

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Sections 11, 11(4) and 11B of Securities and Exchange Board of India Act, 1992 in respect of Interim Order cum show cause notice dated September 30, 2016 in the matter of Oscar Management Services Limited (OMSL).

In respect of:

SR. No.	NOTICEES	PAN	DIN/CIN
COMPANY			
1.	Oscar Management Services Limited		U74140OR2006PLC008979
PROMOTERS/DIRECTORS			
2.	Pravash Chandra Rout	AGGPR5551F	00858041/00727133
3.	Muna Mahadev Patro	AMWPP5730C	01812528/00727202
4.	Tara Prasad Hotta	ABEPH7054G	01788732
5.	Kriti Ranjan Bastia	AXQPB6263K	06418021
6.	Abani Kanta Pattnaik	ASUPP2165M	NA
7.	Sachitra Patro	NA	NA
8.	Guru Baliarsingh	NA	NA

1. Securities and Exchange Board of India (“SEBI”), after a preliminary enquiry, had passed an ex-parte interim order cum show cause notice dated September 30, 2016 (“interim order”), wherein it had *prima facie* observed that Oscar Management Services Limited (“OMSL” or “the company” in short), was involved in public issue of securities (*offer of equity shares*) without complying with the provisions of the Companies Act, 1956 (“Companies Act”); the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Rules, Regulations and Guidelines framed thereunder including the SEBI (Disclosure and Investor Protection) Guidelines, 2000 (“DIP Guidelines) read with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“ICDR

Regulations”). Accordingly, the following directions *inter alia* were issued against OMSL and its promoters/directors, namely Pravash Chandra Rout, Muna Mahadev Patro, Tara Prasad Hotta, Kriti Ranjan Bastia, Abani Kanta Pattnaik, Sachitra Parto and Guru Baliarsingh (collectively referred to as “the Noticees”), vide the interim order:

- i. OMSL shall forthwith cease to mobilize fresh funds from investors through the Offer of equity shares or through the issuance of equity shares or any other securities, to the public and/ or invite subscription, in any manner whatsoever, either directly or indirectly till further directions;*
- ii. OMSL and its present/past Directors and Promoters, viz. Shri Pravash Chandra Rout (PAN: AGGPR5551F; DIN: 00858041/00727133), Shri Muna Mahadev Patro (PAN: AMWPP5730C; DIN: 01812528/00727202), Shri Tara Prasad Hotta (PAN: ABEPH7054G; DIN: 01788732), Shri Kriti Ranjan Bastia (PAN: AXQPB6263K; DIN: 06418021), Shri Abani Kanta Pattnaik (PAN: ASUPP2165M), Shri Sachitra Patro and Shri Guru Baliarsingh, are prohibited from issuing prospectus or any offer document or issue advertisement for soliciting money from the public for the issue of securities, in any manner whatsoever, either directly or indirectly, till further orders;*
- iii. OMSL and its abovementioned past and present Directors and Promoters, are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in the securities market, either directly or indirectly, till further directions;*
- iv. OMSL shall provide a full inventory of all its assets and properties;*
- v. OMSL’s abovementioned past and present Directors and Promoters shall provide a full inventory of all their assets and properties;*
- vi. OMSL and its abovementioned present Directors shall not dispose of any of the properties or alienate or encumber any of the assets owned/ acquired by that company, without prior permission from SEBI;*
- vii. OMSL and its abovementioned present Directors shall not divert any funds raised from public at large through the Offer of Equity Shares, which are kept in bank account(s) and/ or in the custody of OMSL;*
- viii. OMSL and its abovementioned past and present Directors and Promoters shall co-operate with SEBI and shall furnish all information/ documents sought vide letters dated October 22, 2015.”*

2. OMSL and its abovementioned promoters / directors were also advised, vide the interim order, to show cause as to why suitable directions / prohibitions under Sections 11(1), 11(4), 11A and 11B of the SEBI Act and Section 73(2) of the Companies Act read with Section 27(2) of the SEBI Act, including the following, should not be taken / imposed against them:

