BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: Order/PM/SM/2020-21/10882)

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

Aavia Softech Private Ltd.

(CIN: U72200DL2012PTC233674)

In the matter of Esteem Bio Food processing Ltd.

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (herein after referred to as **SEBI**) conducted an investigation in the matter relating to the IPO of Esteem Bio Organic Food Processing Limited (herein after referred to as **Esteem** or **Company**). During investigation it was observed that Esteem came out with an Initial Public Offering (IPO) to raise Rs. 1125 Lakh from issue of 45,00,000 equity shares of Rs. 10/- each at an issue price of Rs. 25/- each. The shares were listed on BSE - SME segment on January 07, 2013. The price of the scrip opened at Rs 25.25/- and increased to an intraday high of Rs 26.50/- and closed at Rs 26.50/- on the listing day. The issue size constituted, 30.20% of post issue shares, of Rs.10/- each. Bidding Period of Issue opened on January 18, 2013 and closed on January 22, 2013. Pursuant to the investigation, it was observed that Aavia Softech Private Ltd. (hereinafter referred to as **Noticee**) was instrumental in the fraudulent scheme devised by the company and its directors to get the IPO subscribed in a fraudulent manner by funding the IPO applicants and subsequently receiving the proceeds of the IPO from the company. Further, the Noticee allegedly aided and abetted the company and

its directors to get the minimum subscription required for successful listing of scrip in SME segment and therefore, adjudication proceedings were initiated against the Noticee under section 15HA of the Securities And Exchange Board of India Act, 1992 (hereinafter referred to as **SEBI Act, 1992**) for the violation of the provisions of regulations 3(a), 3(b), 3(c) and 3(d) and 4(1) of SEBI (Prohibition of Unfair Trade Practices relating to Securities Market) Regulations, 2003 (**PFUTP Regulations, 2003**) read with sections 12A(a), 12A(b) and 12A(c) of the SEBI Act, 1992.

APPOINTMENT OF ADJUDICATING OFFICER

2. The undersigned was appointed as the Adjudicating Officer, vide communique dated July 17, 2017 under section 19 r/w section 15-I of the SEBI Act, 1992 r/w rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereafter referred to as **Adjudication Rules, 1995**) to inquire into and adjudge under the provisions of section 15HA of the SEBI Act, 1992 for the alleged violations of regulations 3(a), 3(b), 3(c) and 3(d) and 4(1) of PFUTP Regulations, 2003 read with sections 12A(a), 12A(b) and 12A(c) of the SEBI Act, 1992.

SHOW CAUSE NOTICE, HEARING AND REPLY

3. A Show Cause Notice ref. SEBI/AO-PM/NK/29856/2017 dated November 29, 2017 (hereafter referred to as **SCN**) was issued to the Noticee in terms of the provisions of rule 4 of the Adjudication Rules, 1995 requiring the Noticee to show cause as to why an inquiry should not be held against it and why penalty, if any, should not be imposed on it under the provision of section 15HA of the SEBI Act, 1992. The allegations in the SCN are as follows:

a) Securities and Exchange Board of India (herein after referred to as "SEBI") conducted an investigation in the matter relating to the IPO of Esteem Bio Organic Food Processing Limited (hereinafter referred to as Esteem or 'the Company').

b) During investigation it was observed that Esteem came out with an Initial Public Offering (IPO) to raise Rs. 1125 lacs from issue of 45,00,000 equity shares of Rs. 10 each at an issue price of Rs. 25 each. The shares were listed at BSE - SME segment on January 07, 2013. The price of the scrip opened at Rs 25.25 and increased to an intraday high of Rs 26.50 and closed at Rs 26.50 on the listing day. The issue size constituted, 30.20% of post issue shares, of Rs.10 each. Bidding Period of Issue opened on January 18, 2013 and closed on January 22, 2013.

c) As per the prospectus, the proposed utilisation of the IPO proceeds was as under;

Proposed Utilisation:

Sl.No.	*Particulars*	*Amount (Rs. in lacs)*
1	*Setting up of Shade Net Cultivation facility*	*380.00*
2	*Development of Farm land for transition to Organic Farming*	*565.00*
3	*Procurement of farm tools and equipments*	*30.00*
4	*Brand Building and General Corporate purposes*	*80.00*
5	*Issue Expenses*	*70.00*
	Total	***1125.00***

