BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. ORDER/NH/RJ/2022-23/21752]

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

ARG Management Solutions Private Limited

PAN AAJCA1323Q

CIN U74140DL2011PTC212208

In the matter of investigation on the trading activities of certain entities in the scrip of M/s Radha Madhav Corporation Limited.

FACTS OF THE CASE

1. Securities and Exchange Board of India ("**SEBI"**) conducted an investigation in the scrip of Radha Madhav Corporation Limited (**"RMCL"** or **"the Company"**), listed on BSE and NSE, during the investigation period from September 01, 2016 to February 28, 2017("**IP**") to ascertain any violation of the provisions of Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003("**PFUTP Regulations**").

2. The IP was divided into two patches based on the price movement of the scrip of RMCL. The patch I of IP included period from October 18, 2016 to November 21, 2016("**patch I**") and the patch II of the IP included period from November 22, 2016

to February 22, 2017("**patch II**"). In both the patches, there was an increase in the share price of the scrip of RMCL.

3. As a part of investigation, patch-wise analysis of suspected price manipulation in the scrip of RMCL was undertaken. On basis of the said analysis, it is alleged that ARG Management Solutions Private Limited("**Noticee**") in the patch II of the IP has manipulated the price of the scrip of RMCL by creating false and misleading appearance of trading in the scrip of RMCL by repeatedly buying shares of the scrip in miniscule quantities (1-10 shares) at positive last traded price("**LTP**") on BSE as well as on NSE.

4. In view of the above, the Noticee is alleged to have violated Section 12A(a), (b) and (c) of the SEBI Act, 1992 and Regulations 3(a), (b), (c) and (d) and 4(1), (2) (a) and (e) of the PFUTP Regulations.

5. On this background, SEBI initiated the instant adjudication proceeding against the Noticee.

APPOINTMENT OF ADJUDICATING OFFICER

6. Shri Suresh Menon was appointed as the Adjudicating Officer("**AO**") in the matter vide communique dated September 02, 2021 under Section 19 of the SEBI Act, 1992 read with Section 15-I of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995("**Adjudication Rules"**), to inquire into and adjudge, under Section 15HA of the SEBI Act, 1992 the alleged violations of Section 12 A(a), (b), (c) of SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d) and regulations 4(1), (2) (a) and (e) of PFUTP Regulations by the Noticee. Pursuant to the superannuation of Shri Suresh B Menon, the undersigned was appointed as AO in the instant matter vide communique dated June 06, 2022.

SHOW CAUSE NOTICE, REPLY AND HEARING

7. Show Cause Notice bearing No. EAD-1/SBM/VS/26960/1-3/2021 dated October 04, 2021("**SCN**") was issued to the Noticee under Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 to show cause as to why an inquiry should not be held and penalty be not imposed against the Noticee under Section 15HA of SEBI Act, 1992 for the alleged violations of section 12A(a), (b), (c) of SEBI Act, 1992 and regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a),(e) of PFUTP Regulations.

8. Mr. Sorabh Mahesh Gupta submitted written reply to the SCN dated January 12, 2022 on behalf of the Noticee denying all the allegations levelled in the SCN against the Noticee.

9. The hearing was conducted on July 15, 2022. Mr. Ravi V Ramaiya attended the hearing on the said date on behalf of the Noticee. During the hearing, Mr. Ravi V Ramaiya reiterated the submissions made earlier.

10. I note that in the course of the proceedings, it has come on record that the status of the Noticee on the website of the Ministry of Corporate Affairs has been displayed as 'Strike-off", indicating that the Noticee has been struck-off from the records of the Register of Companies.

11. In this regard, it is noted that the Registrar of Companies, NCT of Delhi and Haryana has struck off and dissolved the Noticee with effect from August 08, 2018 from the register of companies in terms of the provisions of Section 248(1)(5) of the

Companies Act, 2013 vide Public Notice bearing Notice No. ROC/DELHI/248(5)/STK-7/4865 dated August 08, 2018.

12. The applicable provision of the Companies Act, 2013 are reproduced for reference as follows: -

Effect of company notified as dissolved

250.Where a company stands dissolved undersection 248, it shall on and from the date mentioned in the notice under sub-section (5) of that section cease to operate as a company and the Certificate of Incorporation issued to it shall be deemed to have been cancelled from such date except for the purpose of realising the amount due to the company and for the payment or discharge of the liabilities or obligations of the company

13. In view of the fact that the Noticee has been struck-off and liabilities in respect of the present proceedings had not accrued as on the date of dissolution of the Noticee, it would not be appropriate to determine liability against a company which no longer exists. Hence, the proceedings are hereby disposed of without going into the merits of the case. Should the Noticee stand revived or restored at any stage, a decision to initiate proceedings may be taken afresh at that stage.

14. In this regard, I am persuaded by the decision of the ITAT in the matter of **M/s. Anujay Hycare Products (P) Ltd. Vs The Income Tax Officer** (ITAT Delhi) Date of Judgement/Order -06/04/2018, wherein the Income Tax Appellate Tribunal observed that

"..........there could not have been any valid assessment order passed against the assessee-company which was not in existence as on the day of passing of the assessment order because it had already been dissolved. The assessment in the case of non-existing entity is thus nullity. Therefore, A.O. had no jurisdiction to pass the order against the non-existing company.......However, as on today, it is an established fact that assessee-company has already been dissolved and its name is struck-off from the Registrar of Companies. Therefore, it is a non-existing Company

and as such, A.O. cannot pass the assessment order under section 143(3) of the I.T. Act, 1961 against the assessee-company. The issue is, therefore, covered in favour of the assessee-company by the above judgments of Hon'ble Delhi High Court, relied upon by the Learned Counsel for the Assessee."

15. I further note that the SEBI Act, 1992 in Section 28B states the following in respect of liability for penalty in the case of a death of a person: -

Continuance of proceedings

28B(1) Where a person dies, his legal representative shall be liable to pay any sum which the deceased would have been liable to pay, if he had not died, in the like manner and to the same extent as the deceased: Provided that, in case of any penalty payable under this Act, a legal representative shall be liable only in case the penalty has been imposed before the death of the deceased person.

ORDER

16. After taking into consideration all the facts and circumstances of the case, the adjudication proceedings initiated against the Noticee i.e. ARG Management Solutions Private Limited (PAN: AAJCA1323Q) stand disposed of.

17. Copy of this Adjudication Order is being sent to SEBI in terms of Rule 6 of the Adjudication Rules

Date: November 30, 2022 **N HARIHARAN**

Place: Mumbai **ADJUDICATING OFFICER**