

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: S. K. MOHANTY, WHOLE TIME MEMBER

ORDER

Under Sections 11, 11(4) and 11B (1) of the Securities and Exchange Board of India Act, 1992

In respect of:

Noticee No.	Names of the Noticee	PAN
1.	Vishnudham Marketing Private Limited	AAECV4988P
2.	Dharam Paul Singla	ACGPP5575P
3.	Neeraj Kumar Singla	AGVPK7036P
4.	Nirmala Singla	AEWPS6545J
5.	Nutesh Kumar Singla	ATLPS2439M
6.	River High Right Share Brokers Private Limited	AAGCR2643P
7.	Trucklink Vinmay Trading Private Limited	AAECT4670L
8.	Murlidhargiridhar Trading Private Limited	AAICM3230H
9.	Dhyaneshwar Dealers Private Limited	AAECD8010E
10.	Dreamlight Exim Private Limited	AAECD5782B
11.	Helot Properties Private Limited	AACCH8885R
12.	Muchmore Vincom Private Limited	AAICM6982C
13.	Hanshika Dealers Private Limited	AADCH3599R
14.	Rochak Vinimay Private Limited	AAGCR8142P

(The entities mentioned above are individually known by their respective name or Noticee no. and collectively referred to as "Noticees")

In the matter of ALPS Motor Finance Ltd.

Background:

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") had received references from Principal Director of Income Tax Kolkata, Chandigarh and

New Delhi informing that certain entities have manipulated the prices of various scrips and have generated bogus Long Term Capital Gains (LTCG) through stock exchange mechanism. ALPS Motor Finance Ltd ("*Company* / *ALPS*" for convenience) was one of such scrips mentioned in the aforesaid references whose market price was allegedly manipulated, hence, an investigation was conducted by SEBI into the trading in the scrip of *ALPS*, for the period of June 06, 2014 to July 31, 2015 (hereinafter referred to as "**Investigation Period**") for possible violation, if any, of the provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act, 1992**") and rules and regulations made thereunder.

2. *ALPS* was incorporated in 1987 and was primarily into financing of movable or immovable properties in India. The scrip of the *Company* was earlier listed only on Delhi Stock Exchange ("**DSE**" for convenience) and subsequently got listed at Bombay Stock Exchange ("**BSE**" for convenience) on June 06, 2014, and on the said date the price was discovered through Special Pre-open Session ("*SPOS*" for convenience).

3. Based on UCC details, off market transactions, physical share transfers, financial transactions and MCA data, Investigation identified a group of entities as suspected entities including the *Noticees* in the present proceedings (hereinafter referred to as "*suspected group entities*"). During the course of investigation conducted by SEBI, while analyzing the price and trade movement in the scrip of *ALPS*, following facts, *inter alia*, came to light:

Special Pre-open Session on June 06, 2014

- a) During *SPOS* on June 06, 2014, i.e. on first day of listing of the scrip of the *Company* on BSE, most of the buy orders were in the range of ₹0.05 to ₹11 in the first 41 minutes. However, sell orders were in range of ₹412 to ₹418 and sell side order depth was of 4000 shares.
- b) *Noticee no. 2* i.e. Dharam Paul Singla was the first participant to place a sell orders for 2000 shares and he placed two sell orders of 1000 shares each at a

price of ₹412 and ₹414 at 09:24:44 and 09:25:14 respectively, when the pending buy orders were in the range of ₹0.55 to ₹2.00. Investigation further noticed that *Noticee no. 1* i.e. Vishnudham Marketing Private Limited had placed buy orders of 5000 shares at a price of ₹418 at 09:42:06, when the other pending buy orders were in the range of ₹0.05 to ₹11. The above buy order of *Noticee no. 1* matched with the pending sell orders of *Noticee no. 2* and the opening price of the scrip was discovered at ₹418 through SPOS.

- c) Investigation observed that the net profit of the *Company* in the financial years before listing at BSE was in the range of ₹0.08 lacs to ₹9.16 lacs during the financial year 2009-10 to 2013-14 and the net profit of the *Company* after listing at BSE was ₹6.79 lacs in the year 2014-15 and ₹3.50 lacs only in the year 2015-16, which indicated that the financials were not at all strong and the price discovered through SPOS was not commensurate with the financials of the *Company*, meaning thereby, the financial performance of the *Company* could not justify or support the price discovered through SPOS in the scrip of the *Company*. Investigation also observed that that the price discovered through SPOS was also not supported by corporate announcements of the *Company* during the relevant period.
- d) It is further unearthed that *Noticee no. 2* had received 1.1 lacs physical shares of the *Company* from one of the *suspected group entities*, Accurate Buildwell Private Limited on May 11, 2012. He dematerialized those shares of the *Company* on December 31, 2013 and sold them on market during the Investigation Period including SPOS. Investigation further revealed that there were certain financial transactions, physical share transfers which indicated close connection between the *Noticee no. 1* and 2.
- e) The above series of events starting from transfer of physical shares of the *Company* in off-market between the connected entities to placing of orders during SPOS at a very high price than the previously traded price on DSE, coupled with the fact that the financials of the *Company* was not capable of

supporting such high opening price of the scrip of the *Company*, indicated that *Noticee nos. 1 and 2* were acting in concert and by placing orders at a price much higher than the previously traded price, had caused establishment of high market price artificially apart from creating a misleading appearance of trading in the scrip, which resulted in discovery of such abnormally high opening price of the scrip.

