A) r/w Regulation 13(5) of the PIT Regulations and Regulation 29(2) r/w 29(3) of the SAST Regulations and Noticee no. 1/ the company has violated Regulation 13(6) of the PIT Regulations.

16. The contentions of the Noticees that no complaints were received from the investors, company is investor friendly, the management of the company did

not have sufficient knowledge and expertise etc are not valid reasons for not complying with the mandatory obligation of making the disclosures under the SAST and PIT Regulations. The Hon'ble Securities Appellate Tribunal (**SAT**) through various judgments has consistently observed that these factors are not valid grounds for not complying with the statutory obligation of making the necessary disclosures under the SAST and PIT Regulations.

In E-Ally Consulting (India) Pvt.Ltd.& Ors. Vs SEBI (Appeal No 203 of 2014 dated August 15,2014), wherein similar contentions were raised by the appellant in the case relating to violation of Regulation 30 (1) and 30 (2) of the SAST Regulations, 2011, Hon'ble SAT had observed that “ *We see no merit in the above contentions. Obligations to make disclosures under regulation 30 (1) and 30 (2) read with regulation 30 (3) of SAST Regulations, 2011 is mandatory and is independent of the obligation to make the disclosures under the listing agreement. Similarly, fact that proper advise was not there or that the delay was unintentional/without any fraudulent intention or there is no complaint from investors does not absolve appellants from their obligation to make the disclosures under SAST Regulations, 2011 ” (Emphasis supplied).*

17. By not making the disclosures on time, the Noticees have failed to comply with the mandatory statutory obligation. The timely disclosure is mandated for the benefit of the investors at large. There can be no dispute that compliance of regulations is mandatory and it is the duty of SEBI to enforce the compliance of these regulations. In this connection, it may be noted that the Hon'ble SAT in Appeal no. 66 of 2003, in the case of Milan Mahendra Securities Pvt. Ltd. vs. SEBI, by its order dated November 15, 2006, has observed that “*the Regulations were framed on the basis of the input provided by a committee headed by Justice P. N. Bhagwati which had recommended that substantial acquisition of shares and takeovers should operate principally to ensure fair and equal treatment to all shareholders in relation to substantial acquisition of shares and takeovers. The object of the Regulations is to give equal treatment and opportunity to all shareholders and protect their interests. To translate these principles into reality measures have to be taken by the*

Board to bring about transparency in the transactions and it is for this purpose that dissemination of full information is required..."

In this context, reliance is placed upon the order of The Hon'ble Supreme Court of India in the matter of Chairman, SEBI Vs Shri Ram Mutual Fund {[2006] 5 SCC 361} 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, therefore, the intention of the parties committing such violation becomes immaterial Hence, we are of the view that once the contravention is established, then the penalty has to follow and only the quantum of penalty is discretionary.....*".

18. As the violation of the provisions of SAST Regulations and PIT Regulations have been established, I am convinced that it is a fit case for imposing monetary penalty on the Noticees under the provisions of Section 15 A (b) of the SEBI Act, which reads as under :

15A. Penalty for failure to furnish information, return, etc.- *If any person, who is required under this Act or any rules or regulations made there under,-*

(a)

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

19. In this regard, the provisions of Section 15J of the SEBI Act require that while adjudging the quantum of penalty, the adjudicating officer shall have due regard to the following factors namely;

- 1. the amount of disproportionate gain or unfair advantage wherever quantifiable, made as a result of the default;*
- 2. the amount of loss caused to an investor or group of investors as a result of the default;*
- 3. the repetitive nature of the default*

20. From the material available on record, it is not possible to ascertain the exact unfair gain made by the Noticees and monetary loss to the investors on account of non-compliance by the Noticees. The main objectives of the SAST and the PIT Regulations are to afford fair treatment to the shareholders who are affected by the change in control / change in shareholding. The Regulation seeks to achieve fair treatment by inter alia mandating timely disclosures and dissemination of adequate information to the public/ investor/ shareholder to enable them to make an informed decision to be part of / or not to be part of companies due to such change in control /shareholding. True 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.

ORDER

21. After taking into consideration all the facts and circumstances of the case, material on record and the submission of the Noticees, I, in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, hereby impose penalty on the Noticees under the provisions of Section 15A(b) of the SEBI Act, for their failure to make disclosures/timely disclosures under the provisions of SAST Regulations, 2011 and PIT Regulations, 1992, as under –

Noticee	Violations	Penalty
Oasis Tradelink Ltd. - Noticee 1	Regulation 13(6) of the PIT Regulations, 1992 r/w Regulation 12 (2) of SEBI (Prohibition of Insider Trading) Regulations, 2015	Rs 1,00,000/- (Rupees One Lakh only)
Hygenic Palm Oil Pvt Ltd - Noticee 2	Regulation 29(2) r/w Regulation 29(3) of the SAST Regulations and Regulation 13(4A) r/w Regulation 13(5) of the PIT Regulations r/w	Rs 1,00,000/- (Rupees One Lakh only)

	Regulation 12 (2) of SEBI (Prohibition of Insider Trading) Regulations, 2015	
Maruti Nutritious Food Pvt Ltd- Noticee 3	Regulation 29(2) r/w Regulation 29(3) of the SAST Regulations and Regulation 13(4A) r/w Regulation 13(5) of the PIT Regulations r/w Regulation 12 (2) of SEBI (Prohibition of Insider Trading) Regulations, 2015	Rs 1,50,000/- (Rupees One Lakh and fifty thousand only)

22. The amount of penalty shall be paid either by way of demand draft in favour of “SEBI- Penalties Remittable to Government of India”, payable at Mumbai, or by e-payment as per the details which are given below.

Account No. for remittance of penalties levied by Adjudication Officer	
Bank Name	State Bank of India
Branch	Bandra-Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI – Penalties Remittable To Government of India
Beneficiary A/c No	31465271959

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

1. Case Name:	
2. Name of 23Payee:	
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)	

24. In terms of Rule 6 of the Adjudication Rules, a copy of this order is sent to the Noticees and also to the Securities and Exchange Board of India.

Place: Mumbai

Date: 23.02.2018

SURESH B MENON

ADJUDICATING OFFICER