BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: Order/PB/AE/2021-22/13680)

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) RULES, 1995.

In respect of:

Meritorious Realty Pvt. Ltd.

PAN: AAGCM3629L

(CIN: U45200MH2007PTC171932)

In the matter of

Shantanu Sheorey Aquakult Ltd.

FACTS OF THE CASE

1. SEBI conducted investigation in the matter of Shantanu Sheorey Aquakult Ltd. (hereinafter referred to as "**SSAL** / **Company**") for the period March 01, 2014 to May 31, 2016 (hereinafter referred to as "**Investigation Period / IP**") examining the trading activity in the scrip. On the basis of investigation conducted by SEBI, it was inter-alia alleged that Meritorious Realty Pvt. Ltd. (hereinafter referred to as "Noticee") and 20 other entities violated the provisions of regulations 3(a), (b), (c), (d) and 4(1), 4(2)(a) and (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**"). Accordingly, adjudication proceedings was initiated against the Noticee and 20

other entities under Section 15HA of SEBI Act, 1992 for the alleged violations of the aforementioned provisions of PFUTP Regulations.

APPOINTMENT OF ADJUDICATING OFFICER

2. Initially, Shri K Saravanan, Chief General Manager was appointed as the Adjudicating Officer (AO), vide Communiqué dated July 26, 2017 under Section 19 read with Section 15-I(1) of the SEBI Act read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules'**) to inquire into and adjudge under the provisions of Section 15HA of the SEBI Act, the alleged violations of the relevant provisions of PFUTP Regulations by the Noticee. Pursuant to the transfer of Shri K Saravanan, the undersigned was appointed as the AO in the matter vide Communiqué dated July 14, 2021.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING:

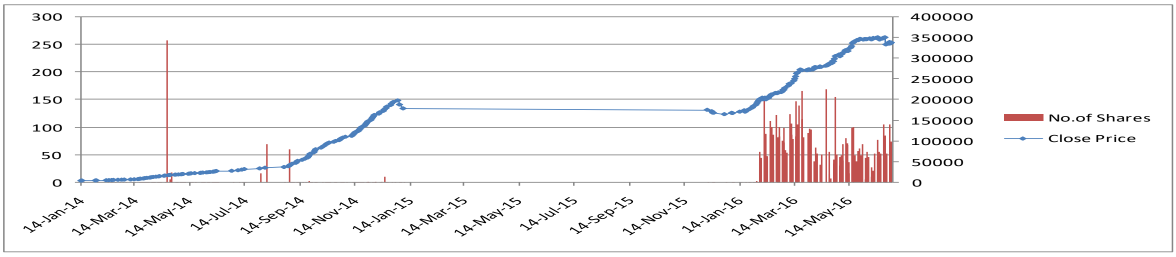
3. A common show cause notice dated November 17, 2017 (hereinafter referred to as '**SCN'**) was issued, *inter-alia*, to the Noticee and 20 other entities in the matter, under the provisions of Rule 4(1) of the Adjudication Rules, to show cause as to why an inquiry should not be held against them and why penalty, if any, should not be imposed on them under Section 15HA of the SEBI Act for alleged violation of the relevant provisions of law. The allegations in the SCN are as follows :

i. *SEBI conducted investigation in the matter of SSAL for the period March 01, 2014 to May 31, 2016 (hereinafter referred to as Investigation Period) examining the trading activity.*

ii. *Variations in share price and daily traded volume of SSAL was analyzed by SEBI for the investigation period and the same was also compared with price and volume of SSAL, before and after the investigation period, and the relevant data is as under-*

Period	Particulars	Open	High	Low	Close	Avg. Volume
14/1/14-28/2/14 – pre investigation period	Price	3.08 (14/1/14)	4.72 (28/2/14)	3.08 (14/1/14)	4.72 (28/2/14)	127
	Volume	100 (14/1/14)	1000 (30/1/14)	10 (31/1/14)	10 (28/2/14)	
01/03/14-31/05/16- Investigation period	Price	4.95 (3/3/14)	261 (26/5/16)	4.95 (3/3/14)	260.5 (31/5/16)	38430
	Volume	10 (3/3/14)	344003 (17/4/14)	1 (5/5/14)	60433 (31/5/16)	
01/6/16-31/08/16 – post investigation period	Price	262 (1/6/16)	269 (11/7/16)	236.55 (4/7/16)	269 (31/8/2016)	72151
	Volume	60198 (1/6/16)	145414 (9/8/16)	8 (21/7/16)	30046 (31/08/2016)	

iii. *The price volume chart during the period under investigation is as under:*



iv. *During the investigation period, share price of SSAL opened at Rs. 4.95 (March 03, 2014), touched a high of Rs. 261 (May 26, 2016) and closed at Rs. 260.5 (May 31, 2016). It has been observed that the scrip price increased continuously during the investigation period. Further, 79,55,079 shares were traded through 8274 trades.*

v. *A group of 21 entities (hereinafter referred to as "suspected group entities") which included the Noticee were found to be connected to each other. The inter-se relationship was based on factors such as common directorship, inter-se fund transactions, etc.*

vi. *Based on the trading of the Noticees during the investigation period, it is alleged that total LTP contribution of the suspected group entities is 42.46% in the price rise. The LTP contribution of the Noticee is as follows –*

