BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/SM/S./2022-23/21610-21614]

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

Noticee No.	Name of Noticees	PAN
1.	Anil Kumar	ADQPK7840M
2.	Tanvi Fincap Private Limited	AAACT6871B
3.	Rama Anil Gupta Associates Pvt. Ltd.	AABCF3000H
4.	Kansabati Tradecom Pvt. Ltd.	AAECK0758J
5.	Sayuj Pallithazath Arumugham	AFJPA6311E

("*hereinafter collectively referred to as Noticees*")

In the matter of CCL International Limited

FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as **'SEBI')** received a complaint alleging manipulations in scrip of CCL International Limited (hereinafter referred to as **'CCL/by name/the Company'**) by its promoters and their associates. Thereafter, SEBI conducted investigation in the matter of CCL for the period June 21, 2011 to December 30, 2011 (hereinafter referred to as **'Investigation Period/IP'**). The Company was listed on BSE Ltd **('BSE')** during the IP. Based on the findings of investigation, SEBI observed certain violations of provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act'**) and SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations**') in respect of trading by certain entities in the scrip of CCL.

APPOINTMENT OF ADJUDICATING OFFICER

2. Vide order dated March 15, 2022, SEBI appointed the undersigned as the Adjudicating Officer under Section 15-I of **SEBI Act** and 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 SEBI Act, the alleged violations of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d) and 4(1), and 4(2)(a) of PFUTP Regulations by (1) Mr. Anil Kumar (hereinafter referred to as **Noticee 1/by name**), (2) Tanvi Fincap Private Limited (hereinafter referred to as **Noticee 2/by name**), (3) Rama Anil Gupta Associates Private Ltd. (hereinafter referred to as **Noticee 3/by name**) (4) Kansabati Tradecom Pvt. Ltd. (hereinafter referred to as **Noticee 4/by name**) and alleged violations of Sections 12A(a), (b), (c) of SEBI Act, and Regulations 3(a), (b), (c), (d) and 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations by Sayuj Pallithazath Arumugham (hereinafter referred to **as Noticee 5/by name**) (Noticees 1 to 5 are hereinafter collectively referred to as '**Noticees**') in respect of trading in the scrip of CCL.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

3. A Show Cause Notice dated April 04, 2022 (hereinafter referred to as '**SCN**') was issued to Noticees under Rule 4 of the Adjudication Rules to show-cause as to why an inquiry should not be initiated against Noticees and penalty, if any, not be imposed upon them under the provisions of 15HA of SEBI Act, as applicable, for the aforesaid violations alleged to have been committed by them.

4. The relevant extracts of the allegations levelled against Noticees 1 to 5 in the SCN are as under:

ALLEGED VIOLATION OF SECTION 12A(a), (b), (c) OF SEBI ACT, READ WITH REGULATIONS 3(a), (b), (c), (d) and 4(1), 4(2)(a) OF PFUTP REGULATIONS BY NOTICEES 1-4

a) *"On the basis of trading pattern, Unique Client Code (UCC) details and Know Your Client (KYC) details (**Annexure 4**), the Noticees were identified as* *suspected entities which also include Noticees who were allegedly connected with one another as group entities.”*

b) *“It was observed from above table, that the suspected entities have purchased 1033127 shares (52.14% of total market volume) and sold 984203 shares (49.67% of total market volume) during investigation period.”*

c) *“It was observed from Table 5 above that client Noticee No. 3 had the highest contribution of 30.15% in gross buy and client, Tejaswani Tradecom Private Limited, had the highest contribution of 15.54% in gross sell on BSE during investigation period.”*

d) *“It was observed from Table 6 that the 6 suspected entities namely, Tejaswani Tradecom Pvt Ltd, Blossom Dealcom Private Limited, Chaturbhuj Marketing Pvt Ltd, Terminal Vincom Pvt Ltd, Suktara Tradelink Pvt Ltd and Noticee No. 4 offloaded their shares during the post-split period from August 17, 2011 to December 30, 2011 (December 31, 2011 and January 01, 2012 being trading holidays).”*

e) *“Out of the major counterparty buy clients, it was observed that suspected entities namely, Noticee No. 3, Western Fincap Limited, Ultra Tech Products Private Limited, are among the top 10 buy clients in the scrip… It was noted that out of total quantity of 8,15,141 shares sold by major net sellers as mentioned in Table 6 above, 7,34,021 shares have been sold to the aforesaid top 3 buyers.”*

f) *“The following entities were observed to be major net sellers during IP (Tejaswani Tradecom Pvt Ltd, Blossom Dealcom Private Limited, Chaturbhuj Marketing Pvt Ltd, Terminal Vincom Pvt Ltd, Suktara Tradelink Pvt Ltd and Noticee No. 4).”*

g) *“It was observed that although the scrip was illiquid, sell orders of major net sellers and buy orders of top 3 buyers were placed within five minutes of each other. Therefore, it is alleged that these trades were executed by aforesaid top buyers to facilitate exit to the major net sellers in the scrip of CCL.”*

h) *“It was also observed that the aforementioned buyers and major net sellers have traded only in post-split i.e. Patch 2 of IP. In Patch 2, in 75 out of total 91 trading days wherein the aforesaid buyers and major net sellers have traded, the average daily traded volume was only 11929 shares. However, in remaining 16 trading days wherein the aforesaid buyers and major net sellers have traded the average daily traded volume during those days was 57251 shares. Details of the trades wherein sell and buy orders were placed within 5 minutes of each other.”*

i) *"… it was observed that the buy and sell orders were repeatedly placed substantially at the same time by the top 3 buyers namely, Noticee No. 3, Western Fincap Limited, Ultra Tech Products Private Limited and the top 6 major net sellers namely, Tejaswani Tradecom Pvt Ltd, Blossom Dealcom Private Limited, Chaturbhuj Marketing Pvt Ltd, Terminal Vincom Pvt Ltd, Suktara Tradelink Pvt Ltd and Noticee No. 4 respectively. The trading pattern demonstrated a concerted attempt by the aforesaid major net sellers and their counterparty buyers to match trades between themselves by placing orders substantially at the same time which allegedly revealed the manipulative intent of the aforementioned entities, whereby by placing orders substantially at the same time, they created artificial/fictitious volume and gave a false and misleading appearance of trading in the illiquid scrip of CCL, so as to enable major net sellers to exit the illiquid scrip of CCL."*

j) *"It was observed on the basis of analysis of sell trades of Tejaswani Tradecom Pvt Ltd, Blossom Dealcom Pvt Ltd, Chaturbhuj Marketing Pvt Ltd, Terminal Vincom Pvt Ltd, Suktara Tradelink Pvt Ltd and Noticee No. 4 that the major counterparty buy clients were Noticee No. 3, Western Fincap Limited and Ultra Tech Products Private Limited. It was observed that PAN AABCF300H belonged to Noticee No. 3, but the name of another person i.e., Ajay Pratap Singh appeared against the aforesaid PAN in trade log during IP. Ajay Pratap Singh was director of Noticee No. 3 from 03.08.2011 to 03.01.2015. Vide email dated 14.02.2022 (**Annexure 5**), Trading Member, Way2Wealth Brokers Pvt Ltd had confirmed that the aforesaid PAN belonged to Noticee No. 3 and name of entity was inadvertently uploaded as Ajay Pratap Singh. From KYC of Noticee No. 3, Noticee No. 2 (Promoter of CCL) and Noticee No. 1 (Promoter and Director of CCL and Noticee No. 2), it was observed that the three entities share common mobile number i.e. 9810217030. The Customer Acquisition Form (CAF) obtained from Telecom Service Provider (TSP) (Airtel) showed the mobile number belonged to Noticee No. 1 (**Annexure 6**). Further, it was observed from KYC of Noticee No. 3 that Noticee No. 1 was the proprietor of Anil Prahalad & Co. which was the Chartered Accountant for Noticee No. 3. In addition to above, it was observed that Ajay Pratap Singh was a director of Western Fincap Limited from 31.08.2011 till amalgamation of Western Fincap Limited with Noticee No. 2 (promoter of CCL International Limited) on May 21, 2014, in the post-investigation period, by order of Hon'ble High Court of Delhi (**Annexure 7**). The other top buyer who had majorly purchased shares of suspected entities viz.*

Ultra Tech Products Private Limited was observed to be connected to Western Fincap Limited by common email ID info.western2011@gmail.com. It was observed that Ultra Tech Products Private Limited was also amalgamated with Noticee No. 2 on May 21, 2014 in the post-investigation period."

k) *"Therefore, in view of the above, it was alleged that the major net sellers namely, Tejaswani Tradecom Pvt Ltd, Blossom Dealcom Private Limited, Chaturbhuj Marketing Pvt Ltd, Terminal Vincom Pvt Ltd, Suktara Tradelink Pvt Ltd and Noticee No. 4 along with counterparty buyers namely, Noticee No. 3, Western Fincap Limited, and Ultra Tech Products Private Limited created artificial/fictitious volume and gave a false and misleading appearance of trading in the scrip of CCL in order to provide exit to the major net sellers through non-genuine trades in the illiquid scrip of CCL. On the basis of the foregoing, it is alleged that Noticees No. 1 and 2 acted hand in glove with top 3 buyers namely, Noticee No. 3, Western Fincap Limited and Ultra Tech Products Private Limited to facilitate exit for major net sellers namely, Tejaswani Tradecom Pvt Ltd, Blossom Dealcom Private Limited, Chaturbhuj Marketing Pvt Ltd, Terminal Vincom Pvt Ltd, Suktara Tradelink Pvt Ltd and Noticee No. 4."*

l) *"In the post-investigation period, Tejaswani Tradecom Private Limited, Blossom Dealcom Private Limited, Chaturbhuj Marketing Private Limited, Terminal Vincom Private Limited and Suktara Tradelink Private Limited have status of strike off from Registrar of Companies-Kolkata and had ceased to exist vide orders dated April 07, 2017, September 05, 2019 and June 29, 2018 (**Annexure 8**). However, the trades of the aforesaid struck off entities during the investigation period were considered within the ambit of investigation as they were involved in the violations committed by the Noticees."*

m) *"It was observed that in the post-investigation period, both Western Fincap Limited and Ultra Tech Products Private Limited were amalgamated with Noticee No. 2, promoter of CCL, vide High Court of Delhi order on May 21, 2014 wherein the Scheme of Amalgamation was made effective from April 01, 2012 (**Annexure 7**). Clause 2.13 of Part-II of Transfer and Vesting of Undertaking in Scheme of Amalgamation states that "With effect from the Appointed Date, Transferee Company shall bear the burden and the benefits of any legal or other proceedings initiated by or against Transferor Companies". Therefore, Noticee No. 2 is liable to be proceeded against with respect to the aforesaid violation committed by Ultra Tech Products Private Limited and Western Fincap Limited during the investigation period…."*

n) *"Noticees No. 1 and 2 along with major net sellers of the scrip of CCL, namely, Tejaswani Tradecom Pvt Ltd, Blossom Dealcom Private Limited, Chaturbhuj Marketing Pvt Ltd, Terminal Vincom Pvt Ltd, Suktara Tradelink Pvt Ltd and Noticee No. 4 as well as the counterparty buyers namely, Noticee No. 3, Western Fincap Limited and Ultra Tech Products Private Limited (amalgamated with Noticee No. 2) created artificial/fictitious volume and gave a false and misleading appearance of trading in the scrip of CCL in order to provide exit at a higher scrip price to the aforesaid major net sellers through non-genuine trades in the illiquid scrip of CCL, thereby allegedly violating the provisions of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d) and 4(1), 4(2)(a) of PFUTP Regulations."*