Means of Finance:

Particulars	***Amount (Rs. in lacs)***
Initial Public Offering	*1125.00*
Internal Accruals	*-*
Total	***1125.00***

d) Esteem, vide its letter dated 25/12/2015, received by SEBI on 29/01/2015 informed that the utilization of the IPO proceeds as on 31/03/2015 (Rs. in lacs) was as under;

Particulars	***Utilized as on 31/03/2015 (Rs in lacs)***
Setting up of shade Net cultivation facility	*375.00*
Development of farm land for transition to organic farming	*564.49*
Procurement of farm tools and equipments	*29.06*
Brand Build and General Corporate Purpose	*30.00*
Issue Expenses	*31.28*
Investment in short term, advances	*99.67*
Total	*1129.50*

e) It was observed that Esteem did not provide any supporting documents with respect to the utilization of the IPO proceeds as claimed in its reply dated

25/12/2015. Further, e-mail was sent to seek supporting documents with respect to the IPO proceeds utilization. Investigation observed that the information provided by Esteem with regard to IPO proceeds utilization pursuant to summons Invesigating Authority (IA) was incomplete and misleading.

f) It is alleged by Investigation that certain entities were connected with Esteem directly/ indirectly and that these connected entities had funded the IPO applicants of Esteem. The details of these entities and basis of their connection is brought out in table below :

SN	*Particulars*	*Connection - Fund Movement*
1	*Goldline International Finvest Ltd. (Goldline)*	• *Goldline received IPO proceeds of Rs. 239.60 lacs from ESTEEM.* • *ESTEEM given Rs. 245 lacs to ECO, the same was transferred by ECO to Goldline.* • *Goldline had fund movement with Mayfair Infosolution Private Limited, Guiness Securities Limited and Sanjeev Agarwal.* • *Goldline had also fund movement with the entities who had funded to IPO Allottees viz. AMS Powertronic Private Limited, Bright Securities, Columbia Sales.*
2	*Satendra Kumar (PAN: AWWPK8525E)* ***Proprietorship Firm*** • *Bright Securities* • *A R Enterprise* • *Nisha Traders*	• *Nisha Traders received funds from Magnum Industrial and Bright Securities.* • *Bright Securities had fund movement with Nisha Traders, Magnum Industrial, N V Sales Corporation, A One Furniture, Goldline International Private Limited and AMS powertronic Private Limited.* • ***Address**: Plot No. 3, Gali No. 3, East Guru Angad Nagar, Laxmi Nagar, Delhi - 110092.* • *Proprietorship firm of Sumit kumar, Madhukar Dubey and Satendra Kumar having common address.*
3	*Madhukar Dubey* *(PAN: AIJPD7329J)* ***Proprietorship Firm*** • *Alliance Traders* • *N V Sales Corporation* • *A One Furniture*	• *N V Sales Corporation had fund movement with Khan Enterprises, AMS Powertronic Private Limited.* • *A One Furniture received funds from Magnum Industrial.* • *Alliance Traders received funds from AMS Powertronic Private Limited, Mayfair Infosolution Private Limited., A One Furniture, N V Sales Corporation, Nisha Traders.* • *Magnum Industrial received funds from Eco and A One Furniture.* • *Address: Plot No. 3, Gali No. 3, East Guru Angad Nagar, Laxmi Nagar, Delhi - 110092.*