Patch-1 (June 06, 2014 to August 01, 2014)

- f) During Patch-1 (June 06, 2014 to August 01, 2014) of the Investigation Period, the price of the scrip moved from ₹418 to ₹428.05, witnessing an increase of ₹10.05 in the scrip. Investigation revealed that *Noticee nos. 2 to 14* have executed 30 trades amongst them and with those 30 trades *Noticee nos. 2 to 14* have contributed to ₹26.40 towards the positive Last Traded Price (hereinafter referred to as “**(+) LTP / positive LTP**”) which is 21.04% of the total market positive LTP in the scrip noticed during Patch-1 of the Investigation Period. Investigation also observed that in the aforementioned 30 trades that have led to contribution of positive LTP in the scrip of *ALPS*, *Noticee nos. 6 to 14* (“**9 Notices**” for convenience) were acting as buyers while *Noticee nos. 2 to 5* (“**4 Notices**” for convenience) were acting as their counterparties / sellers.
- g) Investigation further unearthed that the 4 *Notices* i.e. *Noticee nos. 2 to 5* had received physical shares from other *suspected group entities* and have dematerialized the shares prior to the Investigation Period which were sold by them on market during the Investigation Period including *SPOS* and have also contributed to higher LTP in the scrip of *ALPS*.
- h) The trading pattern of the *Notices* revealed that the *Noticee nos. 2 to 14* were acting in concert, and had placed the orders at a higher price than the LTP, which impacted the price of the scrip thereby contributing significantly to the price rise in the scrip apart from creating misleading appearance of trading in the scrip in the minds of the other investors and market participants.

4. Keeping in view of the aforesaid findings from the investigation, it has been alleged that the trades of *Noticee nos. 1 and 2* during the *SPOS* and the alleged 30 trades of *Noticee nos. 2 to 14* during the *Patch-1* of the Investigation Period were not genuine and are alleged to be manipulative trades that have escalated the price of the scrip of the *Company* artificially through an unusual, abnormal and fraudulent way of trading in the scrip as displayed by these *Noticees*, thereby causing a misleading appearance of trading in the scrip. Such acts of trading in the scrip by the *Noticees* were alleged to be in breach of provisions of regulation 3(a), (b), (c), (d) and regulation 4 (1), 4 (2) (a), (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations, 2003**”).

5. Pursuant to the aforesaid findings during the investigation, a common Show Cause Notice dated February 27, 2018 (hereinafter referred to as “**SCN**”) was issued to all the 14 *Noticees*, asking them to show cause as to why suitable direction under Section 11, 11(4) & 11 (B) SEBI Act, 1992 shall not be issued against them for their alleged acts of violations of provisions of PFUTP Regulations, 2003.

6. I note from the available records that the afore-said SCN was served on the 4 *Noticees i.e. Noticee nos. 2 to 5* by post and email. For the remaining *Noticees* the SCN was- served through Affixtures / Newspaper Publication. I further note that *Noticee nos. 2 to 5* vide separate letters dated August 20, 2018 have sought inspection of certain documents. Subsequently, in compliance with the principle of natural justice, an opportunity of personal hearing was accorded to the *Noticees* and date of hearing was fixed on June 24, 2020. However, considering the onset of COVID-19, it was thought in the interest of natural justice to grant another opportunity of hearing to the *Noticees*. Accordingly, the 4 *Noticees (Noticee nos. 2 to 5)* were communicated vide email dated July 21, 2020 that another hearing in the matter has been scheduled on August 12, 2020. For the other *Noticees*, considering that the delivery of SCN had earlier failed through SPAD and affixture, hearing notice was served through newspaper publication dated July 13, 2020 in *Times of India (New Delhi and Kolkata*

edition), *Dainik Jagran (New Delhi edition)*, *Sanmarg (Kolkata edition)* *Ananda Bazar Patrika (Kolkata edition)*. I note that only 4 *Notices* appeared before me on the said date. I also note that these 4 *Notices* (*Notice nos. 2 to 5*) vide separate letters dated September 11, 2020 have filed post hearing submissions. With regard to the remaining *Notices*, I find that sufficient opportunities for personal hearing have been provided to them and considering the fact that no request of adjournment has been received from the remaining *Notices* so far, no useful purpose would be achieved by granting any more opportunity. Therefore, I deem it appropriate to proceed in the matter on the basis of materials available on record.