ALLEGED VIOLATION OF SECTION 12A(a), (b), (c) OF SEBI ACT, READ WITH REGULATIONS 3(a), (b), (c), (d) and 4(1), 4(2)(a) and 4(2)(e) OF PFUTP REGULATIONS BY NOTICEE 5

a) *"SEBI observed that the trades carried out by Noticee No. 5 had contributed Rs.17.60 to net LTP in 27 trades and Rs.19 to positive LTP in 19 positive LTP trades. In all the positive LTP trades of Noticee No.5, the buy order was placed after the sell order. The Noticee had contributed to more than 5% of positive LTP."*

b) *"During investigation, SEBI further observed that the Noticee No. 5 contributed Rs.19 to positive LTP in 19 positive LTP trades i.e. 6.43% of market positive LTP. It was observed that in all the 18 out of 19 positive LTP trades, buy orders of only 1 share were placed by Noticee No. 5. In remaining 1 trade, buy order of only 7 shares were placed by the entity. Further, it was observed that in all 19 instances, Noticee No. 5 repeatedly placed buy orders to match already existing orders (with order rate higher than LTP and negligible quantity in all instances)."*

c) *"…it was observed that Noticee No. 5, through 18 small buy orders of 1 share each contributed Rs.18.55 i.e. 6.28% towards market positive LTP and repeatedly placed orders for 1 share at price higher than LTP by Noticee No. 5."*

d) *"Noticee No. 5 had placed 18 buy orders for miniscule quantity of 1 share each at buy order rate above the last traded price to match existing higher sell order* *rates. Thus, it is alleged that trades of Noticee No. 5 were not genuine and did not serve any economic purpose but were executed only with a manipulative intent to maintain and sustain the scrip price."*

e) *"SEBI observed that the Price of the scrip rose from Rs. 10.10 on 17.08.2011 to Rs.15.70 on 30.12.2011 (December 31, 2011 and January 01, 2012 being trading holiday) i.e. price increased by 55.45%."*

f) *"It was observed that the top 10 LTP contributors among buyers contributed Rs. 34.51 to net LTP and Rs.38.65 to total market positive LTP (25.13% to total market positive LTP). It was observed that Noticee No. 5 contributed to more than 5% towards total market positive LTP. It was observed that trades carried out by Noticee No. 5 contributed Rs.14.71 to net LTP in 59 trades and Rs.16.96 to positive LTP in 40 positive LTP trades. It was observed that contributed Rs.16.96 to positive LTP in 40 positive LTP trades i.e. 11.03% of market positive LTP. It was observed that in all the 40 positive LTP trades, only 1 share was traded. In 5 instances, Noticee No. 5 placed the buy orders before the sell orders. The LTP contributed through such trades was Rs.2.4 i.e. 1.56% of market positive LTP. Further, it was observed that in 35 instances, Noticee No. 5 repeatedly placed buy orders to match already existing orders (with order rate higher than LTP and negligible quantity in all instances). The LTP contributed through such trades was Rs.14.56 i.e. 9.47% of market positive LTP."*

g) *"it is observed that Noticee No. 5 through 40 small orders of 1 share each i.e. through his entire 40 orders contributed Rs.16.96 i.e. 11.03% towards market positive LTP, which is significant. It was observed that the Noticee No. 5 repeatedly placed orders for 1 share at price higher than LTP. By placing 40 buy orders for miniscule quantity of 1 share each at buy order rate above the last traded price either before the sell orders are placed by sellers or to match existing higher sell order rates, the Noticee No. 5 allegedly manipulated the scrip price."*

h) *"…it is observed that through 20 first trades, Noticee No. 5 contributed Rs.7.99 to positive LTP which is 47.11% of his market positive LTP of Rs.16.96 (which contributed 11.03% to market positive LTP). Thus, it is alleged that the entity manipulated the price of the scrip through small orders of 1 share each."*

i) *“Notice No. 5 had repeatedly placed orders for miniscule quantity of 1 share each at buy order rate above the last traded price to match existing higher sell order rates. Thus, in view of the aforesaid analysis of the trading pattern of Noticee No. 5 in the scrip of CCL it is alleged that trades of Noticee No. 5 were not genuine and did not serve any economic purpose but were executed to manipulate the price of the scrip to maintain and sustain a higher scrip price. It is therefore alleged that the trades of Noticee No. 5 were manipulative in nature and allegedly violated the provisions of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d) and 4(1),4(2)(a) and 4(2)(e) of PFUTP Regulations.”*

5. The SCN was despatched to the Noticees 1 to 5 by Speed Post Acknowledgement Due (‘**SPAD**’), and through Digitally Signed Email dated April 05, 2022, and duly served on them. Thereafter, Noticees 1, 2, and 3 submitted their reply to the SCN vide their email to SEBI dated April 21, 2022 enclosing letter dated April 21, 2022 and Noticee 5 submitted its reply vide its email to SEBI dated April 21, 2022 enclosing letter dated April 20, 2022. Vide their reply dated April 21, 2022, Noticees 1, 2, and 3 requested for a copy of the Investigation Report. However, Noticee 4 failed to submit any reply to the SCN. Thereafter, in the interest of natural justice, vide Hearing Notice dated May 30, 2022, Noticees were granted an opportunity of hearing on June 20, 2022. Thereafter, vide email dated June 20, 2022, the aforesaid scheduled hearing was postponed due to administrative exigency. Subsequently, vide emails dated October 06, 2022 and October 12, 2022, the Investigation Report along with its Annexures were provided to Noticees. Vide email and Hearing Notice dated October 06, 2022, Noticees were granted another opportunity of hearing on October 12, 2022. Noticee 5 appeared for the scheduled hearing on October 12, 2022 through its Authorised Representative (**AR**), Adv. Arjun Amanchi. During the course of hearing, the AR reiterated the reply dated April 20, 2022 earlier submitted by Noticee 5. Noticees 1, 2 and 3, vide their email to SEBI dated October 12, 2022, requested for a short adjournment of hearing scheduled on October 12, 2022. The aforesaid request for short adjournment was acceded to and Noticees 1 to 3 were granted an opportunity of hearing on October 14, 2022. The Noticees 1, 2 and 3 appeared for the hearing on October 14, 2022, through their Authorised Representatives (**ARs**), Parinam Law Associates. During the course of hearing, Noticees reiterated the contents of their earlier reply dated April 21, 2022. Further, the AR requested further time to make additional written submissions in the matter. The aforesaid request was acceded to and the Noticees 1, 2 and 3 had been granted time till

October 17, 2022. Subsequently, Noticees 1 to 3 filed their additional submissions in the matter vide their email and letter dated October 18, 2022. However, Noticee 4 did not submit its reply to the SCN and failed to appear for the hearings or seek adjournment on the scheduled dates of hearing. Thus, I note that Noticee 4 has been granted sufficient opportunities of hearing and making submissions in the instant adjudication proceeding and it has failed to avail the said opportunities.

6. I note that Noticee 4 has neither filed any reply nor availed of the opportunity of a personal hearing despite the service of the SCN and Hearing Notices, as stated above. In this regard, it is pertinent to note that the Hon'ble Securities Appellate Tribunal ('**Hon'ble SAT**') in the matter of Classic Credit Ltd. vs. SEBI (Appeal No. 68 of 2003 decided on December 08, 2006) has *inter-alia*, held that, *"…the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them*". It is also pertinent to note that the Hon'ble SAT in the matter of Sanjay Kumar Tayal & Others vs. SEBI (Appeal No. 68 of 2013 decided on February 11, 2014), has also, inter alia, observed that: *"…appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted the charges levelled against them in the show cause notices..."* Thus, placing reliance on the aforesaid SAT judgement, I am of the view that it can be presumed that Noticee 4 has admitted to the allegations made in the SCN and the matter is fit for being proceeded with ex-parte in terms of Rule 4(7) of the Adjudication Rules based on material available on record, in respect of Noticee 4.

7. The relevant extracts of submissions made by Noticees 1-3 in their replies dated April 21, 2022 and additional submissions vide letter dated October 18, 2022 are as follows:

   i. "*At the outset, we deny all such allegations and observations in the Show Cause Notice in so far as the same are contrary to the present submissions or specifically admitted herein. Nothing contained in the Show Cause Notice shall be deemed to be admitted by me for the lack of traverse*".
   ii. "*We respectfully submit that there is no evidence or proof to demonstrate that our trades were fraudulent*."
   iii. "*The said trades had occurred between June 21, 2011 to December 30, 2011. However, the Show Cause Notice was addressed on April 4, 2022. There is a 11 (Eleven) year delay in the issuance of the Show Cause Notice requiring the same to be set aside.*"

iv. *“Without prejudice to the above, the sina qua non of alleging manipulation is missing in the present case. There is nothing to indicate or demonstrate any collusion or collaboration between the alleged Group 1 entities and alleged Group 2 entities.”*

v. “There is no nexus between the parties, and SEBI has relied upon inaccurate information, leading to an erroneous nexus being established.”

vi. “It is stated that SEBI has alleged nexus between Noticee No. l and Noticee No.3 solely based on common phone numbers.”

vii. “It needs to be clarified that Noticee No. 1 was approached by Mr. Ajay Prathab Singh, as he wished to open a demat account. Noticee No. 1 suggested "Way to Wealth", a stock broking agency for this purpose. Unfortunately, Noticee No. l's phone number was mistakenly used for the purpose of opening a demat account. Moreover, it is further submitted that Noticee No. I was unaware of the trades undertaken on behalf of Noticee No. 3 Mr. Ajay Prathab Singh - a fact that is corroborated by the fact that apart from the common number, there is no other material or evidence to indicate any connection or connivance between the parties.”

viii. “All our transactions have been carried out on the floor of the stock exchange. Undisputedly, in case of screen-based trading, the automated system matches orders on a price-time priority basis and hence it is not possible for anybody to have access over identity of counter party. Since counterparty identity is not displayed, one can never have any choice with whom it wants to deal or not deal.”

11. “Be the case as it may, we state and assert that at no point of time were we aware of counterparty with which our transactions were matched since the transaction was executed through the normal screen-based trading system of stock exchange where matching is done by automated on-line module.”

ix. “*The buying and selling of the said units at a particular time with the said counterparty constitutes one instance of trade. This signifies that there is exists no illegal pattern to suggest fraudulent activity. In the case of M/s PKC Commodities Ltd suggests that there are many factors that need to be taken into consideration when an allegation such as creation of artificial volume is mentioned. One of the factors suggested in this case was regarding the pattern. In that case, there was one trade of a certain units between the Noticee and the counterparty. The Adjudicating Authority provided a benefit of doubt to the Noticee for several reasons, and one happens to be that there was "no other trade between them is apparent. No other instance of transfer of shares among them is apparent". It can* *be said that if this rationale is extended to the Tent case and circumstance, and there being only one instance of trade and no illegal pattern to suggest fraud, the allegations against the Noticee can negated.*"

x. "*We submit that the trade in the stock market was in ordinary course consequent to my bona fide trading in cash segment. We submit that as it was an illiquid stock, any trade and transaction would be significant to cause a change in the volume*."

xi. *"It is submitted that the Show Cause Notice has cherry picked certain transactions to come to the incorrect conclusion of manipulation of the market and artificial trading. The Show Cause Notice overlooks that the Buyer Grouphad purchased the shares of CCL with an intent to consolidate the Promoter and Promoter Group shareholding, and continue to hold the said shares even today, i.e., 11 years after the impugned purchases occurred.*"

xii. "*The trades, therefore, constituted genuine trading and there was no creation of "false or misleading appearance of trading" in the scrip of CCL. The charge levied on the Noticees is pertaining to manipulation, which can occur either through manipulation of price or creation of artificial volume. However, it is pertinent to note that rise or decrease in the volume of a scrip is a natural consequence of trading and should not lead to an instance where an entity has been accused of manipulation even in the case of genuine trading*."

xiii. "*The Noticees form part of the Promoter and Promoter Group of CCL. It is imperative to note that the Promoter and Promoter group has attempted to consolidate their shareholding in CCL since 2011. Further, the impugned transactions in 2011 form part of their plan to consolidate their shareholding in CCL*."

xiv. "In fact, in November 2014, the share price of CCL reached over Rs. 3,000/- (Rupees Three Thousand Only) per share, nonetheless, Noticee Nos. 2 and 3, refrained from selling the shares or reducing their shareholding in CCL. This substantiates the fact that the Noticee Nos. 2 and 3 have attempted to acquire and consolidate the shareholding in CCL. The purchase of shares made during the Investigation Period form part of this effort of consolidation of shareholding."

xv. "It is further stated that the practice of the promoters of consolidating their shareholding in CCL is ongoing, as they continue to hold shares in CCL. Since March 2010 to June 2022, the Promoter & Promoter Group shareholding (which includes the shareholding of the Noticees) has increased from 13.88% to 56.55%. A copy of the shareholding pattern of the Promoter and Promoter Group, taken *from the website of the BSE Limited, is annexed hereto and marked as* ***__Annexure 2__***"

xvi. *"The Investigation Report clearly stipulates that there has been no circular or reversal trading, which is also apparent from the fact that the Noticees have not made corresponding sales and continue to hold the shares of CCL even today. Further, there is only one alleged instance of alleged synchronized trading, which has also not been substantiated, in view of no connection or relation between the Noticees and the counterparty to the respective trade"*

8. The relevant submissions made by Noticees 5 in its reply dated April 20, 2022 are as follows:

i. "*I, Sayuj Pallithazath Arumugham, Age: 46 Years, Occupation: Business, resident of Anugrah, Post: TAPP, Opp. BARC Gate, Chitralaya, Boisar(West), Dist.Thane - 401 504 is into the business of Printing Press having no active interest in Shares & Securities trading*."

ii. "*That I have opened my Demat Account with SEBI Reg Broker Nirmal Bang Securities Pvt Ltd having client ID No.10750252. A copy of the Demat Account Opening Form is attached hereto as Annexure -A under List of Supporting documentary evidence.*"

iii. "*That while opening Demat Account I have authorized my Broker and Sub-broker to transact in securities on behalf of me, which is also reflected through my Authorization Letter in the attached Demat Account form*."

iv. "*That by looking in to the transaction statement of my Demat Account I came to know that some shares of CCL International Ltd has been transacted with or without my information, knowingly and unknowingly through my Demat Account by my Sub-Broker during the given period for the shares of CCL International Ltd and other scrips without any intent and purpose of carrying out any fraudulent and unfair trade practice relating to the Securities & Market Regulations 2003."*

v. "That if I had opened my Demat Account for the purpose of manipulative trade activities, I could have traded into many other Securities and Scripts along with the subject scrip to make profits or to benefit any other persons connected to the entities or scrip traded by me or my Sub-Brokers through my Demat Account*."*

vi. "That I have negligibly traded into the Securities market during the given period without knowledge and information that CCL International Ltd scrip buying and selling at my given level be considered as fraudulent and unfair trade practice to the Securities Market Regulations 2003."

vii. "*That I am in no way connected having any direct or indirect relationship with CCL International Ltd, its Promoters, Directors, Assignees and Shareholders for the purpose of this inquiry and adjudication.*"

viii. "That I am no way connected with all other Noticees numbered from 1 to 4 directly or indirectly and I have no information of such persons or entities who are part of this Show Cause Notice sent by the Regulatory Office."

ix. "That your claim that I am among Top 10 LTP Contributors as Buyers for price manipulation during the period June 21, 2011 to August 16, 2011 and I am surprised to know that I have been picked as among Top 10 LTP Contributors when my sum of quantity traded in the scrip is 0.00105% of total quantity of shares, i.e., 32 Qty V/s 30402 no of Shares. Therefore, the rationale of considering me as Top 10 LTP Contributors is questionable and against my understanding to know my fault, benefit availed by me and benefit passed on to others considering the regulations and its applicability against me."

x. "That for the purpose of your inquiry for the period between August 17, 2011 to January 01,2012, your office again considered me as among Top 10 LTP Contributors as Buyers for price manipulator for the period between August 17, 2011 to January 01,2012 for the traded quantity of 59 shares as against the total quantity of 69136 which is not even 0.00085% of traded quantity, which is again against my understanding to know my fault, benefit availed by me and benefit passed on to others considering the PFUTP regulations and its applicability against me."

xi. "That I have no knowledge or direct or indirect information of all other names of the parties who are considered as Top 10 LTP Contributors and I request the Regulatory Office to Show Cause all such persons to reach out the beneficiaries for the purpose of your inquiry and adjudication."

xii. "That I have not received any benefit directly or indirectly in the form of any monetary gain and to support the same, I am attaching herewith my Bank Statement for the given period through Annexure C under List of Supporting documents for your reference."

xiii. "Thus, your Notice alleging my trade as manipulative and in violation of provisions of Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d) and 4(1), 4(2)(a) and 4(2) (e) of PFUTP Regulations be withdrawn as I have no further explanation to be given."