- i. Directing them jointly and severally to refund money collected through the *Offer of equity shares* along with interest at 15% per annum, from the date when the refunds became due to the investors till the date of repayment;
 - ii. Directing them not to issue prospectus or any offer document or issue advertisement for soliciting money from the public for the issue of securities, in any manner whatsoever, either directly or indirectly, for an appropriate period;
 - iii. Directing them to refrain from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities for an appropriate period;
 - iv. Directing them and other companies in which these persons/Directors hold substantial or controlling interest, to not access the capital market for an appropriate period.
3. The interim order came into force with immediate effect. The interim order was served on the company and all its above named directors by way of newspaper publication. However, none of the Noticees has provided any response to SEBI.
 4. An opportunity of personal hearing was granted to all the Noticees by scheduling it on August 30, 2017. The notice of personal hearing was served on the Noticees by Speed Post Ack. Due / affixture. However, even after the service of notice of hearing, none of the Noticees appeared for the hearing nor submitted any reply or sought any extension. In view of the same, I am convinced that sufficient opportunities have been granted to the Noticees and they are not keen to avail the same. In view of these facts and circumstances, I deem it appropriate to decide the matter *ex-parte* on the basis of material available on record.
 5. I have examined the allegations levelled against the Noticees in the interim order and the material available on record. According to the interim order, information obtained from MCA21 portal revealed that OSML had issued equity shares (*offer of equity shares*) as per following details:

DATE OF ALLOTMENT OF EQUITY SHARES	NUMBER OF EQUITY SHARES ALLOTTED	NUMBER OF ALLOTTEES	VALUE OF ALLOTMENT
19.06.2007	450000	450	4500000

6. The interim order had observed that OMSL had issued 4,50,000 equity shares valued at Rs.45,00,000/- to a total of 450 persons during the Financial Year 2007-08. The interim order reached a *prima facie* finding that since the number of persons, to whom the said *offer of equity shares* was made, was above the limit of 49 persons as prescribed under the *first proviso* to Section 67(3) of the Companies Act, the *offer for equity shares* qualified as a public issue of securities under the said provision. The interim order further observed that since the *offer of equity shares* was a public issue of securities, the securities had to be compulsorily listed on a recognised stock exchange, as mandated under the provisions of Section 73(1) of the Companies Act, and further attracted the compliance with the provisions of Section 73(2) and 73(3) of the Companies Act. The interim order reached the *prima facie* conclusion that OMSL had failed to comply with the provisions of Section 73 of the Companies Act, in respect of the said *offer of equity shares*.
7. In respect of the said *offer of equity shares*, the interim order had recorded further *prima facie* conclusion that OMSL had failed to comply with the provisions of Section 56 (requirements pertaining to prospectus and form of application) and Section 60 (requirement of compulsory registration of prospectus with the ROC before making a public offer or issuing the prospectus) of the Companies Act. The interim order further made a *prima facie* finding that OMSL, in respect of the said *offer of equity shares*, had failed to comply with the following provisions of the DIP Guidelines, read with Regulation 115(2) of the ICDR Regulations:
- a. Clause 2.1.1. (Filing of offer document);
 - b. Clause 2.1.4 (Application for listing);
 - c. Clause 2.1.5.(Issue of securities in dematerialized form);
 - d. Clause 2.8. (Means of finance);
 - e. Clause 4.1.(Promoters contribution in a public issue by unlisted companies);
 - f. Clause 4.11. (Lock-in of minimum specified promoters contribution in public issues);
 - g. Clause 4.14 (Lock – in of pre – issue share capital of an unlisted company);
 - h. Clause 5.3.1(Memorandum of understanding);
 - i. Clause 5.3.5 (Undertaking);
 - j. Clause 5.3.6 (List of promoters group and other details);