SN	Particulars	Connection - Fund Movement
	• *Magnum Industrial*	• *Proprietorship firm of Sumit kumar, Madhukar Dubey and Satendra Kumar having common address.*
4	*Ram Prakash* *(PAN: AXFPR4439L)* ***Proprietorship Firm*** • *Khan Enterprises* • *Aggrawal Traders*	• *Khan Enterprise had fund movement with Shiv Traders and Garg Traders & Suppliers.* • *Aggrawal Traders received funds from the Goldline International Private Limited.* • *Ram Prakash is the director in following companies (MCA Database);* *i. Aavia Buildtech Private Limited* *ii. Aavia Softech Private Limited.*
5	*Aavia Softech Pvt. Ltd.*	• *It had fund movement with Mayfair Infosolution Private Limited, Eco, Goldline and Esteem Bio.* • *Aavia Buildtech Pvt. Ltd. and Aavia Softech Pvt. Ltd. having common address : 1/2486, Gali No. 26, Ramnagar, Modern Shahdra, East Delhi - 110032. (MCA Website)* • *Aavia Buildtech Pvt. Ltd. and Aavia Softech Pvt. Ltd. having common Director: 1) Kamal Singhal 2) Ramprakash* • *Mr. Ramprakash is the proprietor of M/s. Khan Enterprise and Ms/. Aggrawal Traders.*
6	*Aavia Buildtech Pvt. Ltd.*	• *It had received IPO proceeds of Rs. 40 lacs from the company.* • *Aavia Buildtech Pvt. Ltd. and Aavia Softech Pvt. Ltd. having common address : 1/2486, Gali No. 26, Ramnagar, Modern Shahdra, East Delhi - 110032.* • *Aavia Buildtech Pvt. Ltd. and Aavia Softech Pvt. Ltd. having common Director: 1) Kamal Singhal 2) Ramprakash.* • *Mr. Ramprakash is the proprietor of M/s. Khan Enterprise and Ms/. Aggrawal Traders.*
7	*Mayfair Infosolution Pvt. Ltd.*	• *It had received IPO proceeds of Rs. 81 lacs from the company.* • *It had fund movement with Aavia Softech Pvt. Ltd, Goldline, Esteem, AMS Powertronic Pvt. Ltd and Gracious Software Pvt Ltd.* • ***Director Name** :1)Sumit Kumar 2) Vinay Kumar* • *Mayfair is connected with AMS Powertronic Pvt. Ltd.,Nikky Printing Press pvt. Ltd., through common directors.*
8	*Avisha Credit Capital Ltd*	• *It had received IPO proceeds of Rs. 15.50 lacs from the company.* • *Further, it had fund movement with Eco, Goldline , ISF Securities Ltd., and Mayfair Infosolution.*