Submissions of the Notices

7. As mentioned above only 4 *Notices* have filed their replies and also have appeared before me for personal hearing and other *Notices* have not responded to the SCN or letter of hearing in any manner. Hence, I proceed to deal with the matter *ex-parte*, based on materials available on record qua those non-compliant *Notices*. With regard to the replies filed by the 4 *Notices*, I have perused their replies as well as their post-hearing submissions and note that almost all the replies/submissions received from these 4 *Notices* are copies of each other with minor differences in facts/figures so as to customize to the specific trading details pertaining to a particular *Notice*. I have already mentioned that these 4 *Notices* were acting as sellers during the Patch-1 of the investigation period during which they have executed 30 trades with other *Notices* and have allegedly contributed ₹26.40 towards the positive LTP in the scrip of ALPS. Considering the foregoing findings of Investigation and the commonality of allegations as well as replies/submission received thereto, I do not deem it either desirable or necessary to iterate the replies/submissions of each of the 4 *Notices* to avoid unwarranted repetitions and instead would prefer to summarize their submissions as below:

Submission of 4 Notices (Notice no. 2 to 5)

Non-adherence to the principles of natural justice

- a) *Notices* vide separate letters dated August 20, 2018 had sought inspection of various documents including Investigation Report (IR). However, SEBI ignored the request of the *Notices* and vide email dated July 21, 2020 informed that a personal hearing in the matter has been scheduled on August 12, 2020.
- b) In response to the same, *Notices* vide separate letters dated August 04, 2020, requested SEBI to conduct hearing after the process of inspection is completed. In this regard, SEBI vide email dated August 08, 2020 provided soft copy of the trade log but all other documents including IR were withheld.
- c) *Notices* have made submissions on the basis of the limited documents available with them. Therefore, denial of complete inspection has impacted the ability of the *Notices* to holistically defend themselves.

Dual Proceedings against the Notices

- d) *Notices* have received another Show Cause Notice issued by the Adjudicating Officer (AO) in the same matter. As per section 11 (4A) of SEBI Act, 1992, WTM has enough powers to adjudicate the issues under Section 15 HA of SEBI Act, 1992. Therefore, *Notices* have requested to combine both the proceedings as dual proceedings are causing considerable stress and trauma on the *Notices*.

Delayed Proceedings prejudicial to the Notices

- e) The impugned transactions were undertaken six years ago and such inordinate delay in the proceedings itself suffers from laches and are prejudicial to the *Notices*. Reliance is placed by the *Notices* on the observations of Hon'ble SAT in the matter of *Ashlesh Shah vs. SEBI (Appeal no. 169 of 2019, DoD: 31/01/2020)*.

Element of fraud not attracted in the instant matter

- f) Allegation of price manipulation are unsustainable and provisions of PFUTP Regulations, 2003 are misdirected qua the *Notices*, since none of the ingredients

of 'fraud' is attracted in the present case. *Noticees* have further submitted following rational to support their argument:

- i. There is no connection of the *Noticees* with other *Noticees* (except their family members) in the SCN.;
- ii. Off-market purchase of non-traded shares is *per se* not illegal and *Noticees* had no connection with the entity who sold the shares to them in off-market. In this regard, *Noticees* have placed reliance on the observations of Hon'ble SAT in the matter of *Rajendra Parikh vs. SEBI* (Appeal no. 44 of 2009, DoD: 21/01/2010).
- iii. *Noticees* are in no manner connected to the counter parties of the trade.
- iv. It is natural for the sellers to try and get the highest value for their shares and therefore, the *Noticees* placed their orders to fetch the best prices.
- v. It is not possible for every sale on the market to happen at LTP. There is bound to be some increase or decrease in the LTP. Given the minuscule percentage of positive LTP, it cannot be inferred that the *Noticees* have indulged in the price manipulation.
- vi. The establishment connection between counterparties is a *sine qua non* for demonstrating manipulation and such connection of *Noticees* with the counterparties in the instant matter is absent in the SCN. In this regard, *Noticees* have placed reliance on the observations of Hon'ble SAT in the following matters:
 - *Nishith M. Shah HUF & Anr vs. SEBI* (DoD: 16/01/2020)
 - *Sapna Bombaywala vs. SEBI* (DoD: 28/01/2020)
 - *Ashlesh Shah vs. SEBI* (DoD: 31/01/2020).
- vii. There is no allegation of any of the funds of the *Noticees* being transferred to any other parties in question and the trades of *Noticees* in ALPS were independent and totally in isolation to the transactions carried out by other entities in the scrip of the *Company*.
- viii. *Noticees* have not derived any undue benefit or advantage on account of sale of shares of ALPS.