		Net LTP				Postive LTP			Negative LTP			Zero LTP		
Buyer PAN	Buyer Name	LTP impact in Rs	QTY Traded	No.of trading days	No of trades	LTP impact in Rs	QTY Traded	No of trades	LTP impact in Rs	QTY Traded	No of trade 5	QTY Traded	No of trades	% of Positive LTP to Total MKT Positive
AAGCM3629L	Meritorious Realty Pvt.Ltd	7.10	327385	33	261	10.90	43532	30	-3.80	23093	13	260760	218	1.82

	LTP Contribution by 21 suspected entities	135	4504680	81	4217	254.60	701072	486	-119.60	449713	277	3353895	3454	42.46
	MKT LTP	255.78	7955079	207	8274	599.68	1046241	922	-343.90	721208	559	6187630	6793	100

vii. *It is observed that during the investigation period the suspected group entities carried out 4217 (total) trades, which was 50.96% of the market trades (total 8274 trades). Out of 4217 trades, in 4028 trades the suspected entities placed buy orders subsequent to the sell orders. Out of these 4028 trades, in 1252 trades the buy orders were placed at a price higher than the available sell order price.*

viii. *Further, it is also observed that these 4028 trades of the suspected group entities were carried out during the period (February 01, 2016- May 31, 2016) (which is part of Investigation Period). During this period (February 01, 2016 - May 31, 2016), the scrip price increased from Rs. 141 (February 01, 2016) to Rs. 260.50 (May 31, 2016) and the aforesaid group collectively bought 44.07 lac shares, which was 55.39% of the market volume of 79.55 lac shares.*

ix. *Considering the significant contribution to the positive LTP and substantial volume of shares purchased during this period by the Suspected group entities, order placement pattern of the 4028 trades of the Suspected group entities was examined and the details pertaining to the Noticee are as follows:*

Sr. No	***Name of Noticees***	***Total Trades***	***No of instance of trades in which buy orders were placed after sell orders (excluding mkt orders)***	***No of trades in which buy order price > sell order Price (modified price) (excluding mkt orders)***	***No of trades out of 1252 trades of the group which contributed to the price rise (+ Ve LTP)***	**Positive LTP contribution (in Rs.)in 225 trades.**
1	Meritorious Realty P Ltd.	261	258	62	9	5.30
	Total of Suspected Group entities	4217	4028	1252	225	92.75
	Market Trades	8274	6009	1876		
	Total buy order Qty of the Noticees of 1252 trades			3638537 (809 buy orders)		
	Total sell order qty of the market of the 1252 trades			9898073		

x. *It is alleged that the suspected group entities carried out 4217 trades of which in 4028 trades, the buy orders of the aforesaid group were placed subsequent to the sell orders. Out of these 4028 trades, in 1252 trades the buy orders were placed at a price higher than the available sell order price.*

xi. *It is alleged that the suspected group entities placed buy orders for total quantity of 36.38 lac shares at a higher price compared to the total market sell quantity of 98.98 lac shares available at a lesser price in the market.*

xii. *Therefore, it is alleged that the suspected group entities attempted to inflate the scrip price in 1252 trades by placing a buy order at a price higher than prevailing sell order price. Further, in 225 trades out of such 1252 trades, it is alleged that the suspected group entities succeeded in increasing the price by Rs. 92.75 (positive LTP), which is 15.64% of the total market positive LTP.*

xiii. *Further, it has been observed that SSAL earned a total income of Rs.1.57 crore and Rs. 1.81 crore for the Financial Year 2014 - 2015 and 2015 - 2016 respectively. Considering the negligible income and the poor financials of SSAL, the sharp rise in the scrip price of SSAL was not supported by its fundamentals or any other major corporate development. Thus, it is alleged that it cannot be a mere coincidence that the suspected group entities repeatedly bought substantial volume of shares at a price higher than the Last Traded Price and manipulated the scrip price of SSAL whose financials did not support the price movement of the scrip. Thus, it is alleged that suspected entities had manipulative intention to inflate the scrip price.*

xiv. *It was observed that 50 instances of 19 suspected group entities were identified for which it has been alleged that trades were placed at a price higher than the available sell order price and the buy quantity lower than the available sell order quantity.*

xv. *In all the 50 instances, it is alleged that suspected group entities have placed buy orders subsequent to the sell orders and at a price higher than the prevailing sell order prices and most importantly for a buy order quantity lower than the available sell order quantity. Also, in some of the above instances, the buy orders were placed after the available sell orders with a* *considerable time difference. Therefore, it is alleged that suspected group entities repeatedly placed buy orders at a price higher than the available sell order price and for a quantity lower (required) than the available sell order quantity to manipulate the share price of SSAL.*

xvi. *Therefore, in view of the above, it is alleged that the Noticee and other suspected group entities have violated regulation 3(a), (b), (c), (d), 4(1), 4(2)(a) and (e) of PFUTP Regulations.*