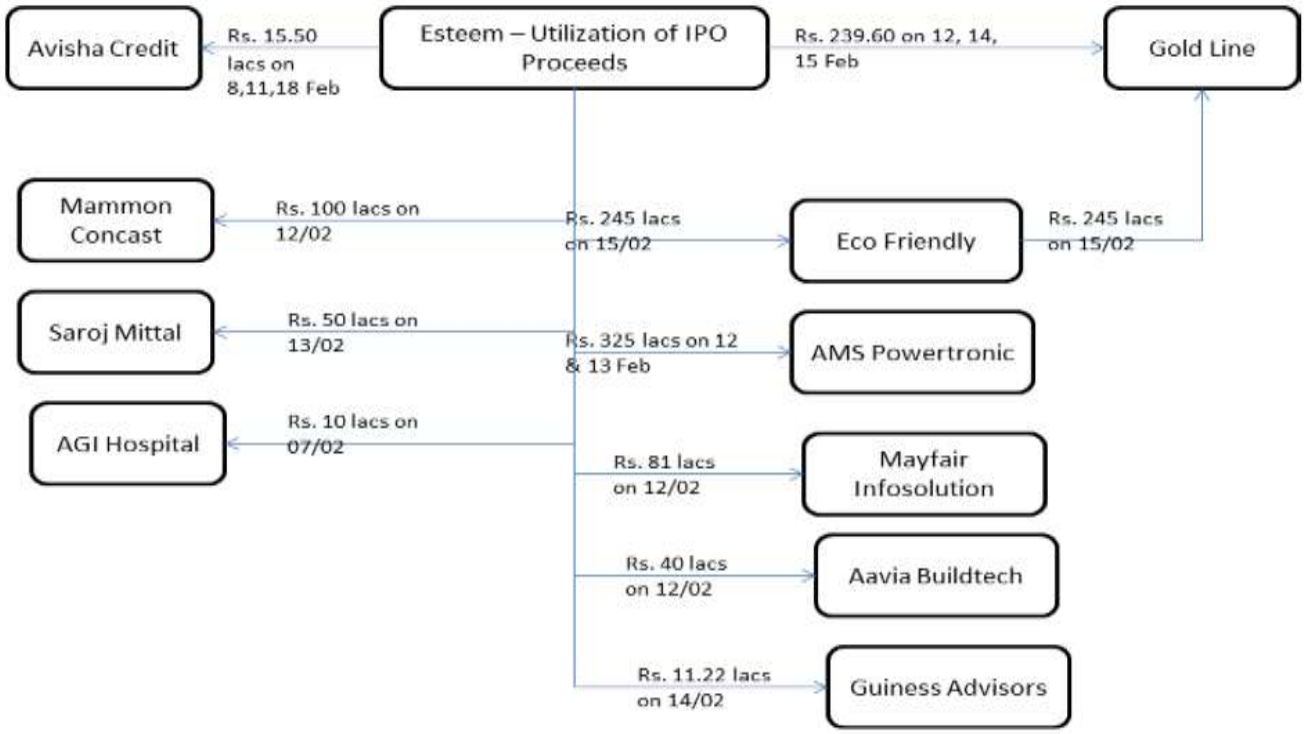
SN	Particulars	Connection - Fund Movement
9	*Nikky Printing Press Pvt. Ltd.*	• *It had fund movement with Goldline, Mayfair Infosolution, AMS Powertronic and Madhukar Dubey.* • ***Director Name** : 1)Sumit Kumar 2) Vinay Kumar* • *Nikky Printing press Pvt. Ltd. is connected with Mayfair Infosolution Pvt. Ltd, AMS Powertronic Pvt. Ltd., through common directors.*
10	*Neel Kanth Trading Co.*	• *It had fund movement with AMS Powertronic Pvt. Ltd.*
11	*Amsons Apparels Pvt Ltd*	• *It had fund movement with AMS Powertronic Pvt. Ltd., Goldline, Madhukar Dubey and Mayfair Infosolution Pvt. Ltd.*
12	*Gracious Software Pvt Ltd*	• *It had fund movement with Goldline and Mayfair Infosolution Pvt. Ltd.*
13	*Ace Consultant*	• *It had fund movement with the ISF Securities Ltd and Goldline.* • *Common Address with ISF Securities Ltd.* • *Till March 2014, Brij Kishore Sabharwal (Director of Eco & Esteem) was the director in ISF Securities Ltd.*
14	*Shiv Traders*	• *Shiv Traders had fund movement with Mayfair Infosolution Pvt. Ltd., Khan Enterprise, Neelkanth Trading, AMS Powertronic Pvt. Ltd., Aavia Buildtech Pvt. Ltd., Esteem.*
15	*AMS Powertronic Pvt. Ltd.*	• *It had received Rs. 325 lacs from the IPO proceeds of the ESTEEM.* • *It had fund movement with Mayfair Infosolution Pvt. Ltd., Goldline, Amsons Apparels pvt. Ltd., N V Sales Corporation, Aavia Softech pvt. Ltd., Nisha Traders, Shiv Traders, ECO, Aggarwal Traders, Madhukar Dubey, ESTEEM.* • ***Director Name** : 1)Sumit Kumar 2) Vinay Kumar* • *Sumit Kumar is the common director in AMS Powertronic Pvt. Ltd., Nikky Printing Press Pvt. Ltd. & Mayfair Infosolution Pvt. Ltd.*

Entities at Sr. No. 1 to 15 above shall hereinafter be referred to as the funding group entities and/or funding group.

g) *Investigation further alleged that Esteem had raised Rs. 1129.50 lacs through the IPO out of which Rs. 1106.10 lacs were transferred to various entities connected to Esteem. Further, out of the aforesaid Rs. 1106.10 Lacs, Rs. 946.10 lacs were transferred to certain group entities who were allegedly found to have funded the some of the applicants in the IPO of Esteem and also received the IPO proceeds. The details of the distribution of Rs. 946.10 Lacs amongst the funding group entities is as per the table below:*

Sl.No	*Entity Name*	*Amount received from IPO proceeds (Rs in lacs)*
1	*Goldline International Finvest Ltd*	*484.60*
2	*Mayfair Infosolution Pvt. Ltd*	*81*
3	*Aavisha Credit Capital Pvt. Ltd*	*15.50*
4	*AMS Powertronic Pvt. Ltd.*	*325*
5	*Aavia Buildtech Pvt. Ltd.*	*40*
	Total	***946.10***

h) A diagrammatic representation of the funds movement from the bank account statement of Esteem (HDFC Bank - 00032560005478) to various entities is shown below:



i) In view of the above it is alleged that the IPO of Esteem was funded by certain entities connected to the company and upon receipt of the IPO proceeds into the accounts of the company, the same were transferred back to those entities.

j) It was observed from the analysis of bidding data that 479 application for 2874000 shares were received in the retail investor category of which 29 application for 174000 shares were rejected due to various reasons. Post

rejection, the total valid application were 483 for 46,14,000 shares which was 1.03 times of offer size.