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

9. I have carefully perused the charges levelled against the Noticees, replies filed by Noticees 1 to 3 and Noticee 5, and other documents/evidence available on record. The issues that arise for consideration in the present case are:

   I) Whether Noticees 1-4 have violated Section 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) of PFUTP Regulations and whether Noticee 5 has violated Section 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations?

   II) Do the violations, if any, attract a monetary penalty under Section 15HA of SEBI Act?

   III) If the answer to the aforesaid issues is in the affirmative, then what should be the quantum of monetary penalty?

10. The relevant applicable provisions of the SEBI Act and PFUTP Regulations, are reproduced as under:

Relevant provisions of SEBI Act:

CHAPTER VA
PROHIBITION OF MANIPULATIVE AND DECEPTIVE DEVICES, INSIDER TRADING AND SUBSTANTIAL ACQUISITION OF SECURITIES OR CONTROL

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A*. No person shall directly or indirectly—*

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

Relevant provisions of PFUTP Regulation:

***3**. Prohibition of certain dealings in securities No person shall directly or indirectly—*

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—

(a) indulging in an act which creates false or misleading appearance of trading in the securities market;

…

(e) any act or omission amounting to manipulation of the price of a security;

Issue No. I - Whether Noticees 1-4 have violated Section 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) of PFUTP Regulations and whether Noticee 5 has violated Section 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations?

11. I note that the Noticees 1 to 3 have made a preliminary objection that there has been an inordinate delay in the issuance of SCN, which has prejudiced them and, on this ground, the SCN ought to be dropped. In support of their contention, the aforesaid Noticees have relied upon the judgement of Hon'ble SAT in the matter of Ashok Shivlal Rupani vs. SEBI. In this regard, I note that the investigation in the matter pertained to the period from June 21, 2011 to December 30, 2011 and was initiated on March 22, 2018. The investigation involved analysis of transactions in the scrip of the Company covering complex and detailed trade Analysis, LTP ('**Last Traded Price**') analysis, Broker and Client Concentration Analysis, and discovery and establishment of connection in respect of

multiple suspected entities. The investigation was completed on March 08, 2022 and adjudication proceedings in the matter were approved on the same date. Subsequently, vide Order dated March 15, 2022, the undersigned was appointed Adjudicating Officer for commencing adjudication proceeding against the Noticees. Thereafter, the SCN in the matter was issued on April 04, 2022. Thus, considering the above chronology, I find that SCN in the present proceeding has been issued within a reasonable period of time and there has been no delay in issuance of SCN.

12. After issuance of SCN, adequate opportunities were granted to Noticees to represent their cases and replies were also received from Noticees with regard to the allegations against them in the SCN. Further, looking at the material available at the disposal of the Noticees, I note that Noticees were provided with all the relevant material, to enable them to form a definite defense to the charges in the SCN, which the Noticees 1-3 and Noticee 5 have provided through their respective replies. Hence, I note that the said Noticees have failed to show that, how delay, if any, in the instant matter has prejudiced their interest. Therefore, I do not find any merit in the contention raised by Noticees that there has been inordinate delay in issuance of SCN due to which prejudice has been caused to them. In this regard I find it pertinent to refer to the observations of the Hon'ble Supreme Court in the case of Adjudicating Officer, SEBI vs. Bhavesh Pabari (decided on February 28, 2019) in which it was held that-"*There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time would depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third party rights had been created etc*." In this regard, I also place reliance on the judgement of Hon'ble Securities Appellate Tribunal (SAT) in the matter of Girrajkumar Gupta HUF (Appeal No. 424/2019; Decided on August 11, 2021), wherein Hon'ble SAT held that, "*We find that the investigation started in the year 2015 which involved examining several entities in the order logs, trade logs, off market transactions and gathering evidence from the Stock Exchange. The show cause notice was issued in the October, 2017 and accordingly we find that there is no inordinate delay in the initiation of the proceedings. The contention raised is, thus, erroneous and cannot be accepted.*"

13. Thus, in view of aforesaid judgments, I note that instant adjudication proceeding has been initiated within a reasonable period of time and no prejudice has been caused to the Noticees. I also note that the facts and circumstances of the present proceedings are not similar to those in the judgments quoted by aforesaid Noticees because there has been

no delay in the initiation of the present proceeding as already stated above. Therefore, I do not find any merit in the contention raised by Noticees 1-3 and Noticee 5 that there has been inordinate delay in issuance of SCN due to which prejudice has been caused to them.

14. I now proceed to deal with the merits of the case in respect of the alleged violations by Noticees.

15. It has been alleged in the SCN that during the IP, Noticees 1 to 4 created a misleading appearance of trading in the scrip of CCL through repeated buy and sell trades amongst connected entities, thereby manipulating the volume of the scrip upwards at BSE and that Noticee 5 repeatedly placed small trades and manipulated the price of the scrip upwards at BSE and created a misleading appearance of trade. In this regard, from the BSE Price-Volume data pertaining to the scrip of CCL, I observe the following movement in the Price and Volume of the said scrip at BSE before, during and after the IP:

TABLE- A

Period	Date	Price/ Date & Vol	Opening Price/ volume on 1st trade day of the period	Closing price/Vol on last trade day of the period	Low price/ Vol during the period	High price/ Vol during the period	Avg. no. of shares traded daily during the period	Total traded quantity
Pre-IP	**20/04/2011 to 20/06/2011**	**Price**	Rs.39.60	Rs.30.75	Rs.30	Rs.41.55	1009.26	43398
		Date	20.04.2011	20.06.2011	20.06.2011	04.05.2011		
		Vol	40	889	889	1147		
Patch 1	**21/06/2011 to 16/08/2011**	**Price**	Rs.27.15	Rs.50.7	Rs.27.15	Rs.57.55	4269.28	170771
		Date	21.06.2011	16.08.2011	21.06.2011	11.08.2011		
		Vol	952	1866	952	13129		
Patch 2	**17/08/2011 to 30/12/2011***	**Price**	Rs.10.1	Rs.15.7	Rs.10.1	Rs.19.75	19897.6	1810681
		Date	17.08.2011	30.12.2011	17.08.2011	19.12.2011		
		Vol	2371	2260	2371	4391		
Post IP	**02/01/2012 to 02/04/2012**	**Price**	Rs.16.05	Rs.45.75	Rs.14.65	Rs.47	130845.34	8504947
		Date	02.01.2012	02.04.2012	05.01.2012	24.02.2012		
		Vol	2025	19162	1486725	180870		

*****31/12/2011 and 01/01/2012 were Saturday & Sunday i.e. trading holidays

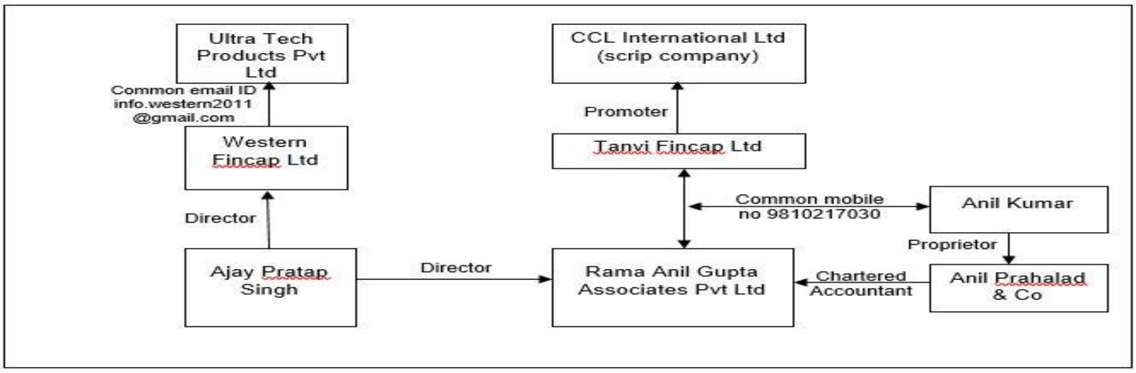
16. I note that during the four months before the investigation period i.e. from April 20, 2011 to June 20, 2011 ("**Pre-IP period**"), the traded volume at BSE in the scrip was almost negligible i.e. only 40 shares which increased to 1,147 shares on May 04, 2011 and thereafter reached a trading volume of 889 shares on June 20, 2011. Thus, I note that the extremely low trading volume during the aforesaid period in the scrip of CCL showed that it was an illiquid scrip. In this regard, I also note that in their reply, Noticees 1-3 have accepted that the scrip of CCL was illiquid.

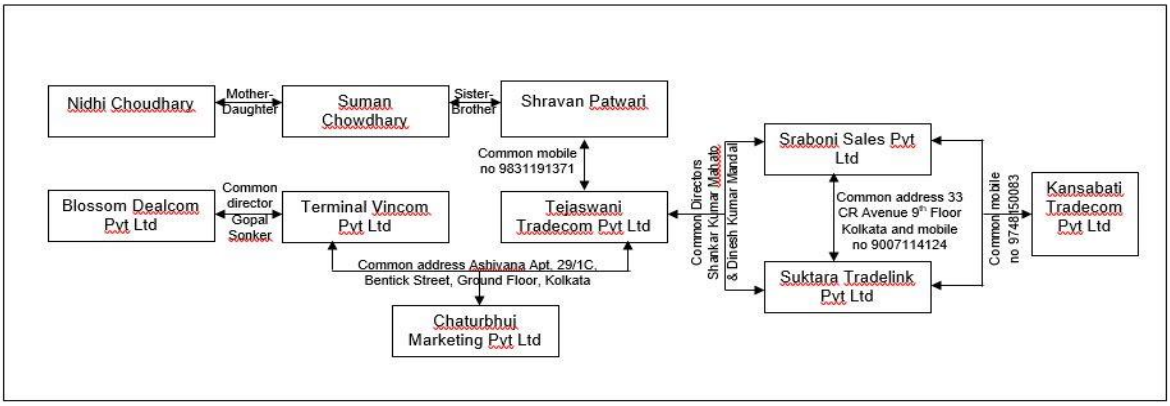
17. I have perused the Unique Client Code ('**UCC'**) details from BSE, Know Your Client ('**KYC**') records from brokers and Ministry of Corporate Affairs ('**MCA**') database in respect of the Noticees and several other entities ("**other trading entities**") which had traded in the scrip of CCL during the IP. From the aforesaid records, I observe the following connection amongst the Noticees 1 to 4 and between Noticees and other trading entities:-

Noticees and other trading entities			
Sl.No	**Name of the entity**	**PAN**	**Basis of Connection**
1	Rama Anil Gupta Associates Pvt. Ltd. (erstwhile Fort Fertichem Sales Private Limited)	AABCF3000H	During investigation, it was observed that the name of this entity appeared as Ajay Pratap Singh in Trade Log. It is observed that Ajay Pratap Singh was director of Rama Anil Gupta Associates Pvt Ltd from 03.08.2011 to 03.01.2015. Vide email dated 14.02.2022, Trading Member Way2Wealth Brokers Pvt Ltd has confirmed that PAN belongs to Noticee 3 and name of entity was inadvertently uploaded as Ajay Pratap Singh. From KYC of Rama Anil Gupta Associates Pvt Ltd, Noticee 2 (Promoter of CCL) and Anil Kumar (Promoter and Director of CCL and Noticee 2), it is observed that the three entities share common mobile number 9810217030. Customer Acquisition Form (CAF) obtained from Telecom Service Provider (TSP) shows the mobile number belongs to Anil Kumar. Further, it is observed from KYC of Rama Anil Gupta Associates Pvt Ltd that Anil Kumar was the proprietor of Anil Prahalad & Co. which was the CA for Noticee 3 and his firm had provided networth certificate dated 17.08.2011 to Noticee 3.
2	Anil Kumar	ADQPK7840M	From KYC of Rama Anil Gupta Associates Pvt Ltd, Noticee 2 (Promoter of CCL) and Anil Kumar (Promoter and Director of CCL and Noticee 2), it is observed that the three entities share common mobile number 9810217030. CAF obtained from TSP shows the mobile number belongs to Anil Kumar. Further, it is observed from KYC of Rama Anil Gupta Associates Pvt Ltd that Anil Kumar was the proprietor of Anil Prahalad & Co. which was the CA for Noticee 3 and his firm had provided networth certificate dated 17.08.2011 to Noticee 3
3	Western Fincap Limited	AABCW1401H	Ajay Pratap Singh was director in Western Fincap Limited from 31.08.2011 till amalgamation of Western Fincap Limited with Noticee 2 (promoter of CCL) on May 21, 2014 vide Order passed by Hon'ble Delhi High Court.. Western Fincap Limited and Ultra Tech Products Private Limited share common email ID info.western2011@gmail.com.
4	Ultra Tech Products Private Limited	AABCU3467H	Western Fincap Limited and Ultra Tech Products Private Limited share common email ID info.western2011@gmail.com. Ultra Tech Products Private Limited and Western Fincap Limited were amalgamated with promoter of CCL, Noticee 2, on May 21, 2014, vide Order passed by Hon'ble Delhi High Court.
4	Tanvi Fincap Private Limited	AAACT6871B	Noticee 2 is the promoter of CCL. Noticee 2 was director of Western Fincap Limited and both Ultra Tech Products Private Limited and Western Fincap Limited were amalgamated with promoter of CCL, Noticee 2, on May 21, 2014, vide Order passed by Hon'ble Delhi High Court.
Other trading entities			
Sl.No	**Name of the entity**	**PAN**	**Basis of Connection**
1	Suman Chowdhary	ACSPC7707L	Suman Chowdhary is the mother of Entity at Sl.No.2. She is also sister of entity at Sl. No 3.
2	Nidhi Choudhary	ANJPC1360K	Nidhi Choudhary is the daughter of Entity at Sl.No.1.