- ix. *Noticees* are ordinary investors who have limited skill and experience of fundamental & technical research before making an investment. It is a common practice that the investors look for such news based scrip even if they are fundamentally weak. During 2012-2015, most of the *Noticees* had also invested in other unlisted scrip similar to *ALPS*.
- x. The volume of trades in the scrip of *ALPS* executed by the *Noticees* vis-à-vis the overall volume in the scrip of *ALPS* was low as to have any impact on the price of scrip. Further, all the trades of the *Noticees* were in the price range of the scrip determined by the stock exchange.
- xi. *Noticees* have submitted that to establish a serious charge such as fraud, a higher degree of probability must exist and have, *inter alia*, further relied on the following case laws in order to support their argument:
 - *Sterlite Industries (India) Ltd. vs. SEBI [(2001) 34 SCL 485 (SAT)]*
 - *Narendra Ganatra vs. SEBI (Appeal no. 47 of 2011, DoD: 29.07.2011)*
- xii. *Noticees* have also cited following LTP cases disposed of by SEBI in order to further their arguments:
 - *SEBI WTM order dated 06.09.2017 in respect of Shyam Vyas, Bharat Bagri and Sumitra Devi Agarwal in matter of First Financial Services Ltd.*
 - *SEBI WTM order dated 19.09.2017 in respect of JMS Financial Services Ltd and Sanjay Shah in matter of Pine Animation Ltd.*
 - *SEBI WTM order dated 20.09.2017 in respect of Taran Rungta, Prem Lata Nahar, etc. in matter of Radford Global Ltd.*
 - *SEBI WTM order dated 05.10.2017 in respect of Shyam Vyas in matter of Mishka Finance and Trading Ltd.*

8. I also note that in addition to their similar submissions as mentioned above, *Noticee no. 2* (Dharam Paul Singla) has filed his reply with regard to the alleged price manipulation in *SPOS*, which are summarized below:

- a) The orders in SPOS were placed by the *Noticee no. 2* in due compliance of the parameters prescribed by BSE, which states that there will be no price bands for the relisted scrip during SPOS.
- b) *Noticee no. 2* was not the only one who had placed sell order at ₹418 in the scrip of ALPS during the SPOS on June 06, 2014. There was one more entity who had placed a sale order at ₹418, however, no action has been initiated by SEBI against the said entity.

Consideration of Issues and Findings

9. Considering the findings of Investigation, the allegations leveled against the *Noticees* in the SCN based on such findings, and the explanations offered by the 4 *Noticees* to the allegations made in the SCN through their written replies and oral presentations before me, I find that in this case, the following issues require consideration:

- *Issue 1: Whether the Noticees are connected entities?*
- *Issue 2: Whether the acts of the Noticee nos. 1 and 2 during SPOS have resulted in violations of the provisions of regulation 3 (a), (b), (c), (d) and regulation 4 (1) and 4 (2) (a) and (e) of SEBI (PFUTP) Regulations, 2003?*
- *Issue 3: Whether the acts of the Noticee nos. 2 to 14 during Patch-1 of Investigation Period have resulted in violations of the provisions of regulation 3 (a), (b), (c), (d) and regulation 4 (1) and 4 (2) (a) and (e) of SEBI (PFUTP) Regulations, 2003?*

Issue 1: Whether the Noticees are connected entities?

10. The SCN has alleged that the all *Noticees* were part of a group and have enjoyed connections with each other and the said *inter se* connection was based on common addresses, common email *ids*, common mobile numbers, KYC documents, common directorship and off market transfers of shares etc. For instance, as per the UCC details available on record, I note that *Noticee no. 1, 10 and 12* shared a common address at "1A Madan Mohan Burman Street 1st Floor Kolkata West Bengal 700007" and *Noticee no. 1* shared common mobile number "90XXXXXX27" with *Noticee no. 12*.

Similarly, *Noticee no. 6, 7 and 8* shared a common address at "*Ind Floor Elegance Jasola District Centre Old Mathura Road Delhi 110025*", a common mobile number "*95XXXXXX13*" and a common mail id "*kussu.agrl@gmail.com*" as per the UCC details. I also note that *Noticee no. 2 to 5* shared a common address at "*93 Chander Lok Pitam Pura Delhi 110034*" and a common phone number "*27XXXX07*". Also, *Noticee no. 9, 13 and 14* shared a common address at "*4 1st Floor NS road Kolkata West Bengal 700001*". I further note that *Noticees* also enjoyed connection to each other on the basis of common directorship. For instance, *Noticee no. 6, 7 and 8* have common Directors namely, *Bablu (DIN-05217790)* and *Yogeshachand (DIN-05217849)*. Similarly, *Noticee no 9 and 13* have common Directors namely, *Raju Jana (DIN-06575317)* and *Vineet Sharma (DIN-06627266)* while one *Bimal Dutta (DIN-06624184)* was a common Director in *Noticee nos. 1, 10, 11 and 12*. Further, as per materials available on record, it is noted that *Noticee nos. 2 to 5* had also received physical shares in the off-market from *suspected group entities*. For instance, there were off-market transfers of shares from *Noticee no. 6* to *Noticee no. 3*. The Bank statements also reveal financial transactions between *Noticee no. 6* and *Noticee no. 1*.