Category wise allotment details are as under:

Category of Bids	***No. of shares applied***	***No. of shares allotted***	***No. of Allottees whom shares allotted***	***No. of shares Application rejected***
Market Maker	*7,50,000*	*7,50,000*	*1*	*0*
HNI	*11,64,000*	*11,46,000*	*32*	*0*
RII	*28,74,000*	*26,22,000*	*437*	*1,74,000*
Total	***47,88,000***	***45,18,000***	***470***	***1,74,000***

k) Investigation alleged that on perusal of bank accounts of the retail investors, it was observed that out of 450 retail applicants, applications of 270 applicants were funded by the funding group entities who received the funds back from the IPO proceeds. Further, of the 270 such applicants, 238 applicants got allotment of 14,28,000 shares which constituted approximately 31.60%of the allotted shares in the IPO. Further, in the market maker category the application for 7,50,000 shares was also allegedly funded by the funding group which constituted approximately 16.60% of the allotted shares in the IPO. Further, it was observed that 32 applicants had applied for 11,64,000 shares in the HNI category, of which 11,46,000 shares were allotted to those 32 applicants on proportionate basis and of the 11,46,000 shares allotted to HNI, 60,000 shares (1.30% of the allotted shares in the IPO) were alleged to have been funded by the funding group entities. In view of the above, it was alleged that approximately 50% of the shares allotted in the IPO were indirectly funded by the company.

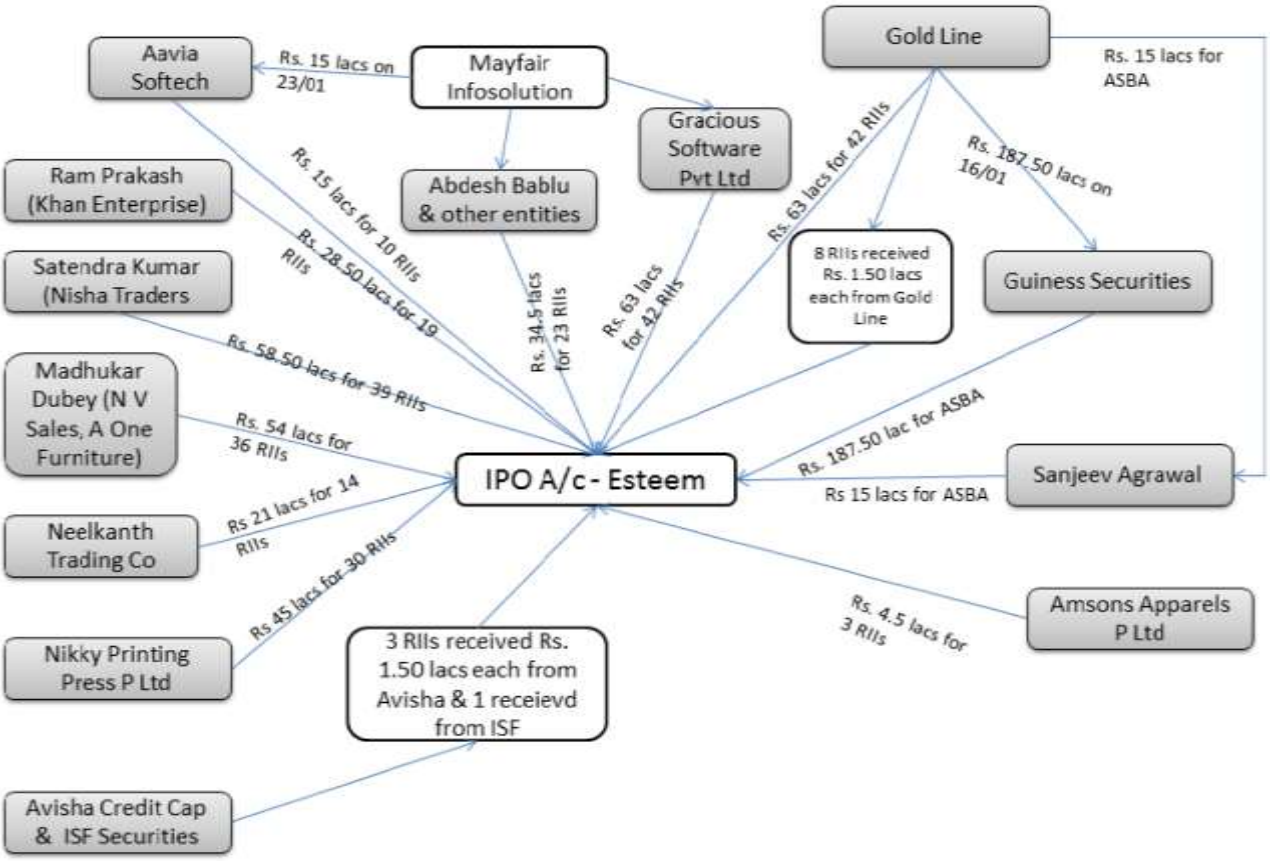
l) Investigation alleged that the application money for the applicants in the IPO was funded by the funding group entities who were connected to the company as shown in the preceding paragraphs. The funding group entities received funds from company directly / indirectly towards the allotted 23,34,000 shares (1428000 (RII) + 96000 (RII - Indirect Funding) + 750000 (Market Maker) + 60,000(HNI).