3	Shravan Patwari	AFYPP9913Q	Shravan Patwari shares common mobile number 9831191371 with Entity at Sl.No.4. Entity is brother and uncle of Entities at Sl. No 1 & 2 respectively.
4	Tejaswani Tradecom Private Limited	AADCT3699L	Tejaswani shares common mobile number 9831191371 with Entity at Sl.No.3. Tejaswani shares common address “Ashiyana Apt, 29/1C, Bentick Street, Ground Floor, Kolkata-700069” with Entities at Sl. No 5 & 6. Further, Tejaswani shares common directors Shankar Kumar Mahato and Dinesh Kumar Mandal with Entities at Sl.No 7 & 8.
5	Terminal Vincom Private Limited	AADCT2680H	Entities at Sl.No. 4, 5 & 6 share common address at “Ashiyana Apartment, 29/1C, Bentick Street, Ground Floor, Kolkata-700069”. Entities at Sl.No 5 & 10 have common director Gopal Sonker.
6	Chaturbhuj Marketing Private Limited	AAECC0401A	Entities at Sl.No. 4, 5 & 6 share common address at “Ashiyana Apartment, 29/1C, Bentick Street, Ground Floor, Kolkata-700069”.
7	Sraboni Sales Private Ltd	AAMCS5368J	Entities 4, 7 & 8 are connected by common directors Shankar Kumar Mahato and Dinesh Kumar Mandal. Entities at Sl.No.7 & 8 are connected by common address 33 C R Avenue 9th Floor Kolkata 700012 and mobile number 9007114124. Entities at Sl.No.7, 8 & 9 are connected by common mobile number 9748150083.
8	Suktara Tradelink Pvt Ltd	AAMCS5366G	
9	Kansabati Tradecom Pvt. Ltd.	AAECK0758J	Entities at Sl.No. 7, 8 & 9 are connected by common mobile number 9748150083.
10	Blossom Dealcom Private Limited	AADCB9903B	Entities at Sl.No 5 & 10 have common director Gopal Sonker.

18. In this connection, charts depicting the relationship among the suspected entities, including Noticees, within the respective groups and/or with the promoters of CCL are given below:





19. I note that in their submissions, Noticees 1-3 and Noticee 5 have denied that they are connected entities. Noticee 4 has not made any submissions in respect of its alleged connection to Noticees 1-3. I further note that Noticees 1-3 have contended in their common reply that SEBI has failed to establish any connection or collusion between Noticees and the other trading entities regarding trading in the scrip of CCL. In support of their contention they have placed reliance upon the judgement of Hon'ble SAT in Jagruti Securities Pvt. Limited vs. SEBI (Appeal No. 102 of 2006; decided on October 27, 2008) and SPJ Stock Brokers Private Limited v. SEBI (2013 SCC online SAT 67). Noticee 1-3 have contended that no nexus has been established between them and the other trading entities because connection has been alleged in the SCN only on the basis of phone numbers. Noticee 1-3 have also contended that Noticee 1 was not aware of the trades executed on behalf of Noticee 3. In this regard, as noted above, an analysis of UCC details from BSE, KYC records from brokers, and MCA database in respect of the Noticees and the other trading entities, establishes that Noticees 1-3 were connected to each other and with the other trading entities in various layers on account of common directorships, family connection, common email ID and address as well as business ties. At this juncture, I find it pertinent to refer to the judgement of the Hon'ble SAT in the matter of Sanjay Kumar Poddar HUF vs. SEBI (Appeal No. 326 of 2020; Decided on August 24, 2021), in which it was held that- "…*it would be necessary to find out what is meant by the term 'connection'. This term is not a term of art. Respondent SEBI often use this term in order to explain a link between entities. The link can be anything like personal relationship, off-market transaction, financial relationship or even a location proximity etc. In view of the fact that on the stock exchanges platform numerous faceless transactions in large numbers within a fraction of a second take place between the parties across the globe unknown to each others, any link between a set of entities trading in similar manner or with each other or the company etc. if found, cannot be easily brushed aside as a mere coincidence. The issue therefore will be whether the link would be a factor indicating that there is a high probability of the alleged group working in tandem to achieve a certain goal i.e. to increase the price of the shares…*" Hence, based on the aforesaid records and placing reliance on the aforesaid judgement of Hon'ble SAT in the matter of Sanjay Kumar Poddar HUF vs. SEBI (*Supra*), I hold that the Noticees 1 to 4 are connected entities and accordingly, I do not find any merit in the contention of Noticees 1 to 3 in this regard. W.r.t. Noticee 5, I observe that it is not SEBI's case that Noticee 5 is connected to Noticees 1 to 4 as the allegation against Noticee 5 pertains to price manipulation in the scrip of CCL by means of his trades. Noticees 1-3 have further contended that Noticee 1 was approached by Mr. Ajay Pratap Singh, as he wished to open a demat account for Noticee 1 and the phone

number of Noticee 1 was mistakenly used for the purpose of opening the demat account from which trades were executed on behalf of Noticee 3. I have also considered the aforesaid contention of Noticees 1-3 and observe that Noticees 1-3 have not produced any evidence to corroborate their aforesaid contentions. I also observe that had the phone number of Noticee 1 been mistakenly used as claimed by the said Noticees, Noticee 1 would have taken steps to ensure that the concerned broker rectified its records. However, Noticee 1 has not produced any evidence of any communication with the concerned broker in this regard. It may not be out of place to presume that Noticee 1 would have received information through phone calls or SMS in relation to the trades executed by Noticee 3 due to the presence of his phone number in the latter's KYC. I also note that it cannot be mere coincidence or mistake that Noticee 3, Noticee 2 and Noticee 1 shared a common mobile number during the IP. Therefore, I am of the view that Noticee 1 was aware of the trades executed by Noticee 3 and thus, the aforesaid contentions are devoid of merit. From the aforesaid observations, I find that Noticees 1 to 4 were connected entities.

20. From the BSE price volume data, BSE order log and trade log, I note that during the IP, the price of scrip of the company in BSE opened at Rs.27.15 on June 21, 2011, reached a high of Rs.57.55 on August 11, 2011 i.e. a rise of 110% and fell to Rs.15.7 on December 30, 2011. I have also perused the details of the trades at BSE executed by Noticees 2 and 3 as well as other trading entities, during the IP in the scrip of CCL which are summarized as under:

TABLE - B

Client Name	**Gross Buy**	**Gross Buy %**	**Gross Sell**	**Gross Sell %**
Rama Anil Gupta Associates Private Ltd. (formerly known as Fort Fertichem Sales Private Limited)	597495	30.15%	22000	1.11%
Western Fincap Limited**	177600	8.96%	0	0.00%
Ultra Tech Products Private Limited**	79500	4.01%	0	0.00%
Suman Chowdhary	24491	1.24%	38998	1.97%
Sraboni Sales Private Ltd	23682	1.20%	23682	1.20%
Nidhi Choudhary	22405	1.13%	22405	1.13%
Suktara Tradelink Pvt Ltd***	21061	1.06%	87031	4.39%
Shravan Patwari	13440	0.68%	13440	0.68%
Blossom Dealcom Private Limited***	0	0.00%	168110	8.48%
Terminal Vincom Private Limited***	0	0.00%	99500	5.02%
Tejaswani Tradecom Private Limited***	0	0.00%	307900	15.54%
Chaturbhuj Marketing Private Limited***	0	0.00%	102600	5.18%
Kansabati Tradecom Private Limited***	0	0.00%	50000	2.52%
Shreya Vyapaar Private Limited	70882	3.58%	48537	2.45%
Shreya Merchants Private Limited	2571	0.13%	0	0.00%
Total	**1033127**	**52.14%**	**984203**	**49.67%**
Market total	**1981452**	**100.00%**	**1981452**	**100.00%**

*****Amalgamated with Noticee 2 vide Order of Hon'ble Delhi High Court dated May 21, 2014***
******Entities struck off by Registrar of Companies as per Ministry of Corporate Affairs website***

21. From the aforesaid table, I note that Noticees 2 and 3 as well as other trading entities have purchased 1033127 shares (52.14% of total market volume) and sold 984203 shares (49.67% of total market volume) during investigation period.

22. I observe that during the IP, there were certain entities including Noticees 2, 3 and 4, which constituted top 10 buy and sell clients based on the trades executed by them in the scrip at BSE. The trades of top 10 buy and sell clients at BSE during the investigation are summarized as under:

Table- C

Buy Client Pan	Buy Client Name	Gross Buy	% of Gross Buy to Mkt Vol	Sell Client PAN	Sell Client Name	Gross Sell	% of Gross Sell to Mkt. Vol.
AABCF3000H	Rama Anil Gupta Associates Private Ltd. (formerly known as Fort Fertichem Sales Private Limited)*#	597495	30.15%	AADCT3699L	Tejaswani Tradecom Private Limited*	307900	15.54%
AABCW1401H	Western Fincap Limited*	177600	8.96%	AADCB9903B	Blossom Dealcom Private Limited*	168110	8.48%
AABCU3467H	Ultra Tech Products Private Limited*	79500	4.01%	AAECC0401A	Chaturbhuj Marketing Private Limited*	102600	5.18%
AEAPK1314B	Arun Kumar	75875	3.83%	AADCT2680H	Terminal Vincom Private Limited*	99500	5.02%
AAKCS1813N	Shreya Vyapaar Private Limited	70882	3.58%	AAMCS5366G	Suktara Tradelink Pvt Ltd*	87031	4.39%
AACCV2637B	Vandana Cloth Centre Pvt Ltd	59649	3.01%	AAECK0758J	Noticee 4*	50000	2.52%
ADZPB7621C	Shiv Shanker Banka	43300	2.19%	AAKCS1813N	Shreya Vyapaar Private Limited*	48537	2.45%
AACHS6218Q	Sanjay Kumar Jaisansaria	38021	1.92%	ACSPC7707L	Suman Chowdhary	38998	1.97%
AAUPF3148A	Annu Fogla	33277	1.68%	ACHPS6544C	Anand Swaroop	30000	1.51%
AAKCS8750Q	Shree Ji Impex Private Limited	31209	1.58%	AAHPH4864J	Singh Hada Mahipat	27560	1.39%
Total		**1206808**	**60.91%**	**Total**		**960236**	**48.46%**
Market Total		**1981452**	**100.00%**	**Market Total**		**1981452**	**100.00%**

Entities amalgamated with Noticee 2 vide Order of Hon'ble Delhi High Court dated May 21, 2014; *#Vide email dated 14.02.2022 sent to SEBI, Trading Member Way2Wealth Brokers Pvt Ltd confirmed that PAN AABCF3000H belongs to Rama Anil Gupta Associates Pvt Ltd

23. I observe from the table above that Noticee 3 had the highest contribution of 30.15% in gross buy side and the entity, Tejaswani Tradecom Private Limited, had the highest contribution of 15.54% in gross sell side on BSE during investigation period.

