

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER

ORDER

Under Sections 11, 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 in the matter of trading in Castor Seed Contracts at NCDEX.

1. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) conducted a preliminary examination in respect of trading in Castor Seed Contracts at NCDEX platform for the period January 01, 2016 to January 27, 2016 (hereinafter referred to as “**examination period**”).
2. Upon preliminary inquiry, SEBI, prima facie, observed the following:
 - Few clients had taken huge long positions beyond their ability to fulfil the commitment.
 - There was huge concentration and lack of liquidity in the contract.
 - There was failure on the part of clients and as well as trading members to assess and anticipate the risk associated with the trading activity in Castor Seed Contract.
 - The clients had taken exposure beyond their known financial means causing systemic risk.
 - Trading members expressed inability to collect/deposit Mark to Market (MTM) and pay-in obligations to the exchange.
3. It was therefore *prima facie* found that four Trading Members namely Mid India Commodities Private Limited, Neer – Ocean Multitrade Private Limited, Investmart Commodities Limited and Leo Global Commodities Private Limited and their defaulting clients had contravened the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) and acted in fraudulent and deceitful manner which attracted prohibitions enshrined in section 12A (a) (b) and (c) of the SEBI Act and regulation 3(d) and regulation 4(1) and 4(2) (a) and (g) of the Securities and Exchange Board of India (**Prohibition of Fraudulent**

and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “PFUTP Regulations”).

4. Further, it was also *prima facie* found that four Trading Members namely Mid India Commodities Private Limited, Neer – Ocean Multitrade Private Limited, Investmart Commodities Limited and Leo Global Commodities Private Limited failed to act with due skill, care and diligence in the conduct of their business in discharging their responsibilities and thereby violated clauses A(1), A(2) and A(4) of Code of Conduct for Brokers as specified in Schedule II under regulation 7 of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 (hereinafter referred to as “Stock Brokers Regulations”).
5. Accordingly, SEBI passed *Ad interim ex-parte* orders dated March 02, 2016 and May 24, 2016 (“*interim orders*”) and restrained the following entities from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever, till further directions.

Interim Order dated March 02, 2016:

Sr. No.	Name	PAN
1	Mid India Commodities Private Limited	AABCT1983F
2	Neer-Ocean Multitrade Private Limited	AADCN3061E
3	Investmart Commodities Limited	AAECM3447N
4	Leo Global Commodities Pvt. Limited	AAACL6967A
5	Stride Multitrade Pvt. Limited	AAGCS5768N
6	Mr. Vijay Saraf	AERPS2485J
7	Sisne Polymers Pvt. Limited	AAPCS4092L
8	Ruchi Global Limited	AAACR7202A
9	Bharat Foods Co-operative Limited	AAAAB3160D
10	Tanisha Multi Trading Private Limited	AAECT2559E
11	Ms. Anju Jain	ABEPJ8083F
12	Piyali Trading Pvt. Limited	AABCR1604D
13	Vartika Mercantile Pvt. Limited	AAECV0551G
14	Secunderabad Oils Limited	AACCS8208H
15	UKS Oils Private Limited	AAACU4566C
16	Mr. Narsinpuria Korodimal	AGXPK2223Q

Interim order dated May 24, 2016:

Sr. No.	Name	PAN
1	Ruchi Soya Industries Limited	AAACR2892L
2	National Steel and Agro Industries Limited	AAACN3548H

6. Vide the confirmatory order dated March 08, 2017, the directions issued against Mr. Narsinpuria Korodimal were revoked, while the restrictions imposed on the remaining 17 entities were confirmed subject to certain interim relaxations/relief granted vide orders dated December 23, 2016.
7. Pursuant to the above, SEBI conducted a detailed investigation. Upon completion of investigation by SEBI, the investigation did not find any adverse evidence/ conclusion in respect of violation of provisions of PFUTP Regulations warranting continuation of action under Section 11B read with 11(4) of SEBI Act, in respect of following 12 entities.

Sr. No.	Name	PAN
1	Mid India Commodities Private Limited	AABCT1983F
2	Neer-Ocean Multitrade Private Limited	AADCN3061E
3	Investmart Commodities Limited	AAECM3447N
4	Leo Global Commodities Pvt. Limited	AAACL6967A
5	Stride Multitrade Pvt. Limited	AAGCS5768N
6	Mr. Vijay Saraf	AERPS2485J
7	Sisne Polymers Pvt. Limited	AAPCS4092L
8	Bharat Foods Co-operative Limited	AAAAB3160D
9	Tanisha Multi Trading Private Limited	AAECT2559E
10	Ms. Anju Jain	ABEPJ8083F
11	Piyali Trading Pvt. Limited	AABCR1604D
12	Vartika Mercantile Pvt. Limited	AAECV0551G

8. However, in respect of 4 entities (out of above 12) the investigation found adverse findings with regard to clauses A(1) and A(2) of Code of Conduct for Stock Brokers as specified in Schedule II under regulation 9 of Stock Brokers Regulations, which warranted Adjudication Proceedings and Adjudication Proceedings against below mentioned 4 entities shall proceed in

accordance with law. The details of the 4 entities are as follows:-

Sr. No.	Name	PAN
1	Mid India Commodities Private Limited	AABCT1983F
2	Neer-Ocean Multitrade Private Limited	AADCN3061E
3	Investmart Commodities Limited	AAECM3447N
4	Leo Global Commodities Pvt. Limited	AAACL6967A

9. Considering the fact that there are no adverse findings against the 12 entities with respect to their role in the manipulation in the trading in Castor Seed Contracts at NCDEX, I am of the considered view that the direction(s) issued against them vide interim order dated March 02, 2016 which were confirmed vide Order dated March 08, 2017 is liable to be revoked.

ORDER

10. In view of the foregoing, I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 read with Sections 11, 11(4) and 11B of the SEBI Act, hereby revoke the direction(s) issued vide interim order dated March 02, 2016 which were confirmed vide Order dated March 08, 2017 qua aforesaid 12 entities (mentioned at paragraph 7 above) with immediate effect.
11. As regards to remaining 5 entities (given in the table below) in the matter of trading in Castor Seed Contracts at NCDEX, violations under SEBI Act, PFUTP Regulations, relevant FMC directive & circulars, were observed and SEBI shall continue its proceedings against them.

Sr. No.	Name	PAN
1	Secunderabad Oils Limited	AACCS8208H
2	UKS Oils Private Limited	AAACU4566C
3	Ruchi Global Limited	AAACR7202A
4	Ruchi Soya Industries Limited	AAACR2892L
5	National Steel and Agro Industries Limited	AAACN3548H

Hence, the directions issued issued vide interim orders dated March 02, 2016 and May 24, 2016 which were confirmed vide Order dated March 08, 2017 against the aforesaid 5 entities shall continue.

12. This revocation order is without prejudice to any other action SEBI may initiate as per law.
13. A copy of this Order shall be served on the Stock Exchanges and Depositories, for necessary action.

-Sd-

DATE: NOVEMBER 14, 2018

PLACE: MUMBAI

**MADHABI PURI BUCH
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**