m) *In view of the above, it was alleged that the allotment of shares in the IPO was not genuine. The below table summarizes the fund movement between the company, funding group entities and IPO allottees.*

SN	Name	Bank A/c no.	Observations
1	Satendra Kumar ***Proprietorship Firm*** • Nisha Traders • Bright Securities	Yes Bank - 013683900002254	• ***Nisha Traders*** had issued 39 cheques of Rs. 1.50 lacs each on behalf of 39 Non ASBA retail investors.(38 allottees got allotment). • It had received Rs. 37 lacs from Bright Securities, & Rs. 13.50 lacs from Magnum Industrial Corporation.
		Yes Bank - 013683900002195	• Bright Securities had fund movement with Nisha Traders, Magnum Industrial , N V Sales Corporation, A One Furniture , Goldline and AMS powertronic Pvt. Ltd.
2	Madhukar Dubey ***Proprietorship Firm*** • N V Sales Corporation • A One Furniture	Dhanlakshmi Bank - 019106700001580	• ***N.V. Sales Corporation*** had issued 16 cheques of Rs. 1.50 lacs each on behalf of 16 Non ASBA retail investors. (9 allottees got allotment) • It had received Rs. 10.60 lacs from Khan Enterprise.
		Yes Bank - 013683900002266	• ***A One Furniture*** had issued 20 cheques of Rs. 1.50 lacs each on behalf of 20 Non ASBA retail investors. (20 allottees got allotment) • It had received Rs. 16.50 lacs from magnum Industrial corporation and Rs. 15 lacs received from Sumit Kumar.
3	Ram Prakash ***Proprietorship Firm*** • Khan Enterprise	Tamilnad Mercantile Bank - 211150050800272	• ***Khan Enterprise*** had issued 19 cheques of Rs. 1.50 lacs each on behalf of 19 Non ASBA retail investors. (18 allottees got allotment) • It had received Rs. 22.40 lacs from Shiv Traders & Rs. 5 lacs from Garg Traders & Suppliers. • Shiv traders **(**TMB - 211150050800237) had received Rs. 81.50 lacs from ECO, Rs. 67 lacs from Esteem, in October and December, 2012.
4	Aavia Softech Pvt. Ltd.	Axis Bank - ***:912020024045250***	• Aavia Softech Pvt Ltd had issued 10 cheques of Rs. 1.50 lacs each on behalf of 10 Non ASBA retail investors. (9 allottees got allotment) • It had received Rs. 15 lacs from Mayfair Infosolution Pvt. Ltd. and Rs. 80 lacs from Eco Friendly Food Processing Park Ltd and also had fund movement with Gold Line, Esteem and other connected entities.
5	Goldline International Finvest Ltd.	ICICI Bank - 663005120449	• Gold Line had issued 42 cheques of Rs. 1.50 lacs each on behalf of 42 non ASBA allottees and 8 non ASBA received Rs. 1.50 lacs each from Gold Line to make application in the IPO. (37 allottees got allotment) • It had also funded Rs. 187.50 lacs to Guiness Securities Ltd and Rs. 15 lacs to Mr. Sanjeev Agarwal to make ASBA application. • It had received Rs. 239.60 lacs from Esteem from IPO proceeds, Rs. 245 lacs from Eco which was received from Esteem.