4. The said SCN was sent to the following address of the Noticee as per the records through Speed Post and Hand Delivery–
   i. No. 09, Building No B-20, Sector - 10, Shanti Nagar, Mira Road (East), Thane, Mumbai City- 401107, Maharashtra
   ii. 11 Anand Mangal, Shanti Nagar Co-operative Housing Society Limited, Jain Mandir Road, Sector 3, Mira Road East, Thane, Mumbai, Maharashtra, India, 401107
   iii. 14 Keshavji Naik Road, Mira Bhuvam Terrace Room Mumbai, Maharashtra, India, 400009

   However, the SCN sent at the above addresses returned undelivered. Thereafter, in terms of Rule 7(c) of the Adjudication Rules, the SCN was served on the Noticee through affixture on December 25, 2017. Affixture Report is available on record. Vide letter dated January 11, 2019, the Noticee requested for a copy of the SCN. Accordingly, vide email dated May 31, 2019, copy of the SCN and its annexures was sent to the Noticee at its email id – meritoriouspvtltd@gmail.com and meritorioupvtld@gmail.com, as mentioned in its aforesaid letter and as available in the MCA website. Further, vide email dated August 18, 2021, the appointment of the undersigned as AO was communicated to the Noticee and it was also granted opportunity to submit reply to the SCN latest by August 25, 2021. However, no reply was received from the Noticee.

5. Thereafter, during the course of the proceedings, the status of the Noticee was ascertained from the Ministry of Corporate Affairs (MCA) website. It was observed that the name of the Noticee has been struck off from the list of companies by the Office of Registrar of Companies, Mumbai, Maharashtra (RoC). As per the Public Notice (Form No. STK-7 ref. no. ROC-MUM/Section 248/2nd Drive/STK-7/7254 dated 12.09.2018), which was downloaded from the MCA website, a list of 11735 companies (Annexure "A" to the Form No. STK-7) were attached as per the Notification issued by RoC, in terms of sub-section (5) of section 248 of the Companies Act, 2013 and rule 9 of the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016. I find that the name of the Noticee was mentioned in the said list (at sl.no. 5903 under CIN U45200MH2007PTC171932). The Notification downloaded from the Ministry of Corporate Affairs (MCA), Government of India, (www.mca.gov.in) website *inter alia*, mentioned the following:

   "…..Notice is hereby published that pursuant to sub-section (5) of Section 248 of the Companies Act, 2013 the names of the Companies as specified in Annexure "A" has this day of 11.09.2018 been struck off from the register of companies and the said Company is dissolved."

6. It is an established fact that when a company's name is struck-off from the RoC list and the company is also dissolved, it is a non-existing company and the adjudication proceedings against the non-existing company is thus nullity. In this context, I would like to draw reference to a judgment of the Hon'ble Delhi High Court in the case of Commissioner of Income Tax (CIT) vs Vived Marketing Services (P) Ltd., ITA NO. 273/2009 dated September 17, 2009 in which it was held that - *"When the Assessing Officer passed the order of assessment against the respondent company, it had already been dissolved and struck off the register of the Registrar of companies under Section 560 of the Companies Act. In these circumstances, the Tribunal rightly held that there could not have been any assessment order passed against the company which was not in existence as on that date in the eyes of law it had already been dissolved. We are of the*

opinion that the view taken by the Tribunal is perfectly valid and in accordance with law.”.

7. Further, Black’s Law Dictionary explains ‘dissolution’ as termination or winding up. It further clarifies that the dissolution of a corporation is the termination of its legal existence. Strike off essentially means removing the name of the company from the Register maintained by the Registrar of Companies. It is like closure of the company and the company will not be in existence after being struck- off and cannot perform any operations.

8. It is pertinent to note that, in the context of the alleged manipulation in the scrip of SSAL, in exercise of the powers conferred under Sections 11(1), 11(4) and 11B(1) read with section 19 of the SEBI Act, 1992, an order dated June 01, 2021 has already been passed by SEBI against certain persons/entities, including the Noticee, wherein SEBI had restrained the Noticee from accessing the securities market and further prohibited from buying, selling or otherwise dealing in the securities, directly or indirectly, or being associated with the securities market in any manner, for a period of three (3) months from the date of the said order.

9. Therefore, in view of the facts and circumstances noted in the preceding paragraphs and also the fact that the Noticee’s name has been struck-off from the RoC list and also ‘dissolved’ as on September 11, 2018 as per the RoC notification, I conclude that the present adjudication proceedings initiated against the Noticee vide SCN dated November 17, 2017 cannot be proceeded with.

ORDER

10. In view of the above observations/findings and in exercise of the powers conferred upon me under section 15-I of the SEBI Act, 1992 read with rule 5 of the Adjudication Rules, I hereby dispose of the Adjudication Proceedings

initiated against the Noticee viz. Meritorious Realty Pvt. Ltd. vide SCN dated November 17, 2017.

11. In terms of the provisions of rule 6 of the Adjudication Rules, copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India.

Place: Mumbai **PARAG BASU**

Date: October 05, 2021 **ADJUDICATING OFFICER**