24. I observe that during the IP, there were certain entities, including Noticee 4, which constituted major net sellers as calculated on the basis of the trades executed by them in the scrip at BSE during the period from August 17, 2011 to December 30, 2011 ('**post-split period/Patch 2 of the IP**'). The trades of the said net sellers are summarized as under:

Table- D

PAN	Client Name	Gross Buy	Gross Sell Vol	Net Sell Qty	%Gross Buy to Mkt. Volume	%Gross Sell to Mkt. Volume	% Net Sell Vol to total mkt vol
AADCT3699L	Tejaswani Tradecom Private Limited	-	307900	307900	0.00%	15.54%	15.54%
AADCB9903B	Blossom Dealcom Private Limited	-	168110	168110	0.00%	8.48%	8.48%
AAECC0401A	Chaturbhuj Marketing Private Limited	-	102600	102600	0.00%	5.18%	5.18%
AADCT2680H	Terminal Vincom Private Limited	-	99500	99500	0.00%	5.02%	5.02%
AAMCS5366G	Suktara Tradelink Pvt Ltd	21061	87031	65970	1.06%	4.39%	3.33%
AAECK0758J	Kansabati Tradecom Pvt Ltd	-	50000	50000	0.00%	2.52%	2.52%
Total		**21061**	**815141**	**794080**	**1.06%**	**41.13%**	**40.07%**

25. I observe from the table above that the 6 entities, namely, Tejaswani Tradecom Pvt Ltd, Blossom Dealcom Private Limited, Chaturbhuj Marketing Pvt Ltd, Terminal Vincom Pvt Ltd, Suktara Tradelink Pvt Ltd and Noticee 4 offloaded their shares during the post-split period/Patch 2 of the IP. The respective sell quantity of the said major net sellers during Patch 2 of the IP and corresponding buy quantity from major net buyers are summarized as under:

Table- E

Sr. No.	Sellers*	Total sell quantity by Sellers (A)	Buyers*			Total Shares bought by entities (B)=(1)+(2)+(3)	% of total Buy Qty to Sell Qty %(B)/(A)
			Rama Anil Gupta Associates Private Limited (1)	Western Fincap Limited (2)	Ultra Tech Products Private Limited (3)		
1	Tejaswani Tradecom Private Limited	3,07,900	2,48,879	-	-	2,48,879	**80.83%**
2	Blossom Dealcom Private Limited	1,68,110	47,000	95,748	24,850	1,67,598	**99.70%**
3	Chaturbhuj Marketing Private Limited	1,02,600	52,600	41,350	8,650	1,02,600	**100%**

4	Terminal Vincom Private Limited	99,500	99,500	-	-	99,500	**100%**
5	Suktara Tradelink Pvt Ltd	65,970	65,445	-	-	65,445	**99.20%**
6	Kansabati Tradecom Pvt Ltd	50,000	11,000	-	38,999	49,999	**100%**
	Buy quantity from top 10 sell clients		**5,24,424**	**1,37,098**	**72,499**		
	Total Buy Quantity during Investigation Period		**5,97,495**	**1,77,600**	**79,500**		
	% buy from top 10 selling clients vis-a-vis total buy during Investigation Period		**87.77%**	**77.19%**	**91.19%**		

Major Net sellers & Buyers have traded in Patch 2 (Post-Split Period)

26. I observe that the entities, viz., Noticee 3, Western Fincap Limited, and Ultra Tech Products Private Limited were among the top 10 buy clients in the scrip in Patch 2. The trades of aforementioned major net buyers are summarized as under:

Table - F

Sl.No	Name of the Buy Client	PAN	Total Buy Qty of Major Counterparty Buy Client during IP	Qty Bought from net sellers	% bought from net sellers
1.	Rama Anil Gupta Associates Pvt. Ltd.	AABCF3000H	597495	524424	87.77%
2	Ultra Tech Products Pvt Ltd	AABCU3467H	79500	72499	91.19%
3	Western Fincap Ltd	AABCW1401H	177600	137098	77.19%
	Total		**854595**	**734021**	**85.89%**

27. I observe from the table above that out of total quantity of 8,15,141 shares sold by major net sellers, 7,34,021 shares have been sold to Noticee 3, Western Fincap Limited, and Ultra Tech Products Private Limited.

28. I observe that in 75 out of total 91 trading days during Patch 2 of the IP, wherein the aforesaid buyers and major net sellers have traded, the average daily traded volume was only 11929 shares. However, in remaining 16 trading days wherein the aforesaid buyers and major net sellers have traded, the average daily traded volume during those days was 57251 shares. In this regard, the trades wherein sell and buy orders were placed within 5 minutes of each other are tabulated as below:

Table-9a: Break-up of 117 trades between Tejaswani Tradecom Private Limited and Noticee 3

Sell Client	Buy Client	Total No of Trades of Sell Client	No of trades of Sell Client with Buy Client	No of trades of Sell Client with Buy Client wherein buy and sell	Total Volume of Sell Client (A)	Total Volume of Buy Client (B)	Total Vol of trades between Sell and Buy Client (C)	Vol of Trades wherein buy and sell orders were placed within 5 minutes	% (D)/(A)	% (D)/(B)

				orders were placed within 5 minutes of each other				of each other (D)		
TEJASWANI TRADECOM PRIVATE LIMITED	RAMA ANIL GUPTA ASSOCIATES PRIVATE LIMITED	158	134	117	3,07,900	5,97,495	2,48,879	2,33,379	75.80 %	39.06 %

Table-9b: Break-up of 117 trades between Tejaswani Tradecom Private Limited and Noticee 3

Details of trades wherein buy and sell order were placed	No of Trades	Vol of Trades between buy & sell client (I)	% of (I) to Mkt Vol (Mkt Vol-1981452 shares)	% of (I) to Sell Client's Total Vol (Sell Vol-307900)	% of (I) to Buy Client's Total Vol (Buy Vol-597495)
Within 1 minute of each other	69	1,49,679	7.55%	48.61%	25.05%
Within 2 minutes of each other	21	32,000	1.62%	10.40%	5.35%
Within 3 minutes of each other	18	29,200	1.47%	9.48%	4.89%
Within 4 minutes of each other	4	7,262	0.37%	2.36%	1.22%
Within 5 minutes of each other	5	15,238	0.77%	4.95%	2.55%
Total (within 5 minutes)	**117**	**2,33,379**	**11.78%**	**75.80%**	**39.06%**
Total (5 and more than 5 minutes)	**17**	**15,500**	**0.80%**	**5.03%**	**2.60%**
Grand Total	**134**	**2,48,879**	**12.58%**	**80.83%**	**41.66%**

Table-10a: Break-up of 80 trades between Blossom Dealcom Private Limited and top 3 buyers namely, Noticee 3, Western Fincap Limited and Ultra Tech Products Private Limited

Sell Client	Buy Client	Total No of Trades of Sell Client	No of trades of Sell Client with Buy Client	No of Trades of Sell Client with Buy Client wherein buy and sell orders were placed within 5 minutes of each other	Total Volume of Sell Client (A)	Total Volume of Buy Client (B)	Total Vol of trades between Sell and Buy Client (C)	Vol of Trades wherein buy and sell orders were placed within 5 minutes of each other (D)	% (D)/(A)	% (D)/(B)
BLOSSOM DEALCOM PRIVATE LIMITED	RAMA ANIL GUPTA ASSOCIATES PRIVATE LIMITED	82	31	30	1,68,110	5,97,495	47,000	42,000	24.98 %	7.03%
	Western Fincap Limited		39	39		1,77,600	95,748	95,748	56.96 %	53.91 %

	Ultra Tech Products Private Limited		11	11		79,500	24,850	24,850	14.78 %	31.26 %
Total		**82***	**81**	**80**	**1,68,110**	**8,54,595**	**1,67,598**	**1,62,598**	**96.72 %**	**19.03 %**

Table-10b: Break-up of 80 trades between Blossom Dealcom Private Limited and top 3 buyers namely, Noticee 3, Western Fincap Limited and Ultra Tech Products Private Limited

Details of trades wherein buy and sell order were placed	No of Trades	Vol of Trades (I)	% of (I) to Mkt Vol (Mkt Vol-1981452 shares)	% of (I) to Sell Client's Total Vol (Sell Vol-168110)	% of (I) to Buy Client's Total Vol (Buy Vol-854595)
Within 1 minute of each other	36	96,700	4.88%	57.52%	11.31%
Within 2 minutes of each other	9	22,450	1.13%	13.35%	2.63%
Within 3 minutes of each other	17	19,150	0.97%	11.39%	2.24%
Within 4 minutes of each other	12	14,665	0.74%	8.72%	1.72%
Within 5 minutes of each other	6	9,633	0.49%	5.73%	1.13%
Total (within 5 minutes)	**80**	**1,62,598**	**8.21%**	**96.72%**	**19.03%**
Total (5 and more than 5 minutes)	**1**	**5,000**	**0.25%**	**3.00%**	**0.60%**
Grand Total	**81**	**1,67,598**	**8.46%**	**99.72%**	**19.63%**

Table-11a: Break-up of 44 trades between Chaturbhuj Marketing Private Limited and top 3 buyers namely, Noticee 3, Western Fincap Limited and Ultra Tech Products Private Limited

Sell Client	Buy Client	Total No of Trades of Sell Client	No of trades of Sell Client with Buy Client	No of trades of Sell Client with Buy Client wherein buy and sell orders were placed within 3 minutes of each other	Total Volume of Sell Client (A)	Total Volume of Buy Client (B)	Total Vol of trades between Sell and Buy Client (C)	Vol of Trades wherein buy and sell orders were placed within 3 minutes of each other (D)	% (D)/(A)	% (D)/(B)
Chaturbhuj Marketing Private Limited	RAMA ANIL GUPTA ASSOCIATES PRIVATE LIMITED	44	23	23	1,02,600	5,97,495	52,600	52,600	51.27 %	8.80%
	Western Fincap Limited		15	15		1,77,600	41,350	41,350	40.30 %	23.28 %
	Ultra Tech Products Private Limited		6	6		79,500	8,650	8,650	8.43%	10.88 %

Total	44	44	44	1,02,600	8,54,595	1,02,600	1,02,600	100%	12.01%

Table-11b: Break-up of 44 trades between Chaturbhuj Marketing Private Limited and top 3 buyers namely, Noticee 3, Western Fincap Limited and Ultra Tech Products Private Limited

Details of trades wherein buy and sell order were placed	No of Trades	Vol of Trades (I)	% of (I) to Mkt Vol (Mkt Vol- 1981452 shares)	% of (I) to Sell Client's Total Vol	% of (I) to Buy Client's Total Vol
Within 1 minute of each other	26	47,600	2.40%	46.40%	5.57%
Within 2 minutes of each other	9	31,500	1.59%	30.70%	3.69%
Within 3 minutes of each other	9	23,500	1.19%	22.90%	2.75%
Total (within 3 minutes)	**44**	**1,02,600**	**5.18%**	**100%**	**12.01%**
Total (3 and more than 3 minutes)	**-**	**-**	**-**	**-**	**-**
Grand Total	**44**	**1,02,600**	**5.18%**	**100%**	**12.01%**

Table-12a: Break-up of 55 trades between Terminal Vincom Private Limited and Noticee 3

Sell Client	Buy Client	Total No of Trades of Sell Client	No of trades of Sell Client with Buy Client	No of trades of Sell Client with Buy Client wherein buy and sell orders were placed within 3 minutes of each other	Total Volume of Sell Client (A)	Total Volume of Buy Client (B)	Total Vol of trades between Sell and Buy Client (C)	Vol of Trades wherein buy and sell orders were placed within 3 minutes of each other (D)	% (D)/(A)	% (D)/(B)
Terminal Vincom Private Limited	RAMA ANIL GUPTA ASSOCIATES PRIVATE LIMITED	55	55	55	99,500	5,97,495	99,500	99,500	100%	16.65%

Table-12b: Break-up of 55 trades between Terminal Vincom Private Limited and Noticee 3

Details of trades wherein buy and sell order were placed	No of Trades	Vol of Trades (I)	% of (I) to Mkt Vol (Mkt Vol- 1981452 shares)	% of (I) to Sell Client's Total Vol	% of (I) to Buy Client's Total Vol
Within 1 minute of each other	18	43,700	2.21%	43.92%	7.31%
Within 2 minutes of each other	22	35,300	1.78%	35.48%	5.91%
Within 3 minutes of each other	15	20,500	1.03%	20.60%	3.43%
Total (within 3 minutes)	**55**	**99,500**	**5.18%**	**100%**	**16.65%**
Total (3 and more than 3 minutes)	**-**	**-**	**-**	**-**	**-**
Grand Total	**55**	**99,500**	**5.18%**	**100%**	**16.65%**

Table-13a: Break-up of 43 trades between Suktara Tradelink Private Limited and Noticee 3

Sell Client	Buy Client	Total No of Trades of Sell Client	No of trades of Sell Client with Buy Client	No of trades of Sell Client with Buy Client wherein buy and sell	Total Volume of Sell Client (A)	Total Volume of Buy Client (B)	Total Vol of trades between Sell and Buy Client (C)	Vol of Trades wherein buy and sell orders were placed within 4	% (D)/(A)	% (D)/(B)

				orders were placed within 4 minutes of each other				minutes of each other (D)		
Suktara Tradelink Private Limited	RAMA ANIL GUPTA ASSOCIATES PRIVATE LIMITED	55	51	43	87,031	5,97,495	65,445	62,425	71.73%	10.45%

Table-13b: Break-up of 43 trades between Suktara Tradelink Private Limited and Noticee 3

Details of trades wherein buy and sell order were placed	No of Trades	Vol of Trades (I)	% of (I) to Mkt Vol (Mkt Vol-1981452 shares)	% of (I) to Sell Client's Total Vol (Sell Vol-87031)	% of (I) to Buy Client's Total Vol (Buy Vol-597495)
Within 1 minute of each other	21	2,95,63	2.21%	43.92%	7.31%
Within 2 minutes of each other	11	17,687	1.78%	35.48%	5.91%
Within 3 minutes of each other	10	15,000	1.03%	20.60%	3.43%
Within 4 minutes of each other	1	175	0.009%	0.20%	0.03%
Total (within 4 minutes)	**43**	**62,425**	**3.15%**	**71.73%**	**10.45%**
Total (4 and more than 4 minutes)	**8**	**3,020**	**0.15%**	**3.50%**	**0.51%**
Grand Total	**51**	**65,445**	**3.3%**	**75.23%**	**10.96%**

Table-14a: Break-up of 16 trades between Kansabati Tradecom Private Limited and top 2 buyers Noticee 3 and Ultra Tech Products Private Limited

Sell Client	Buy Client	Total No of Trades of Sell Client	No of trades of Sell Client with Buy Client	No of trades of Sell Client with Buy Client wherein buy and sell orders were placed within 3 minutes of each other	Total Volume of Sell Client (A)	Total Volume of Buy Client (B)	Total Vol of trades between Sell and Buy Client (C)	Vol of Trades wherein buy and sell orders were placed within 3 minutes of each other (D)	% (D)/(A)	% (D)/(B)
Kansabati Tradecom Private Limited	RAMA ANIL GUPTA ASSOCIATES PRIVATE LIMITED	17	4	4	50,000	5,97,495	11,000	11,000	22.00%	1.84%
	Ultra Tech Products Private Limited		12	12		79,500	38,999	38,999	78.00%	49.06%

Total	17	16	16	50000	8,54,595	49,999	49,999	99.99%	12.01%

Table-14b: Break-up of 16 trades between Kansabati Tradecom Private Limited and top 2 buyers Noticee 3 and Ultra Tech Products Private Limited

Details of trades wherein buy and sell order were placed	No of Trades	Vol of Trades (I)	% of (I) to Mkt Vol (Mkt Vol-1981452 shares)	% of (I) to Sell Client's Total Vol (Sell Vol-50000)	% of (I) to Buy Client's Total Vol (Buy Vol-854595)
Within 1 minute of each other	9	28,999	1.46%	58%	3.40%
Within 2 minutes of each other	6	18,300	0.92%	36.60%	2.14%
Within 3 minutes of each other	1	2700	0.14%	5.40%	0.32%
Total (within 3 minutes)	16	49,999	2.52%	99.99%	5.85%
Total (3 and more than 3 minutes)	-	-	-	-	-
Grand Total	16	49,999	2.52%	99.99%	5.85%

29. I observe from the BSE price volume data, order log and trade log and the above tables that although the scrip was illiquid, sell orders of major net sellers and buy orders of top 3 buyers for large quantities were placed during Patch 2 of the IP either immediately or within five minutes of each other. I also observe from the aforementioned tables that the buy and sell orders were repeatedly placed at the same time or within 5 minutes of each other by the major net buyers namely, Noticee 3, Western Fincap Limited and Ultra Tech Products Private Limited and the major net sellers namely, Tejaswani Tradecom Pvt Ltd, Blossom Dealcom Private Limited, Chaturbhuj Marketing Pvt Ltd, Terminal Vincom Pvt Ltd, Suktara Tradelink Pvt Ltd and Noticee 4 respectively. I am of the view that the aforesaid trading pattern in Patch 2 of the IP demonstrates a concerted attempt by the aforesaid major net sellers and their counterparty buyers to match trades between themselves by placing orders at the same time or within 5 minutes of each other. I also observe from the aforementioned tables that the volume in the aforesaid matched trades constituted 70% to 99.99% of the trade volume i.e. buy/sell volume traded between the aforesaid connected entities. Further, among the major net buyers in the said Patch 2, Noticee 3 had executed the most number of buy trades and its volume was also the highest among the major net buyers. I also observe that in this Patch, a substantial trading volume was contributed by the aforesaid matched trades executed by aforesaid major net buyers and major net sellers, which contributed to a total of 37.22% of market volume during Patch 2 of the IP in an otherwise illiquid scrip, which leads me to the conclusion that these trades were executed with a manipulative intent of increasing the trading volume in the scrip of CCL in Patch 2.

30. From the foregoing analysis, I find that the major net buyers in the scrip namely, Western Fincap Limited, Ultra Tech Products Private Limited and Noticee 3, had placed a high number of buy orders in tandem with the high number of sell orders placed by major net sellers in the scrip namely, Noticee 4, Tejaswani Tradecom Pvt Ltd, Blossom Dealcom Private Limited, Chaturbhuj Marketing Pvt Ltd, Terminal Vincom Pvt Ltd, Suktara Tradelink Pvt Ltd with the intent of manipulating the trading volume of the scrip upwards in Patch 2. Therefore, on the basis of the trading pattern noted above, I find that the major net buyers namely, Noticee 3, Western Fincap Limited, and Ultra Tech Products Private Limited and major net sellers namely, Tejaswani Tradecom Pvt Ltd, Blossom Dealcom Private Limited, Chaturbhuj Marketing Pvt Ltd, Terminal Vincom Pvt Ltd, Suktara Tradelink Pvt Ltd and Noticee 4 manipulated the trading volume in the scrip of CCL upwards. I am of the view that such a trading pattern was not a mere coincidence but was the outcome of meeting of minds between the said major net buyers and major net sellers and deliberate conduct in furtherance of the same, which was a part of a common manipulative and fraudulent strategy to manipulate the volume, in the otherwise illiquid scrip of CCL, upwards. Thus, I find that Noticees 1 and 2, who have been found to be connected to the major net buyers, and Noticee 3 colluded with the aforesaid major net sellers including Noticee 4, with the intention to manipulate the trading volume of the scrip of CCL upwards at BSE during Patch 2 of the IP and thus induce liquidity in the scrip.

31. I further note that the entities, Western Fincap Limited and Ultra Tech Products Private Limited, were amalgamated with Noticee 2, promoter of CCL, vide order passed by Hon'ble High Court of Delhi on May 21, 2014. The applicable Scheme of Amalgamation was approved and made effective from April 01, 2012. Clause 2.13 of Part-II of Transfer and Vesting of Undertaking in the aforesaid Scheme of Amalgamation states that *"With effect from the Appointed Date, Transferee Company shall bear the burden and the benefits of any legal or other proceedings initiated by or against Transferor Companies"*. Therefore, I observe that Noticee 2 is liable for the violations committed by Ultra Tech Products Private Limited and Western Fincap Limited.

32. From the price volume data, BSE order log and trade log, I note that during the period from June 21, 2011 to August 16, 2011 ("**Patch 1 of the IP**"), the price of the scrip of CCL at BSE opened at Rs. 27.15, reached a high of Rs. 57.55, i.e. a rise of 110% and closed at Rs. 50.7. I further note from the BSE order log and trade log that during the Patch 1 of the

IP, certain buy clients had made positive LTP contribution in the scrip, the details of which are given as under:

Table – 15

PAN	Buyer Name	All Trades			LTP Diff. > 0			LTP Diff. < 0			LTP. Diff = 0		% of
		Sum of LTP Diff	Sum of Qty	No of Trades	LTP Impact	Qty traded	No of trades	LTP Impact	Qty traded	No of trades	Qty traded	No of trades	positive LTP to total mkt positive LTP
AFJPA6311E	Sayuj Pallithazath Arumughan	17.60	32	27	19.00	19	19	-1.40	2	2	11	6	6.43%
AXHPS6247F	Jatin Pravinbhai Shah	15.50	2150	4	15.60	1350	3	-0.10	800	1	0	0	5.28%
AABPP4563E	*Surinderkumar Pushkarna*	9.70	100	4	9.85	70	3	-0.15	30	1	0	0	3.34%
AAACY2372G	Bp Fintrade Private Limited	7.15	12110	111	12.65	6130	28	-5.50	391	17	5589	66	4.28%
ACSPC7707L	Suman Chowdhary	7.15	8791	57	10.15	2691	22	-3.00	1239	11	4861	24	3.44%
ALFPG3033P	Avanishkumar Pramodkumar Gupta	6.60	3614	59	7.55	721	17	-0.95	816	9	2077	33	2.56%
AQAPP8678D	*Saroj Pushkarna*	6.10	100	5	6.90	75	4	-0.80	25	1	0	0	2.34%
AEHPG3917R	Govindarajan Moorthy	5.55	250	7	5.55	250	7	0.00	0	0	0	0	1.88%
AADCM5430G	Milkway Mercantiles Private Limited	5.45	2701	19	6.65	2375	12	-1.20	11	2	315	5	2.25%
AEPPR2271D	Renugadevi .	4.05	554	19	6.55	226	7	-2.50	176	7	152	5	2.22%
Total		**84.85**	**30402**	**312**	**100.45**	**13907**	**122**	**-15.60**	**3490**	**51**	**13005**	**139**	**34.02%**
Market Total		**22.75**	**170771**	**1813**	**295.30**	**51728**	**529**	**-272.55**	**38747**	**489**	**80296**	**795**	**100.00%**

33. I observe from the table above that the trades carried out by Noticee 5 had contributed Rs.17.60 to net LTP in 27 trades and Rs.19 to positive LTP in 19 positive LTP trades i.e. 6.43% of market positive LTP. I further note that the buy orders of Noticee 5 which were placed shortly after the sell orders led to the execution of the aforesaid positive LTP trades. Further, I observe that in all 19 instances, Noticee 5 repeatedly placed buy orders to match already existing orders with an order rate higher than LTP and negligible quantity in all instances. I also observe that the aforesaid 19 positive LTP trades were miniscule trades which were the result of buy orders placed by Noticee of only one share each and one buy order of 7 shares. The details of the aforesaid trades are given as under:

Table – 16

Buyer Name	No of trades (LTP>0)	Positive LTP contribution when buy order qty was of 1 share only		Positive LTP contribution when buy order qty was between 2-10 shares		Positive LTP contribution when buy order qty was more than 10 shares		Total positive LTP contribution (Rs.)	% of positive LTP to total mkt positive LTP	% contribution to total mkt positive LTP through small orders (1-10 shares)
		No of trades	Positive LTP contribution (Rs.)	No of trades	Positive LTP contribution (Rs.)	No of trades	Positive LTP contribution (Rs.)			

Sayuj Pallithazath Arumughan	19	18	18.55	1	0.45	-	-	19	6.43%	6.43%

34. I observe from the aforesaid table that Noticee 5 contributed Rs.18.55 i.e. 6.28% towards market positive LTP through 18 miniscule buy trades of 1 share each. I also observe that Noticee 5 placed 1 buy order of 7 shares which led to the execution of trade contributing Rs. 0.45 to LTP in the scrip. I further note that that the aforesaid 19 trades cumulatively contributed Rs.19 to positive LTP i.e. 6.43% of market positive LTP in the scrip.

35. From the price volume data, BSE order log and trade log, I also note that during the period from August 17, 2011 to December 30, 2011 ("**Patch 2 of the IP**"), the price of the scrip at BSE opened at Rs. 10.1, reached a high of Rs. 15.7, i.e. a rise of 55.45% and closed at Rs. 10.1.

36. I further note from the BSE order log and trade log that during the patch 1 of the IP, certain buy clients had made positive LTP contribution in the scrip of CCL, the details of which are given as under:

Table - 17

PAN	Client Name	All trades			LTP Diff. > 0			LTP Diff < 0			LTP Diff=0		% of positive LTP to total mkt positive LTP
		LTP Rate	Traded Qty	No of Trades	Pos LTP Rate	Pos Traded Qty	Pos No of Trades	Neg LTP Rate	Neg Traded Qty	Neg No of Trades	Zero Traded Qty	Zero No Trades	
AFJPA6311E	Sayuj Pallithazath Arumughan	14.71	59	59	16.96	40	40	-2.25	11	11	8	8	11.03%
AAGCS3168N	Sirius Securities Private Limited	3.83	510	10	3.83	327	6	0.00	0	0	183	4	2.49%
ABLPK3781E	Nitin Shantilal Kothari	3.00	5500	17	3.15	2700	9	-0.15	600	2	2200	6	2.05%
ADZPB7621C	Shiv Shanker Banka	2.88	43300	73	4.37	13174	25	-1.49	3991	8	26135	40	2.84%
AHTPR8491C	Sumit Shrinivas Rathi	2.65	6350	19	2.80	1600	9	-0.15	1400	1	3350	9	1.82%
AMCPP6038R	Rupam Kumar Pathak	1.99	302	4	1.99	301	3	0.00	0	0	1	1	1.29%
AAJPM6941R	Renuka A Maroo	1.45	100	4	1.45	70	3	0.00	0	0	30	1	0.94%
ADHPA8420C	Pawan Kumar Agarwal	1.44	3014	10	1.54	1011	4	-0.10	1001	2	1002	4	1.00%
AAGPA7488J	Jankidevi Giriraj Kishore Agarwal	1.32	1	1	1.32	1	1	0.00	0	0	0	0	0.86%
ACHPA6417E	Reena Agrawal	1.24	10000	20	1.24	316	2	0.00	0	0	9684	18	0.81%
Total		**34.51**	**69136**	**217**	**38.65**	**19540**	**102**	**-4.14**	**7003**	**24**	**42593**	**91**	**25.13%**
Market Total		**-37.05**	**1810681**	**2916**	**153.80**	**328185**	**586**	**-190.85**	**454651**	**625**	**1027845**	**1705**	**100.00%**

37. I observe from the table above that the 59 buy trades of Noticee 5 had contributed Rs.14.71 to net LTP in the scrip and his 40 buy trades had contributed positive LTP of Rs.16.96 in the scrip, i.e. 11.03% of market positive LTP. I also observe from the BSE order log and trade log that in all the 40 positive LTP trades of Noticee 1, only 1 share was traded. I further observe that in 5 instances, Noticee 5 placed buy orders shortly before the sell orders which resulted in buy trades contributing Rs. 2.4 to the LTP i.e. 1.56% of market positive LTP in the scrip. I observe from the order log and trade log that in 35 instances, Noticee 5 repeatedly placed buy orders with order rate higher than LTP for negligible quantity of shares to match the already existing sell orders, which resulted in trades that contributed Rs.14.56 to the LTP i.e. 9.47% of market positive LTP in the scrip of CCL.

38. I also observe that Noticee 5 had placed numerous orders of quantity in the range of 1 to 7 shares which resulted in increase in LTP of the scrip of CCL. An analysis of such trades is given below:

Table - 18

Buyer Name	No of trades (LTP>0)	Positive LTP contribution when buy order qty was of 1 share only		Positive LTP contribution when buy order qty was between 2-10 shares		Positive LTP contribution when buy order qty was more than 10 shares		Total positive LTP contribution (Rs.)	% of positive LTP to total mkt positive LTP	% contribution to total mkt positive LTP through small orders (1-10 shares)
		Positive LTP contribution (Rs.)	No of trades	Positive LTP contribution (Rs.)	No of trades	Positive LTP contribution (Rs.)	No of trades			
Sayuj Pallithazath Arumughan	40	16.96	40	-	-	-	-	16.96	11.03%	11.03%

39. I observe from the aforesaid table that Noticee 5 repeatedly placed buy orders for 1 share at price higher than LTP, either before the sell orders were placed by sellers or to match existing higher sell orders, which resulted in 40 buy trades that had contributed positive LTP of Rs.16.96 in the scrip, i.e. 11.03% of market positive LTP.

40. I also observe from the BSE order log and trade log that the first trades (i.e. the initial trade executed during a trading session by an entity) executed by certain entities trading in the scrip had contributed to LTP in the scrip. The analysis of the LTP contribution of first trades of Noticee 5 and other entities during the IP is given as under:

Table - 19

PAN	Client Name	Net LTP via first trades (in Rs.)	Traded Quantity	Total Number Of First Trades	Positive LTP via first trades (in Rs.)

AFJPA6311E	Sayuj Pallithazath Arumughan	7.74	20	20	7.99
AABCF3000H	Ajay Pratap Singh	-2.39	9258	8	0.16
AIMPV8564E	Purav Jasmin Visaria	-3.00	1235	5	0.00
AMMPM7826Q	Ravindra Deoo Mirjolkar	-2.40	850	4	0.00
AAUPF3148A	Annu Fogla	0.56	950	3	0.81
BZSPS5914F	Ramanand Sharma	0.13	1500	3	0.33
AEAPK1314B	Arun Kumar	-0.30	400	2	0.00
AACCV2637B	Vandana Cloth Centre Pvt Ltd	0.00	1515	2	0.00
AAOPA1852A	Alka Agarwal	0.05	189	1	0.05
ANBPS3002L	Paresh Dhirajlal Shah	0.65	1	1	0.65
	Total	**1.04**	**15918**	**49**	**9.99**
	Market total	**-46.27**	**25333**	**91**	**19.10**

41. I observe from the table above that through 20 first trades, Noticee 5 contributed Rs.7.99 to positive LTP which is 47.11% of his market positive LTP of Rs.16.96 (which contributed 11.03% to market positive LTP). Thus, I observe that Noticee 5 had repeatedly placed orders for miniscule quantity of 1 share each at buy order rate above the LTP to match existing higher sell order rates and that the trades resulting from such small orders of Noticee 5 were manipulative in nature as they did not serve any legitimate or rational economic purpose but were executed to influence the price of the scrip upwards.

42. Thus, from the foregoing analysis of the trades of Noticee 5, I observe that Noticee 5 repeatedly placed orders for miniscule quantities at a price above the LTP at BSE which led to significant LTP contribution in the price of the scrip at BSE. I also observe the manipulative pattern of trading as well as order placement and trade execution at BSE, wherein he repeatedly placed numerous small buy orders for miniscule quantity of shares at a buy order rate above the LTP to match existing higher sell order rates with the intention of manipulating the LTP upwards in the scrip of CCL. Therefore, I am of the view that the aforesaid buy orders placed by Noticee 5 were intended to contribute to LTP of the scrip and thus, manipulate the price in the scrip of CCL upwards during the IP.

43. As noted earlier, during the pre-IP period, the traded volume at BSE in the scrip was almost negligible i.e. only 40 shares which increased to 1,147 shares on May 04, 2011 and thereafter reached a trading volume of 889 shares on June 20, 2011. I also observe that during Patch 1 of the IP, the change in volume of the scrip during the relevant time shows that the traded volume at BSE in the scrip increased from 952 shares on June 21, 2011 to 13,129 shares on August 11, 2011 and reached a trading volume of 1,866 shares on closing of August 16, 2011. The pattern of price fluctuation during Patch 1 shows that the price of the scrip at BSE opened at Rs. 27.15 on June 21, 2011, reached a high of Rs. 57.55 on August 11, 2011 and reached a closing price of Rs. 50.7 on August 16, 2011. I further note that the during Patch 2 of the IP, the traded volume at BSE in the scrip increased from 2,371 shares on August 17, 2011 to 4,391 shares on December 19, 2011 and reached a trading volume of 2,260 shares on closing of December 30, 2011. I also note that the price of the scrip on BSE during Patch 2 of the IP opened at Rs. 10.1 on August 17, 2011, reached a high of Rs. 19.75 on December 19, 2011 and reached a closing price of Rs. 15.7 on December 30, 2011. The average number of shares traded daily during the pre-IP period was 1009 shares, which increased to 19897 shares during the IP. Thus, I find that during the IP, there was a significant rise in the price and trading volume in the scrip at BSE, as compared to the period before the IP when there was less liquidity in the scrip as observed in Table-A. I am of the view that such significant increase in the price and trading volume of the scrip can be attributed to the manipulative trading pattern of Noticees 1 - 4 at BSE during the IP. On basis of the foregoing analysis of the trading pattern of the Noticees, I am of the view that as a result of the aforesaid trading pattern of Noticees 1 to 4, investors were induced into trading in the scrip, based on a misleading impression of high liquidity and trading volume in the scrip. Therefore, I find that Noticees 1 to 4 have indulged in creation of misleading appearance of trade in the scrip of CCL.

44. I have perused the contentions filed by the Noticees 1-3 and Noticee 5. I note that Noticees 1-3 and Noticee 5 have not disputed the aforesaid findings on the trading pattern adopted by them. However, Noticees 1-3 have denied the allegation that their trades were non-genuine and that their trades were manipulative and created a false or misleading appearance of trading in the scrip of CCL. In this regard, Noticees 1-3 and Noticee 5 have contended that their respective trades were executed in the normal course of trading on the floor of the exchange and in case of screen-based trading, the automated system matches orders on a price-time priority basis and hence it is not possible for anybody to have access to identity of counter party. Thus, Noticees 1 to 3 have contended that they

were not aware of the counterparties to their trades and the charge of manipulation does not stand against Noticees 1-3 as the same is not supported by any cogent evidence. Noticees 1 to 3 have also contended that since counterparty identity is not displayed, one can never have any choice with whom it wants to deal or not deal. In this regard, as earlier noted, the scrip of CCL was illiquid in nature and there was extremely low trading volume in the scrip. Further, it has already been established on the basis of trading pattern and the inter se connection amongst Noticees 1 to 4, that Noticees 1 to 3 had, in collusion, manipulated the trading volume in an otherwise illiquid scrip of CCL in Patch 2 of the IP. In this regard, I place reliance upon the judgement of the Hon'ble Supreme Court in the matter of SEBI vs. Kishore R. Ajmera (2016) 6 SCC 368 (Judgment dated February 23, 2016) wherein it was held that, "*While the screen based trading system keeps the identity of the parties anonymous it will be too naive to rest the final conclusions on said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned*". Thus, placing reliance upon the aforesaid judgement and considering the illiquid nature of the scrip coupled with the fact that Noticees 1-3 were connected to each other, it will not be wrong to conclude that the counterparties to the trades were known to Noticees 1-3 and thus they were able to bypass the screen-based automated trading mechanism of the exchange in order to indulge in the manipulative trades in the scrip of CCL. Therefore, I find that the aforesaid contention of Noticees 1-3 is not tenable.

45. Noticees 1-3 have further contended that the impugned trades in 2011, including the purchase of shares made during the Investigation Period form part of their plan to consolidate their shareholding in CCL as promoters. Noticees 1 to 3 have also stated that since March 2010 to June 2022, the Promoter & Promoter Group shareholding (which includes the shareholding of the Noticees) has increased from 13.88% to 56.55%. Noticees 1-3 have further stated that in November 2014, the share price of CCL reached over Rs. 3,000 per share, nonetheless, Noticees 2 and 3 refrained from selling the shares or reducing their shareholding in CCL and the practice of the promoters of consolidating their shareholding in CCL is ongoing, as they continue to hold shares in CCL. In this regard, I find that Noticees 1 to 3 have placed reliance upon the shareholding pattern of the Promoter and Promoter Group, taken from the website of the BSE Limited. Noticee 1-3 have stated that this substantiates the fact that the Noticees 2 and 3 have attempted to acquire and consolidate their shareholding in CCL and the purchase of shares made

during the Investigation Period form part of this effort of consolidation of shareholding. I note that Noticees 1 to 3 have not produced any evidence to in support of their contention that they have not sold any shares of CCL. Be that as it may, it has been established that the trades attributed to Noticees 1 to 3 were manipulative in nature and therefore, the ultimate purpose of such trades, i.e. consolidation, as is being argued by Noticees 1-3, is of no relevance in the present context as the allegation against the aforesaid Noticees is of violation of PFUTP Regulations on account of manipulative nature of the aforesaid trades. Noticees 1-3 have further contended that the SCN fails to establish that there were any synchronized trades or reversal trades and that the Investigation Report states that there has been no circular, synchronised or reversal trading executed by them. In this regard, I note that it is not SEBI's case that Noticees 1 to 3 had executed circular, synchronised or reversal trades. Therefore, in view of the foregoing, I find the aforesaid contentions to be without merits.

46. I note that Noticees 1-3 and Noticee 5 have further contended that the SCN fails to establish that the trades were tantamount to fraud and therefore, the aforesaid provisions of PFUTP Regulations are not applicable to the trades of the said Noticees. The aforesaid Noticees have also contended that their total trading volume and LTP contribution, if any, was negligible in comparison to the total quantity traded in the scrip as the said scrip was illiquid in nature. Noticee 5 has contended that its trading volume in the shares was very minimal and thus, it could not have manipulated the price or volume in the scrip. I note that in support of their contentions, Noticees 1-3 have placed reliance on the judgements of Hon'ble SAT in the matter of Sterlite Industries (India) Ltd. v. SEBI (2001) 34 SCL 485 (SAT), Rajendra G Parikh v. SEBI (Appeal No 44 of 2009), Samir C. Arora v. SEBI, 2005 59 SCL 96 SAT, Videocon International Ltd. v. SEBI (Appeal No. 23/2001), Premchand Shah & Ors. vs. SEBI (Dated February 21, 2011), Shailesh M. Ved v. SEBI (Decided on July 06, 2011) and Jagruti Securities Ltd. v. SEBI (Decided on October 27, 2008). In this regard, it has been noted earlier that the Noticees, acting in collusion, indulged in manipulative trades in the scrip of CCL. I am of the view that the aforementioned manipulative trading pattern was not a mere coincidence but was the outcome of meeting of minds between Noticees 1 to 4 and a deliberate conduct on the part of Noticees 1 to 4, which was a part of a common strategy to manipulate the trading volume of the scrip upwards during the IP at BSE and create a misleading appearance of trading in the scrip of CCL. In view of the foregoing observations, I find that the judgements relied upon by Noticees 1 to 3 are not relevant to the instant proceeding.

47. At this juncture, I find it pertinent to discuss the scope and ambit of PFUTP Regulations. I note that Regulations 3(a)–(d) of the PFUTP Regulations, *inter alia,* prohibit employment of any manipulative/deceptive device, scheme, or artifice to defraud in connection with dealing in securities; engaging in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with dealing in securities. Regulation 4(1) of the PFUTP Regulations provides for prohibition on indulging in fraudulent or unfair trade practices in securities. Regulations 4(2)(a) and (e) of the PFUTP Regulations provide that an act in the course of dealing in securities shall be deemed to be fraudulent or an unfair trade practice if it involves indulging in an act that creates a false or misleading appearance of trading in the securities market or any act or omission which amounts to manipulation of the price of a security. I also find it pertinent to note that in cases of market manipulation, where direct evidence may not be available, transactions, as stated above, are to be tested for any manipulative intent based on the conduct of parties and the abnormal nature of transactions. In other words, I find that the requirement under PFUTP Regulations is that fraud must be proved on a preponderance of probabilities. In this regard, I note the judgement of Hon'ble Supreme Court of India in SEBI vs. Kishore R. Ajmera (2016) 6 SCC 368 (Judgment dated February 23, 2016), wherein it had held that: *"It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion…The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned… The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors."* I also find it pertinent to refer to the judgement of Hon'ble SAT in the matter of Neetu Gupta vs. SEBI (Appeal No. 423 of 2019; Order dated February 25, 2020) wherein it was held as follows, *"Having heard the learned counsel for the parties, we are of the considered view that the impugned*

transactions, in the facts and circumstances of the matter, would fall in the realm of violations of PFUTP Regulations. Individual argument that each entity's trade is miniscule and only on a few days alone etc. is not sufficient to rebut the findings in the impugned order… In such matters, the preponderance of probability based on the totality of circumstances, as held by the Apex Court in the matter of Kishore R. Ajmera (2016) 6 SCC 368 squarely applies. The orders in Jayprakash Bohra (Supra) and Shri Lakhi Prasad Kheradi (Supra) also apply the same ratio."

48. I further refer to the judgement of Hon'ble SAT in the matter of Shri Lakhi Prasad Kheradi vs. SEBI (Appeal No. 232 of 2017; Order dated June 21, 2018) wherein it was held that, "*As held by the Apex Court in the case of SEBI V/s Kishore R. Ajmera reported in (2016) 6 SCC 368, in the absence of direct evidence, by taking into account immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded it is open to an AO to arrive at a reasonable conclusion that the trade executed were manipulated trades. In the facts of the present case, in our opinion, no fault can be found with the decision of the AO that the trades executed by the appellant were manipulative trades and hence, the appellant was guilty of violating the SEBI Act and the PFUTP Regulations*." Thus, placing reliance on the aforesaid judgements, I am of the view that the crucial factor in determining violation of PFUTP Regulations is the manipulative trading pattern, irrespective of the quantum of actual volume traded. Therefore, I find that the common manipulative trading pattern of Noticees 1 to 4 in the scrip of CCL and the inter se connection amongst Noticees 1 to 4, show that Noticees 1 to 4, in collusion, had created a misleading appearance of trading in the scrip of CCL and manipulated the volume of the scrip upwards during the IP, and thereby violated PFUTP Regulations. In view of the foregoing, I find that the aforesaid contentions of Noticees 1-3 and Noticee 5 are not tenable.

49. Noticee 5 has further contended that he has not received any benefit directly or indirectly in the form of any monetary gain and has placed reliance on it Bank Statements provided vide its reply dated April 20, 2022 in support of his contention. Noticee 5 has also contended that if it had intended to manipulate price/volume of scrips in the share market then he could have traded into many other securities and scrips along with the subject scrip to make profits or to benefit any other persons connected to the entities or scrip in which trades were executed by sub-brokers through his Demat Account.

50. In regard to the contentions of Noticee 5, I note that it has been established that Noticee 5 repeatedly placed orders for miniscule quantities of shares to manipulate the LTP

upwards in the scrip of CCL during the IP. I am of the view that if Noticee 5 had placed orders with bona fide intent as is being claimed by him, he would not have placed such small orders in the scrip in a repetitive manner. At this juncture, I find it pertinent to refer to the judgement of Hon'ble SAT in the matter of Shreenath Finstock Private Limited vs. SEBI (Appeal No. 186 of 2020; Decided on March 22, 2021) wherein Hon'ble SAT, in the context of alleged price manipulation by means of a large number of small orders, has emphasised that the presence of manipulative trading pattern is crucial in determining liability under Regulations 3 and 4 of PFUTP Regulations, and thus held that, "*Similarly, it was contended by the learned counsel for SEBI that the pattern of trading conducted by the appellants i.e. a large number of single share buy and sell, clearly establishes its manipulative nature even as regular traders or jobbers a genuine party does not put buy / sell order for one share on thousands of occasions when the system was showing much larger number of orders on the other side…Therefore, it is the stand of the learned counsel for SEBI that the impugned order clearly brings out the complete details; how the price of the scrip of Nutraplus was raised in Patch-1 and Patch-4 and how the appellants by placing large number of single share orders manipulated the price and created positive LTP… we are of the considered view that the pattern of trading conducted by the appellants clearly establishes an attempt to manipulate the price of the scrip of Nutraplus. While it can be argued that no law prevents a trader from placing orders for one share, placing such orders thousands of times repeatedly, as in the instant case, is clearly manipulative in nature… A few such trades occasionally may not fall within the ambit of such manipulation as under Section 12A(a), (b), (c) of SEBI Act, 1992 and the PFUTP Regulations. But by no stretch of imagination we can extend that benefit of doubt to the appellants herein who have indulged in such single share trades a large number of times during a limited period. Therefore, irrespective of the connection by the appellants and others. Therefore, irrespective of the connection by the appellants and others… these appeals do not have any merit. Nor these issues are very relevant when it is clear that the pattern of trading conducted by the appellants were clearly of manipulative nature squarely falling under the provisions of the PFUTP Regulations. Therefore, we have no doubt that the impugned order does not suffer from any deficiencies in this regard*." In this regard, I also place reliance upon the standard of proof w.r.t. PFUTP Regulations which was laid down in the judgement of Hon'ble Supreme Court in SEBI vs. Kishore R. Ajmera (*Supra*), as already noted above, in which it was held that- *"…in the absence of direct proof of meeting of minds ..., the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or provision of the Regulations is concerned"*. Thus, I observe that Noticee 5 has failed to demonstrate that such trades were not manipulative and therefore, I find the aforesaid contention of Noticee 5 to be devoid of merit. In view of the foregoing observations and placing reliance on the aforesaid judgments, I find that Noticee 5 indulged in a manipulative act for the purpose of artificially increasing the price of the scrip of CCL during the IP.

51. I also find it pertinent to refer to decision of Hon'ble Supreme Court of India in the matter of SEBI vs. Shri Kanaiyalal Baldevbhai Patel (Civil Appeal No. 2595 of 2013; Decided on September 20, 2017). In the aforementioned judgment, the Hon'ble Supreme Court of India while discussing the ambit of fraud under PFUTP Regulations has held as under:
"*The difference between inducement in criminal law and the wider meaning thereof as in the present case, is that to make inducement an offence the intention behind the representation or misrepresentation of facts must be dishonest whereas in the latter category of cases like the present the element of dishonesty need not be present or proved and established to be present. In the latter category of cases, a mere inference, rather than proof, that the person induced would not have acted in the manner that he did but for the inducement is sufficient. No element of dishonesty or bad faith in the making of the inducement would be required… To attract the rigor of Regulations 3 and 4 of the 2003 Regulations, mens rea is not an indispensable requirement and the correct test is one of preponderance of probabilities… The inferential conclusion from the proved and admitted facts, so long the same are reasonable and can be legitimately arrived at on a consideration of the totality of the materials, would be permissible and legally justified.*

52. Based on the foregoing analysis of connection and trading pattern as well as placing reliance on the aforesaid judgements, I find that by repeatedly placing buy and sell orders substantially at the same time, as part of a concerted attempt to match trades between themselves by placing substantial quantity of orders, Noticees 1-4 had collectively indulged in a common manipulative strategy, which led to creation of misleading appearance of trade in the scrip of CCL at BSE, which is tantamount to fraud and has induced investors to trade in the illiquid scrip of CCL. I also find that the trading pattern of Noticee 5 in the scrip of CCL shows that Noticee 5 manipulated the price of the scrip upwards during the IP through miniscule trades.

53. I further note that Noticee 4 has not made any submissions in respect of the allegations. Thus, I am of the view that Noticee 4 has admitted to the allegations made in the SCN.

54. In view of the foregoing findings and considering preponderance of probabilities, I find that the allegation that Noticees 1 - 4 violated Regulations 3(a), (b), (c), (d) and Regulations

4(1), 4(2)(a) and that Noticee 5 has violated Regulations 3(a), (b), (c), (d) and Regulations 4(1) and Regulation 4(2)(e) of PFUTP Regulations, stands established.

55. It has also been alleged in the SCN that Noticee 5 had created a false and misleading appearance of trade by executing trades which were not genuine and did not serve any economic purpose but were executed to manipulate the price of the scrip to maintain and sustain a higher scrip price and thereby, *inter alia,* violated Regulation 4(2)(a) of PFUTP Regulations. In this regard, I note that as per the records of the investigation including the trade log & order log and investigation report, Noticee 5 had executed only 27 trades for 32 shares during Patch 1 of the IP and only 59 trades for 59 shares during Patch 2 of the IP. Therefore, I note that the Noticee's traded quantity did not amount to substantial volume of trades when compared to the total market volume of trading in the scrip of CCL during the IP. I further note that the records of the investigation do not provide any other additional details or evidence to establish how Noticee 5 had created false and misleading appearance of trading in the scrip. In the absence of such details and evidence, I find it difficult to arrive at a conclusion regarding the aforesaid allegation against Noticee 5. I also note that Noticee 5 has contended that his trading volume in the scrip of CCL was very minimal and thus, it could not have manipulated the volume in the scrip. I observe that in the absence of details or evidence to establish the allegation, I am inclined to accept the aforesaid contention of Noticee 5. Thus, in view of the foregoing, I find that the allegation that Noticee 5 has violated Regulation 4(2)(a) of the PFUTP Regulations does not stand established.

56. I further note that Noticee 4 has been struck off from the list of Registrar of Companies ("**RoC list**") by MCA vide Public Notice of Striking Off dated June 29, 2018. I note that 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 a nullity. In this context, I would like to rely upon the 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."* Further, I note that 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, i.e., it is like closure of the company and the company will not be in existence after being struck- off and cannot perform any operations.

57. Therefore, in view of the facts noted in the preceding paragraph and placing reliance on the aforesaid judgement, I conclude that the present adjudication proceedings initiated against Noticee 4, vide SCN dated April 04, 2022, stand abated.

Issue No. II- Does the violation, if any, attract a monetary penalty under Section 15HA of SEBI Act?

58. It has been established in the foregoing paragraphs that the Noticees 1-3 have violated Sections 12A(a), (b), (c) of SEBI Act, and Regulations 3(a), (b), (c), (d) and Regulations 4(1) and 4(2)(a) of PFUTP Regulations and Noticee 5 has violated Sections 12A(a), (b), (c) of SEBI Act, and Regulations 3(a), (b), (c), (d) and Regulations 4(1) and 4(2)(e) of PFUTP Regulations. In the context of the above, I refer to the observations of Hon’ble Supreme Court in the matter of Chairman, SEBI vs. Shriram Mutual Fund {[2006] 5 SCC 361} wherein the Hon’ble Court had held that: “*In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established...….*”

59. Therefore, in view of the foregoing findings and placing reliance on the above judgment of Hon’ble Supreme Court, I find that the aforesaid violations of Sections 12A(a), (b), (c) of SEBI Act, and Regulations 3(a), (b), (c), (d) and 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations will attract monetary penalty under Section 15HA of SEBI Act. The respective provisions as applicable at the time of the violations are reproduced as under:

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 twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher.*

Issue No. III - What should be the quantum of monetary penalty?

60. While determining the quantum of penalty under Section 15HA of SEBI Act, it is important to consider the factors as stipulated in Section 15J of SEBI Act, which reads as under:-

SEBI Act

Factors to be taken into account by the adjudicating officer.

Section 15J *- While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-*

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

61. In view of the charges as established, the facts and circumstances of the case, the quantum of penalty would depend on the factors listed in Section 15J of SEBI Act. In the instant case, having regard to the factors listed in Section 15J of SEBI Act, it is noted that the material available on record does not demonstrate any quantifiable gain or unfair advantage accrued to Noticees 1-3 and Noticee 5 or the extent of loss suffered by the investors as a result of the default. I also observe that there are no other records to show repetitive defaults of a similar nature by Noticees 1-3 and Noticee 5. However, it has been established that the said Noticees 1-3 had indulged in manipulation of volume and created a misleading appearance of trading and Noticee 5 had indulged in price manipulation in the scrip of CCL. I am of the view that such manipulative acts of the said Noticees have the potential to mislead and induce genuine investors to trade in the scrip and harm them and therefore such acts violate the fundamental tenets of market integrity. Such acts of the said Noticees, if dealt with lightly, could seriously undermine investors' confidence in the securities market and therefore, merit stringent penalty commensurate with such serious violations.

62. At this juncture, I find it pertinent to refer to the judgement of Hon'ble Supreme Court of India in the matter of N. Narayanan vs. SEBI [(2013) 12 SCC 152] in which it was held as follows:

"…if market abuse is not properly curbed, then it would result in defeating the very object and purpose of SEBI Act... Prevention of market abuse and preservation of market integrity

is the hallmark of Securities Law…Market manipulation is normally regarded as the "unwarranted" interference in the operation of ordinary market forces of supply and demand and thus undermines the "integrity" and efficiency of the market... Section 12A read with Regulations 3 and 4 of the Regulations 2003 essentially intended to preserve 'market integrity' and to prevent 'Market abuse'."

63. In view of the foregoing findings and placing reliance on the aforesaid judgement, I find that an appropriate penalty should be imposed on the said Noticees, so as to serve as a deterrent against the aforesaid violations, considering the interest of investors and integrity of securities market.

ORDER

64. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by Noticees 1-3 and Noticee 5, and also the factors mentioned in Section 15J of SEBI Act, as enumerated above, I, in the exercise of the powers conferred upon me under Section 15-I of SEBI Act read with Rule 5 of the Adjudication Rules, hereby impose the following penalties on Noticees 1-3, jointly and severally, and on Noticee 5, individually:

Noticee No.	Name of the Notice	For the violation of the following provisions	Penalty under Section 15HA of SEBI Act
1.	Anil Kumar	Regulations 3(a), (b), (c), (d) and Regulations 4(1), 4(2)(a) of PFUTP Regulations	Rs. 15,00,000/- (Jointly and Severally)
2.	Tanvi Fincap Private Limited		
3.	Rama Anil Gupta Associates Pvt. Ltd.		
5.	Sayuj Pallithazath Arumugham	Regulations 3(a), (b), (c), (d) and Regulations 4(1) and 4(2)(e) of PFUTP Regulations	Rs. 5,00,000/- (Individually)

65. Noticees 1-3 and Noticee 5 shall remit/pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW.

In case of any difficulties in payment of penalties, said Noticees may contact the support at portalhelp@sebi.gov.in.

66. The Noticees 1-3 and Noticee 5 shall forward said Demand Draft or the said confirmation of e-payment made in the format as given in the table below which should be sent to "The Division Chief, EFD – DRA - 5, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051" and also to e-mail id:- tad@sebi.gov.in

1. Case Name:	
2. Name of payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction no.:	
6. Bank details in which payment is made:	
7. Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount and legal charges along with order details)	

67. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under Section 28A of SEBI Act for the realisation of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties of Noticees 1-3 and Noticee 5.

68. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to Noticees and also to SEBI.

Place: Mumbai **SOMA MAJUMDER**

Date: November 29, 2022 **ADJUDICATING OFFICER**