SN	Name	Bank A/c no.	Observations
			• *It had received Rs. 206 lacs from Mayfair Infosolution Pvt Ltd. on various dates.*
6	*Mayfair Infosolution Pvt. Ltd.*	*Axis Bank - **912020004121565***	• *It had given Rs. 1.50 lacs to 23 Non Asba applicants each who had made application in the IPO of Esteem. (20 allottees got allotment)* • *Further, Aavia Softech received Rs. 15 lacs & Graciouse Software Pvt Ltd received Rs. 63 lacs from Mayfair Infosolution.*
7	*Avisha Credit Capital Ltd*	*HDFC Bank - 05982740000567*	• *It had given Rs. 1.50 lacs to 3 Non Asba applicants each who had made application in the IPO of Esteem.(3 allottees got allotment)* • *It had received Rs. 15.50 lacs from IPO proceeds of Esteem.* • *Further, it had fund movement with Eco, Goldline, Mayfair Infosolution.*
8	*Nikky Printing Press P Ltd*	*Axis Bank - **911020034143910***	• *It had issued 30 cheques of Rs. 1.50 lacs each on behalf of 30 non ASBA allottees. (25 allottees got allotment)* • *It had received Rs. 45 lacs from Mayfair Infosolution and also had fund movement with Godline , AMS Powertronic, Madhukar Dubey.*
9	*Neel Kanth Trading Co.*	*Dhanlakshmi Bank - 019106700000717*	• *It had issued 14 cheques of Rs. 1.50 lacs each on behalf of 14 non ASBA allottees. (14 allottees got allotment)* • *It had fund movement with AMS Powertronic Pvt Ltd,*
10	*Amsons Apparels Pvt Ltd*	*Axis Bank - **912020014964077***	• *It had issued 3 cheques of Rs. 1.50 lacs each on behalf of 3 non ASBA allottees. (2 allottees got allotment)* • *It had received Rs. 5 lacs from Core Capital Services Pvt Ltd. Further, it had fund movement with AMS Powertronic Pvt. Ltd., Gold Line, Madhukar Dubey.*
11	*Gracious Software Pvt Ltd*	*Axis Bank - **912020015006932***	• *It had issued 42 cheques of Rs. 1.50 lacs each on behalf of 42 non ASBA allottees. (42 allottees got allotment)* • *It had received Rs. 63 lacs from Mayfair Infosolution Pvt Ltd. Further, it had fund movement with Goldline.*
12	*Ace Consultant*	*HDFC Bank - 03142000000740*	• *Ace Consultant had funded Rs. 1.5 lacs to 1 Non ASBA entities. (1 allottees got allotment)* • *Ace Consultant & ISF Securities having same address.* • *Mr. B K Sabharwal (Director of Esteem & Eco) is the director in ISF Securities Ltd.(prospectus)*

n) Diagramatiic presentation of funding by funding group entities to the IPO applicants is shown as under:



o) Following table shows the summary of the amount funded by the 12 funding group entities and number of shares allotted:

SN	*Funding Entity*	*Amount funded (Rs. in lacs)*	*No. of allottees got allotment*	*Received back from IPO proceeds of Esteem (Rs. in lacs)*	*No. of shares allotted*
1	*Goldline International Finvest Ltd.*	*277.50*	*39(2 ASBA)*	*484.60*	*10,32,000*
2	*Satendra Kumar & Proprietorship firm*	*58.50*	*38*	*-*	*2,28,000*
3	*Madhukar Dubey & Proprietorship firm*	*54.00*	*29*	*-*	*1,74,000*
4	*Ram Prakash & Proprietorship firm*	*28.50*	*18*	*-*	*1,08,000*
5	*Aavia Softech Pvt. Ltd.*	*15.00*	*9*	*40*	*54,000*
6	*Mayfair Infosolution Pvt. Ltd.*	*34.50*	*20*	*81*	*1,20,000*
7	*Avisha Credit capital Pvt. Ltd*	*4.50*	*3*	*15.50*	*18,000*
8	*Nikky Printing Press Pvt. Ltd*	*45.00*	*25*	*-*	*1,50,000*
9	*M/S. Neel Kanth Trading Co*	*21.00*	*14*	*-*	*84,000*
10	*ISF Securities Ltd. (Ace Consultant)*	*1.50*	*1*	*-*	*6,000*

SN	Funding Entity	Amount funded (Rs. in lacs)	No. of allottees got allotment	Received back from IPO proceeds of Esteem (Rs. in lacs)	No. of shares allotted
11	Amsons Apparels Pvt. Ltd.	4.50	2	-	12,000
12	Gracious Software Pvt Ltd	63.00	42	-	2,52,000
13	Indirect Funding				96000
	Total	607.50	240		23,34,000

p) From the above, it is observed that of the 45,18,000 shares allotted, 23,34,000 shares (i.e. 51.66% shares) were allotted to the entities who had received funds from the company directly/ indirectly, for application in the IPO of the company.

q) Investigation alleged that Esteem transferred major portion of the IPO proceeds to the funding group entities on the same day on which it received IPO funds from the escrow account.

r) In view of the above, investigation alleged that the IPO of Esteem would have failed due to lack of minimum subscription, had the funding group entities not funded the applicants. Further, it is alleged that Esteem and its Directors in connivance with the funding group entities employed a fraudulent scheme to get the IPO subscribed in a fraudulent manner by directly/ indirectly funding the IPO applicants. Thus, it is alleged that the funding group entities played a pivotal role in the scheme devised by Esteem and its directors to get sufficient IPO application to get listing on the SME- exchange platform.

s) In view of the above it is alleged that the Noticee were instrumental in the fraudulent scheme devised by the company and its directors to get the IPO subscribed in a fraudulent manner by funding the IPO applicants and subsequently receiving the proceeds of the IPO from the company. Further, the Noticees allegedly aided and abetted the company and its directors to get the minimum subscription required for successful listing of scrip in SME segment.

t) It is therefore alleged that the Noticee actions have led to the violation of the provisions of Regulations 3(a), 3(b), 3(c) and 3(d) and 4(1) of SEBI (Prohibition of Unfair Trade Practices relating to Securities Market) Regulations, 2003

(PFUTP Regulations) read with sections 12A(a), 12A(b) and 12A(c) of SEBI Act, 1992 (SEBI Act).

4. I find that the Show Cause Notice dated November 29, 2017 which was issued to the Noticee had returned undelivered. Subsequently**,** 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, NCT of Delhi & Haryana (RoC) as on June 07, 2017 As per the Public Notice (Form No. STK-7), which was downloaded from the MCA website, a list of 22864 companies were attached as per the Notification issued by ROC, NCT of Delhi & Haryana in terms of sub-section (5) of section 248 of the Companies Act, 2013. I find that the name of the Noticee was mentioned in the said list (at sl.no. 319 under CIN - U72200DL2012PTC233674). 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 (s) of Section 248 of the Companies Act, 2013 the name of 22864 companies as per list attached as Annexure A have this day i.e. 07th day of June 2017 been struck off from the register of the companies and the said companies are dissolved."

5. It is an established fact that when a company's name is struck-off from the RoC list and the company is also dissolved, then 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."

6. 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.

7. It is pertinent to note that, in the context of the alleged manipulation in the scrip of Esteem, in exercise the powers conferred under sections 11(1), 11(4) & 11B(1) of the SEBI Act, 1992, an order dated December 22, 2020 has already been passed by SEBI against certain persons/entities, including the Noticee, wherein SEBI had restrained the Noticee from accessing the securities market. Vide the said order, the Noticee was also prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever manner for a period of one year.

8. 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 June 07, 2017 as per the RoC notification, I conclude that the present adjudication proceedings initiated against the Noticee vide SCN dated November 29, 2017 cannot be proceeded with.

ORDER

9. 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, 1995, I hereby dispose of the Adjudication Proceedings initiated against the Noticee viz. Aavia Softech Private Limited vide SCN dated November 29, 2017.

10. In terms of the provisions of rule 6 of the Adjudication Rules, 1995, copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India.

Place: Mumbai **Prasanta Mahapatra**

Date: March 16, 2021 **Adjudicating Officer**