- k. Clause 5.6 (Offer document to be made public);
 - l. Clause 5.6A (Pre – issue Advertisement);
 - m. Clause 5.9.1.(Minimum number of collection centres);
 - n. Clause 5.12.1. (Appointment of compliance officer);
 - o. Clause 5.13 (Abridged Prospectus);
 - p. Clause 6.0 (Contents of offer documents);
 - q. Clause 6.1 to Clause 6.15 (Contents of prospectus);
 - r. Clause 6.16 to Clause 6.38 (Contents of abridged prospectus);
 - s. Clause 8.3 (Rule 19(2)(b) of SC(R) Rules, 1957);
 - t. Clause 8.8.1 (Opening & closing date of subscription of securities).
8. I observe that the basic allegation against OMSL and its promoters / directors is that they were involved in public issue of securities through the said *offer of equity shares* during the Financial Year 2007-08, which was in contravention of the abovementioned provisions of the Companies Act and DIP Guidelines read with Regulation 115 of the ICDR Regulations. As stated above, the Noticees have failed to address the *prima facie* conclusions in the interim order regarding the said violations.
9. I have perused the contents of the interim order and do not find any reason to differ with the *prima facie* conclusion arrived at in the interim order. In the absence of any evidence provided to refute the *prima facie* findings in the interim order, I reiterate that the *offer of equity shares* as described in the interim order amounts to violation of the abovementioned provisions of the Companies Act and DIP Guidelines read with Regulation 115 of the ICDR Regulations.
10. I note from available records that Pravash Chandra Rout, Muna Mahadev Patro, Tara Prasad Hotta, Kriti Ranjan Bastia, Abani Kanta Pattnaik, Sachitra Parto and Guru Baliarsingh are the promoters / directors of OMSL. Hence, these promoters / directors are accountable for the acts of the company and are liable for abovementioned contraventions and are liable to refund the money mobilized through the said *offer of equity shares* during the Financial Year 2007-08, to the respective applicants, in terms of the provisions of Section 73(2) of the Companies Act read with Section 27(2) of the SEBI Act.

11. Considering the violations committed by the Noticees in respect of the abovementioned offer of equity shares and the huge money collected pursuant to the same from the investors, I deem it necessary to issue appropriate directions to the Noticees.

DIRECTIONS

12. In view of the foregoing and in the interest of investors and the securities market, I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 and Sections 11(1), 11B and 11(4) thereof and Clause 17 of the DIP Guidelines read with Regulation 115 of the ICDR Regulations, hereby issue the following directions:

- (a) The Noticee nos. 1 to 8 i.e. OMSL and its promoters / directors, namely Pravash Chandra Rout, Muna Mahadev Patro, Tara Prasad Hotta, Kriti Ranjan Bastia, Abani Kanta Pattnaik, Sachitra Parto and Guru Baliarsingh, shall jointly and severally refund the money collected through the offer and allotment of equity shares, with an interest of 15% per annum (the interest being calculated from the date when the repayments became due in terms of Section 73(2) of the Companies Act, 1956 till the date of actual payment) within a period of 90 days from the date of receipt of this Order;
- (b) The refund as directed hereinabove shall be made through banking channels such as demand draft or electronic mode of transfer and a trail of such refunds shall be maintained by the Noticees for verification, if necessitated at a later date;
- (c) OMSL and its above named promoters / directors shall not alienate or dispose of or sell any of the assets of OMSL or any other asset acquired out of the funds collected from investors of OMSL, except for the purpose of making refunds to its investors as directed above.
- (d) Within seven days of completion of refund as directed hereinabove, the Noticees shall file a certificate of such completion with SEBI from two independent Chartered Accountants certifying that the refund to all the equity shareholders has actually been made.

- (e) Till the refund, as directed above, is complete, the Noticees are hereby—
 - (a) restrained from accessing the securities market;
 - (b) prohibited from buying, selling or otherwise dealing in securities in any manner whatsoever, directly or indirectly; and
 - (c) restrained from associating themselves, with any listed public company or any public company which intends to raise money from the public.
 - (f) For a period of four years from the date of completion of the refund, as directed above, the Noticees are hereby—
 - (a) restrained from accessing the securities market;
 - (b) prohibited from buying, selling or otherwise dealing in securities in any manner whatsoever, directly or indirectly; and
 - (c) restrained from associating themselves, with any listed public company or any public company which intends to raise money from the public.
 - (g) In the event of the Noticees failing to comply with the directions of refund as stated above, SEBI shall initiate recovery proceedings in accordance with the provisions of the SEBI Act, 1992.
13. Copy of this Order shall be forwarded to the recognized stock exchanges and depositories for information and necessary action. A copy of this Order may also be forwarded to MCA/concerned RoC for their information and necessary action with respect to the directions imposed on the companies and directors.

Date: June 06, 2018

Place: Mumbai

G. MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA