



By Speed Post A.D./Email

**CHIEF GENERAL MANAGER AND ADJUDICATING OFFICER
ENQUIRIES AND ADJUDICATION DEPARTMENT - 2**

SEBI/HO/EAD2/NH/KL/2023/40883

October 03, 2023

CEREMONY MARKETING PRIVATE LIMITED

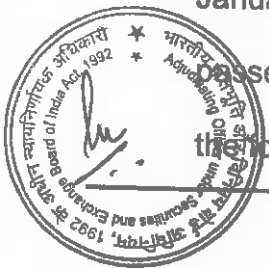
PAN: AAEC1972G

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Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in Illiquid Stock Options (ISO) at BSE

1. Securities and Exchange Board of India (SEBI) had initially conducted Adjudication Proceedings against Anunay Commosale Private Limited (hereinafter referred to as 'ACPL') in the matter of dealings in Illiquid Stock Options (ISO) at BSE. A show cause notice ref SEBI/HO/EAD1/SBM/KL/28759/2021 dated October 14, 2021 was issued to ACPL for the alleged violations of Regulations 3 (a), (b), (c), (d) and 4(1), 4 (2) (a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (PFUTP Regulations). Thereafter an Adjudication Order ref Order/SBM/AK/2021-22/14892 dated January 31, 2022 (hereinafter referred to as 'Order dated January 31, 2022') was passed against ACPL and disposed of the proceedings against it *inter-alia* stating the following in the said order:



“

8... Therefore, in view of the above observation, Noticee has ceased to exist as a separate legal entity w.e.f. March 26, 2021 and was not in existence at the time when the instant Adjudication Proceedings were initiated against the Noticee i.e., on October 14, 2021 issuance of SCN to the Noticee.

”

10. Therefore, in view of the above observations, I am convinced that the Noticee was not in existence as on the date of initiation of the adjudication proceedings against it, vide SCN dated October 14, 2021. In view of the same, I am convinced that the instant adjudication proceedings in respect of the Noticee cannot be proceeded with and the SCN dated October 14, 2021 issued to the Noticee is accordingly disposed of.

ORDER

11. In view of the above observations/findings and in exercise of the powers conferred upon me under section 15I of the SEBI Act read with rule 5 of the Adjudication Rules, I hereby dispose of the Adjudication Proceedings initiated against the Noticee viz. Anunay Commosale Private Limited vide SCN dated October 14, 2021.”

2. It is noted by SEBI that a 'Scheme of Amalgamation' was approved by Regional Director, Eastern Region Ministry of Corporate Affairs vide order dated March 26, 2021 (hereinafter referred to as 'MCA order dated March 26, 2021') (Annexure 1). As per the said order, it is noted that Anunay Commosale Private Limited (PAN: AAJCA5956F) (transferor entity) was amalgamated with Ceremony Marketing Private Limited (PAN: AAEC1972G) (hereinafter referred to as 'Noticee'). The

Following was, *inter-alia*, stated in the said MCA order dated March 26, 2021:



" Pursuant to the provisions of Section 233 of the Companies Act, 2013, the scheme of compromise, arrangement or merger of Anunay Commosale Private Limited .. with Ceremony Marketing Private Limited (Transferee Company) approved by their respective members and creditors as required under Section 233(1) (b) and (d) is hereby confirmed with the appointed date as 01.04.2017".

SCHEME OF AMALGAMATION

1. TRANSFER AND VESTING OF TRANSFERORS COMPANIES INTO AND WITH TRANSFEE COMPANY

...

(f)

" .. all liabilities, contingent liabilities, duties and obligations, whether provided or not in the books of accounts of disclosed in the balance sheets of the Transferor Companies shall be deemed to be the liabilities, contingent liabilities, duties and obligations of the Transferee Company and the Transferee company shall, and undertake to meet, discharge and satisfied the same in terms of their respective terms and conditions, if any.

3. In this context, SEBI re-examined the violations alleged to have been committed by ACPL and re-initiated Adjudicating Proceedings by appointing the undersigned as the Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) read with SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (**Adjudication Rules**) (copy of communication appointing undersigned as Adjudicating Officer is placed at **Annexure 2**). The following is *inter-alia*, noted by SEBI, in this regard (relevant extracts of note ref number 2022/31420) enclosed as **Annexure 3**):



"9.5 Merged scheme of Amalgamation..

Table-B

Sl. No.	Transferor Company	Transferor PAN	Transferee Company	Transferee PAN
1.	..	..	..	..
4.	Anunay Commosale Limited	AAJCA5956F	Ceremony Marketing Private Limited	AAECC1972G

..

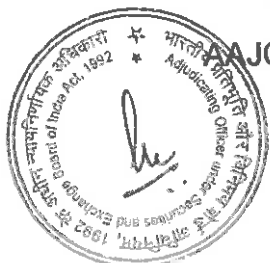
c...., it was observed that the order provided for liability clause which transfers all the liabilities and duties from transferor entity to the transferee entity. Hence, it is concluded that, pursuant to scheme, liabilities and duties of a transferor entity does not dissolve with dissolution company"

(Emphasis added)

Brief of Allegations made in the investigation report

- SEBI had conducted an investigation into large scale reversal of trades in Stock Options segment of the BSE during the period of April 01, 2014 to September 30, 2015 (Copy of relevant portion of Investigation Report is placed at **Annexure 4**). Pursuant to investigation, it was observed in the report that during the investigation period, there were trades executed in BSE Stock Options Segment involving reversal of buy and sell positions by clients and counterparties in the same contract (refer Paragraph 6 of Investigation Report). The reversal trades involved squaring off trades (either buy or sell), with significant difference in the price.

- In this context, it is observed that that Anunay Commosale Private Limited (PAN: **AAJCA5956F**) is one among the entities which had indulged in reversal trades,



and allegedly created false and misleading appearance of trading thereby generated artificial volumes in the Stock Options Segment of BSE during the investigation period. The trades entered in the unique contracts were reversed on the same day with same counterparties, at a price difference which had no underlying basis and without an intention of performing it or there being a change of ownership/rights in the contracts. These factors allegedly indicate that the said trades were artificial and non- genuine in nature.

6. The trading details of ACPL including the trade dates, name of the counterparties, time, price and volume are available in columns B, E/G, M, P and Z respectively of the Reversal Trade Data placed at **Annexure 5**. Additionally, a summary of ACPL reversal trades in the Stock Options contracts executed during the investigation period is placed at **Annexure 6**.
7. In view of the above, it is alleged that ACPL herein, by indulging in execution of non-genuine reversal trades in Stock Options, created false and misleading appearance of trading in securities market during the investigation period and thereby, violated provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) of PFUTP Regulations.
8. In this regard, it is noted that scheme of amalgamation approved by MCA Order dated March 26, 2021, *inter-alia*, stated the following:

“ .. all liabilities, contingent liabilities, duties and obligations; whether provided or not in the books of accounts of disclosed in the balance sheets of the Transferor Companies shall be deemed to be the liabilities, contingent liabilities, duties and obligations of the Transferee Company and the Transferee company shall, and



undertake to meet, discharge and satisfied the same in terms of their respective terms and conditions, if any.

9. Therefore, the violations alleged to have been committed by ACPL, as mentioned in previous paragraphs if established, make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, which reads as below:

"Penalty for fraudulent and unfair trade practices.

15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty –five crore rupees or three times the amount of profits made out of such practices, whichever is higher."

(Emphasis Supplied)

10. In the view of the observations made in the previous paragraphs, the Noticee being the transferee entity, is therefore, called upon to show cause as to why an inquiry should not be held against it for the violations alleged to have been committed by ACPL and why penalty, if any, should not be imposed on it under the provisions of section 15HA of the SEBI Act.
11. The reply of the Noticee to the SCN, along with the supporting enclosures and documents if any, should reach the undersigned or through email at hariharan@sebi.gov.in and jenink@sebi.gov.in, in pdf and MS Word format within 15 (fifteen) days from the date of receipt of this notice, failing which it shall be presumed that you have no reply to submit and the matter would be further proceeded with on the basis of the evidence available on record in terms of sub-





rule 7 of Rule 4 of the Adjudication Rules. You may also indicate whether you desire a personal hearing in the matter.

12. You are further advised to furnish the following information through email at the earliest:

Sr. No.	Particulars
1.	Present Address for Communication
2.	Mobile Numbers
3.	Email IDs
4.	Scan Copy of PAN Card

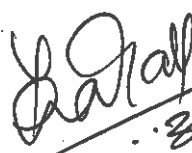
13. You are also advised to keep the undersigned informed about the change in your correspondence address, if any, till the conclusion of the proceedings.
14. You may also note that a settlement mechanism is provided under the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018. If you wish to avail the benefit of the settlement process, you may apply for the same in the manner provided in the said regulations after intimation to the undersigned.
15. Further, the material/documents available on record and relied upon in the instant matter, based on which the aforementioned allegations have been made against the Noticee, are mentioned below and enclosed as Annexures.

Annexure 1	Copy of MCA order dated March 26, 2021
Annexure 2	Copy of communication appointing Adjudicating Officer
Annexure 3	relevant extracts of note ref number 2022/31420





Annexure 4	Copy of relevant portion of Investigation Report
Annexure 5	Reversal Trade Data of ACPL
Annexure 6	Summary of ACPL reversal trades


28/10/2023

N HARIHARAN
ADJUDICATING OFFICER

