

BEFORE THE ADJUDICATING OFFICER SECURITIES AND EXCHANGE BOARD OF INDIA [ADJUDICATION ORDER Ref No.: Order/AP/VS/2020-21/9534]

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:

Snehbar Stockholding Private Limited

(PAN: AACCS7431G)

Maruti House, Opp. Air India,

Nr. Popular House, Ashram Road,

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 Snehbar Stockholding 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 noted that the Noticee has purchased 1,48,496 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 1,44,276 shares during the March 16, 2018 to March 23, 2018. 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	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)

3. From the above table it is noted that for the transaction at Sr. No. 1 and 3 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 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 he fails to disobey the information requisition vide the aforesaid summons, SEBI may initiate prosecution/adjudication proceedings against it. However, the Noticee failed to give any response.
5. 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 submitted that it had not received any disclosures under PIT Regulations from the Noticee in the scrip of OTL for the investigation period.
6. 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;

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 the Noticee have made disclosures in the scrip of OTL, If yes, then provide documentary proof in support of the same.	Delivered	No reply received
2	August 21, 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	September 05, 2019	Furnish the acknowledgment copies of disclosures filed with OTL	Delivered	No reply received
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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. SEBI 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 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
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/5411/2/2020 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 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. On scheduled date of the hearing the Noticee did not avail the opportunity of the hearing. Thereafter, an email dated May 26, 2020 was received from the Noticee informing that due to ongoing pandemic situation the Noticee neither could reply to the SCN and nor it was able to send its authorised representative to avail the opportunity of hearing. Accordingly, in terms of rule 4(3) of the Adjudication Rules and in the interest of the natural justice an opportunity of personal hearing was granted to Noticee on August 21, 2020 and the same was communicated vide notice dated August 07, 2020. In the said notice of hearing it was clearly mentioned that if the said hearing could not be held in person for any reason due to Covid restriction, the same will be conducted online through video-conferencing on the Webex platform. Accordingly, after multiple rescheduling of hearing dates, due to Covid restrictions, the hearing was finally rescheduled on September 18, 2020. The Noticee vide its email dated September 17, 2020 filed its reply to SCN. On scheduled date of hearing on September 18, 2020, Mr. Snehal B Patel, the Authorised Representative (AR) of the Noticee appeared and reiterated its earlier submission dated September 17, 2020.
11. I have carefully considered the allegations and charges levelled against the Noticee, the Noticee's representation and materials relied upon by SEBI and proceed to examine the facts and circumstances and the material available on record.
12. With respect to allegation of regulation 7(2)(a) of the PIT Regulations, it is noted that the basis of this allegation is purchasing of 1,48,496 shares in off-market during the week starting from February 9, 2018 to February 16, 2018 and selling of 1,44,276 shares in off-market during the week starting from March 16, 2018 to March 23, 2018, wherein in both the transactions, the value of the shares exceeded ₹10 lakhs. As per regulation 7(2)(a) of the PIT Regulations the Noticee was required to disclose the same to OTL with in two trading days of its transactions. I note that the Noticee vide its email dated September 17, 2020 has provided the copies of disclosures made within requisite time to OTL, duly acknowledged by OTL as per the requirement of the PIT Regulations. Therefore, in view of the above, I hold that the Noticee had made the requisite disclosures to OTL, within stipulated time as required under regulation 7(2)(a) of the PIT Regulations.

13. Further, with regard to the second allegation of non-compliance of summons, it was alleged that the Noticee did not make any submission. In this regard, it is noted that Section 11C(3) of the SEBI Act, empowers the IA to seek such information or record evidences/ statement which are relevant or necessary for the purpose of investigations, from any person associated with securities market in any manner. Section 11C(2) casts mandatory duty upon such person, from whom documents/ records/ information/ evidence has been sought by the IA, to produce to the IA or any person authorised by it in this behalf, all the books, registers, other documents and record of, or relating to such person. It is matter of record that the Noticee has not responded to the aforesaid summons. However, at the same time I note that the information sought by the IA was already available with the OTL. It is also apparent that the information sought from the Noticee was to ascertain whether the Noticee made requisite disclosures under section 7(2)(a) of the PIT Regulations. As observed in this matter the requisite disclosures were made by the Noticee to OTL. In this regard, it is pertinent to take guidance from the ruling dated March 21, 2018, of the Hon'ble SAT in the matter of *Mr. Ashwin Bhndari Vs SEBI*, wherein Hon'ble SAT observed that investigation report holds that the appellant was not involved in the violations relating to the scrip of the company and further for non-compliance of Summonses, only adjudication proceedings was recommended. Based upon the above observations the Hon'ble SAT set aside the penalty imposed on the Noticee. Taking guidance from the above, as the Noticee has also not been found in violation of the substantive provision of the regulations in the matter for which the information was sought by way of summon, I do not find it to be a fit case for imposition of penalty under section 15A(a) of the SEBI Act.

14. In view of the above observations the SCN dated February 11, 2020 is disposed of without imposition of penalty.

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**