11. With regard to the connection established between the 4 *Noticees*, who appeared before me, I note from their submissions that they have not disputed the said connections amongst them and rather have admitted that they are family members.

12. With regard to the connection of *Noticee nos. 2 to 5* with other *Noticees*, I have already noted above that in addition to the off-market transfer of physical shares between these 4 *Noticees* and other *suspected group entities* which were in turn connected with other *Noticees*. The bank statements have revealed transaction between the *Noticee no. 6* and *Noticee no. 1* and as noted earlier there were transfer of shares through off market mode between *Noticee no. 3* and *Noticee no. 6*. As already noted above, except for the 4 *Noticees (Noticee no. 2 to 5)*, other *Noticees* have chosen not to file any reply and even have preferred to abstain from personal hearing. In the absence of any material contrary to the allegations, I find that materials on record are

sufficient enough to reasonably conclude that the *Noticees* were enjoying close connections among themselves.

Issue 2: Whether the acts of the *Noticee no. 1* and *2* during *SPOS* have resulted in violations of the provisions of regulation 3 (a), (b), (c), (d) and regulation 4 (1) and 4 (2) (a) and (e) of SEBI (PFUTP) Regulations, 2003?

13. I note that the SCN has alleged that *Noticee no. 1* and *2* were instrumental in determination of the equilibrium price in *SPOS* at a high rate which was not justified on the face of the performance of the *Company* and such acts were in violations of various provisions of PFUTP Regulations. Therefore, before moving forward on this issue, it would be proper to visit the afore-stated regulatory provisions alleged to have been violated in the SCN. The said provisions are produced hereunder for ready reference:

Regulation 3 of SEBI (PFUTP) Regulations, 2003: - Prohibition of certain dealings in securities

3. 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 thereunder;

(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 thereunder.

Regulation 4 of SEBI (PFUTP) Regulations, 2003: - 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

14. The SCN has alleged that trading by Noticee no. 1 and 2 in the scrip of ALPS during the SPOS was manipulative in nature and their trades were executed to artificially establish a high opening price in the scrip. Before we proceed on to the said allegation, it is important to understand the concept of SPOS and how price is discovered in the said session, which is detailed out in the following paragraph.

15. As per the extant instructions of SEBI, the price discovery for the scrips of exclusively listed companies of regional Stock Exchanges which have not been traded in last one year, when shifted to nationwide stock exchange for listing, is conducted during a SPOS, which is of a duration of 60 minutes. Out of 60 minutes, 45 minutes are allowed for order entry, modification and cancellation, 10 minutes for order matching and trade confirmation and the remaining 5 minutes are kept as a buffer period to facilitate the transition from SPOS to the normal trading session. If no trade is done in this period, then the scrip remains in SPOS mode till trading commences for the given scrip. The equilibrium price computation follows the volume maximization logic based on aggregated demand & supply of orders. All orders

entered in the system should match at the same price, i.e. the equilibrium price. It is important to note that the equilibrium price will be the price at which the maximum volume is executable and the equilibrium price so determined in pre-open session is considered as opening price of the scrip for the day. Once price is discovered during *SPOS*, the scrip moves to continuous trading session with the opening price as determined through *SPOS*. Mechanism of *SPOS* is further explained in table below:

Table-1: Timings of various activities in *SPOS*

Pre-open session	Time	Remark
Order Entry Period	9:00 am - 9:45 am (*)	Order entry, Modification and Cancellation
Order Matching & trade Confirmation Period	9:45 am(*) 9:55 am	- Order matching period will start immediately after completion of order collection period. - Opening price determination. - Order matching and trade confirmation.
Buffer Period	9:55 am 10:00 am	Transition from pre-open to Normal market

(*) System driven Random closure between 44th and 45th minute

16. In the instant matter, as stated above the scrip of the *Company* was earlier listed only on DSE was last traded on DSE on February 02, 2000 at a price of ₹18.50. The scrip thereafter got re-listed at BSE (after 14 years) on June 06, 2014. The opening price of the scrip of the *Company* was discovered through *SPOS*. Order logs of the said *SPOS* on June 06, 2014 is tabulated below:

Table-2: Order logs during *SPOS* in scrip of *ALPS*

Sr. no.	Order Time	Buy / Sell	Name	Rate (₹)	Quantity	Remarks
1	9:00:00	B	Bakul K Gaudani	0.55	2500	Order Added
2	9:01:12	B	Jignesh Mangalbhai Prajapati	0.6	5000	Order Added
3	9:15:00	B	Bakul K Gaudani	0.65	2500	Order Updated
4	9:15:00	B	Patel Moulik	0.65	5000	Order Added
5	9:15:06	B	Ranu Gautam Jajoo	0.75	10000	Order Added

6	9:16:55	B	Noor Securities Prop. Jai Kishan	1	1000	Order Added
7	9:18:57	B	Suraj Jhunjunwala	2	1000	Order Added
8	9:22:01	B	Noor Securities Prop. Jai Kishan	1	1000	Order Deleted
9	9:22:30	B	Suraj Jhunjunwala	2	1000	Order Deleted
10	9:24:44	S	Dharam Paul Singla (<i>Noticee no. 2</i>)	412	1000	Order Added
11	9:25:14	S	Dharam Paul Singla (<i>Noticee no. 2</i>)	414	1000	Order Added
12	9:26:17	B	Bharat Bansal	0.6	1	Order Added
13	9:26:36	B	Bharat Bansal	0.6	1	Order Deleted
14	9:33:54	B	Akbar Nanhe Mirza	0.05	1	Order Added
15	9:34:03	B	Akbar Nanhe Mirza	0.05	1	Order Deleted
16	9:36:10	B	Akbar Nanhe Mirza	0.05	1	Order Added
17	9:36:19	B	Akbar Nanhe Mirza	0.05	1	Order Deleted
18	9:37:24	S	Ramesh Chand Jain	416	1000	Order Added
19	9:37:42	S	Ramesh Chand Jain	418	1000	Order Added
20	9:37:56	B	Bimla Devi Hirawat	0.7	5000	Order Added
21	9:37:58	B	Bimla Devi Hirawat	0.7	5000	Order Deleted
22	9:38:29	B	Bakul K Gaudani	0.8	2500	Order Updated
23	9:39:11	B	Kamal Mahavir Prasad Sodhani Huf	10	100	Order Added
24	9:41:01	B	Ranu Gautam Jajoo	11	500	Order Added
25	9:41:37	B	Bimla Devi Hirawat	1	1000	Order Added
26	9:42:06	B	Vishnudham Marketing Private Limited (<i>Noticee no. 1</i>)	418	5000	Order Added
27	9:42:12	B	Noor Securities Prop. Jai Kishan	418	5000	Order Added
28	9:42:31	B	Bimla Devi Hirawat	1	1000	Order Deleted
29	9:43:34	B	Ranu Gautam Jajoo	450	5	Order Added
30	9:44:24	B	Kamal Mahavir Prasad Sodhani Huf	10	100	Order Updated
31	9:45:00	B	Kamal Mahavir Prasad Sodhani Huf	10	100	Order Deleted

17. I note from the table no. 2 above that on the day of re-listing of the scrip of the *Company* on BSE i.e. on June 06, 2014, for the first 24 minutes of *SPOS*, in the order book of *SPOS* there were only buy orders which were hovering in the range of ₹0.05 to ₹11, until *Noticee no. 2* placed 02 sell orders of 1000 shares each at a high price of ₹412 and ₹414 at 09:24:44 and 09:25:14, respectively (mentioned at sr. no. 10 and 11 in

the table no. 2). It is important to mention here that the sell orders placed by the *Noticee no. 2*, were the first sell orders placed during the *SPOS* session. Subsequently, at 9:42:06, a buy order of 5000 quantity of shares was placed by the *Noticee no. 1* at a price of ₹418 (mentioned at sr. no. 26 in the table no. 2), which was matched with the sell orders of the *Noticee no. 2* during the order matching process and based on the volume of the orders so matched, an equilibrium price of ₹418 was discovered. To further elaborate the price discovery, it is relevant to visit the details of the trades executed during the *SPOS* which are presented below:

Table-3: Trades executed during *SPOS* in scrip of *ALPS*

Name of Buyer	Name of Seller	Trade ID	Trade Time	Trade Rate(₹)	Seller Order Rate(₹)	Buyer Order Rate(₹)	Traded Quantity
Vishnudham Marketing Private Limited (<i>Noticee no. 1</i>)	Dharam Paul Singla (<i>Noticee no. 2</i>)	1	9:45:00	418	418.00	412.00	995
		2	9:45:00	418	418.00	414.00	1000
	Ramesh Chand Jain	3	9:45:00	418	418.00	416.00	1000
		4	9:45:00	418	418.00	418.00	1000
Ranu Gautam Jajoo	Dharam Paul Singla	5	9:45:00	418	450.00	412.00	5

18. From the trade details in the table no. 3 above, I observe that the equilibrium price discovered during *SPOS* was ₹418 and thereafter all the trades during the *SPOS* were executed at the equilibrium price. I further note that the first two trades executed during *SPOS* were executed by matching of the sell orders of *Noticee no. 2* with the buy orders of *Noticee no. 1*.

19. It may be noted that at the time of *SPOS*, the *Company* had neither made any material disclosures nor had made any significant corporate announcements with respect to any positive development in its business affairs which could have caused such a sentiment of high price on the first day of trading of its scrip when trading was resumed after a gap of 14 years. Further, as per annual reports, the *Company's* pre-

relisting net profit was in the range of a meagre ₹0.08 lacs to ₹9.16 lacs during the financial year 2009-10 to 2013-14 and post-relisting the net profit was only ₹6.79 lacs in the year 2014-15 and ₹3.50 lacs in the year 2015-16 thereby strongly suggesting that the financials of the *Company* were not at all sound enough to justify such a high opening price discovered through *SPOS* which was not at all supported by its financials. This indicates that that the high opening price discovered in the scrip of *ALPS* through *SPOS* did not have the backing of either any corporate announcements, or any strong fundamentals of the *Company*.

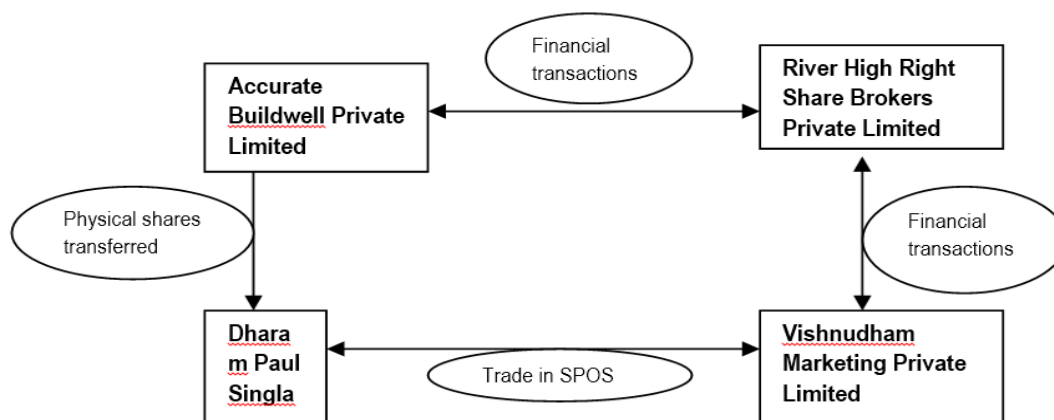
20. I note that till the time a buy order at ₹418 was placed by *Noticee no. 1*, all other pending buy orders in the order book of *SPOS* were in the range of ₹0.05 to ₹11. The *Noticee no. 1* has not been able to justify the rationale behind buying the scrip of *ALPS* at ₹418 per share on the opening day of re-listing of the scrip which was not backed by sound financials and also there were no corporate announcements to support the buying of the scrip at such an exorbitant price in the opening session. Further, the fact that all other buy orders which were placed prior to *Noticee no. 1* placing its buy order i.e. till first 42 minutes of *SPOS*, were pending in the range of ₹0.05 to ₹11 only, questions the true intent and motive of the *Noticee no. 1* for placing the buy orders at such an exorbitant price. It is also noteworthy that the buy orders at such a high price were placed by the *Noticee no. 1* almost at the end of the order punching session i.e. after 42 minutes had passed and the session was about to close (between 44 to 45 minutes). If the *Noticee no. 1* was having a genuine intention or was so keen to buy the shares of the *Company* because of whatever attractions it had to the scrip, it would have placed its buy orders at the start of the *SPOS* and as a prudent investor may be a little higher than the available buy orders pending in the system so as to attract seller to its buy orders. The trading pattern of the *Noticee no. 1* clearly indicates its spurious intention and suggests that it was not a genuine investor of securities market and its decision to purchase the shares of *ALPS* in *SPOS* at an abnormally high rate was ill motivated for some contrived reasons, best known to it.

21. I also note that the SCN has mentioned that *Noticee no. 2* had received 1.1 lacs physical shares of *ALPS* from one of the *suspected group entities* namely, Accurate Buildwell Private Limited on May 11, 2012 which were subsequently dematerialized by the *Noticee no. 2* on December 31, 2013 and sold on the stock exchange platform during the Investigation Period including during the *SPOS*. The said *suspected group entity* had connection with another *Noticee* i.e. *Noticee no. 6* by virtue of financial transactions between the two. As already mentioned above, *Noticee no. 2* was the first one to place sell orders during the *SPOS* in the scrip of *ALPS*. From the material available on records, I note that no justification has been advanced by the *Noticee no. 2* to support his act of placing of a sell order at an unrealistic price of ₹412 and ₹414 during *SPOS*, when he knew that the buyers available at that point of time in the market were demanding the shares only in the price range of ₹0.05 to ₹11. Therefore, it was ludicrous on his part to offer his shares at such a fantastic high rate of ₹412 and ₹414 knowing very well that there are no takers at such high rates.

22. I further note that the argument advanced by the *Noticee no. 2* is that his trades were in due compliance of the parameters prescribed by BSE, which states that there will be no price bands for the relisted scrips during *SPOS*. I agree with the *Noticee no. 2* that there are no prescribed price bands in the price of the scrip during the price discovery mechanism in *SPOS*, however, it is difficult to accept that mere non-provision of any price band would be considered by him as conferring in him an unbridled right to indulge in abnormal and unfair trading practice even at the cost of market mechanism. It is pertinent to note that the scrip of the *Company* was last traded at DSE @ ₹18.50 per share and the trading of said scrip was resumed after a prolonged 14 years of suspension, but due to the afore-stated artificial trading by *Noticee no. 1* and 2, the scrip started with a spectacular opening price of ₹418 in the *SPOS* at the time relisting at BSE. As pointed out above, despite the fact that there were no corporate announcements with respect to any positive development in business affairs of the *Company* and despite that the buyers were generally interested to buy the scrip of *ALPS* at very low price i.e. within the range of ₹0.05 to ₹11, *Noticee no. 2*

placed his sell order at exorbitant prices of ₹412 & ₹414 which were promptly matched by Noticee no. 1 by placing buy order at a price of ₹418 per share. Thus, a sharp rise in the price of the scrip on the opening day itself without support of even a bare minimum market fundamentals of the scrip or any positive development in the financial health of the *Company* to assume a good future prospect, leads to a strong suspicion that the aforesaid trading by the two *Noticees* during the *SPOS*, was outcome of a pre-mediated scheme to manipulate the price of the scrip of *ALPS*, by resorting such fraudulent and manipulative trades.

23. In this regard, it is pertinent to see the role of *Noticee no. 2* holistically alongwith his connection with *Noticee no. 1* as well as the undisputed facts of buying the shares in off market transaction of a *Company*, which had a history of remaining in suspension for 14 years. Under the circumstances, the trade of *Noticee no. 2* with *Noticee no. 1* in the *SPOS* can't be seen in isolation as mere trades executed in the course of normal trading, more particularly, when the SCN has highlighted the associations/connections amongst the *Noticees*. I note that the SCN has narrated that there were certain connections existed between *Noticee no. 1* and *Noticee no. 2* which are depicted in the diagram below:



From the above diagram, I note that *Noticee no. 2* received physical shares of *ALPS* from one entity namely Accurate Buildwell Private Limited which had financial transactions with River High Right Share Brokers Private (*Noticee no. 6*), who in turn, had financial transactions with the *Noticee no. 1*. The connection between *Noticee no.*

1 and 2 as highlighted above raises a compelling suspicion on the genuineness of the transactions executed by these two *Notices* in the price discovery of scrip of ALPS in SPOS on June 06, 2014.

24. Admittedly, as per common business prudence, a seller always seeks for better / high price while selling his shares. In the instant case also, *Noticee no. 2* while seeking high prices for his shares has placed the sell orders in the scrip of ALPS at higher rates. However, the role played by *Noticee no. 2* should not be considered as an isolated case of a seller but needs to be viewed in conjunction with the role of *Noticee no. 1*, as because *Noticee no. 2* after receiving large number of physical shares of the *Company* in the off market from connected entities has entered his sell orders with a high price during the SPOS, knowing very well that the buy orders pending in the system at the time were for a very less price. By placing such an artificial and unrealistic sell orders the *Noticee no. 2* instigated the process of manipulative price discovery in a coordinated and concerted manner with *Noticee no. 1* only with an apparent motive to artificially fix the opening price of the scrip of ALPS. It becomes evident from the data and factual evidences highlighted above that the *Noticee no. 1* and 2 were prima facie acting as a part of a pre-mediated design or a scheme for manipulation of the price of the scrip of the ALPS, during SPOS and also thereafter.

25. It is surprising to see that the scrip which was transacted @ ₹18.50 per share 14 years ago and the trading of which was resumed after a prolonged 14 years of suspension, could resume trading with spectacular opening price of ₹418 in the SPOS sans any market fundamental or positive financial outlook of the *Company*. Further, from the pattern of price discovery process observed in the SPOS wherein while majority of the buyers were trying to buy the scrip at a price between ₹0.05 to ₹11 per share, *Noticee no. 2* (who had received the shares of the *Company* through connected entities of *Noticee no. 1* in the off market), entered into the SPOS by placing his sell orders at an exorbitant price of ₹412 and ₹414, which were promptly chased by the buy orders of *Noticee no. 1*. There remains no doubt that *Noticee nos. 1* and 2 have executed collusive trades during the said SPOS. As pointed out earlier, *Noticee nos. 1*

and 6 have so far not filed any reply and have offered no response to the SCN and have made no attempt to deny the allegations made in the SCN, whereas *Noticee no. 2* has filed a reply and has also attended his personal hearing. However, except for denying the allegations and submitting that the trades of *Noticee no. 2* should not be viewed as bad in the absence of any prescribed price band, no explanation has been offered by *Noticee no. 2* to rebut the allegations levelled against him for deliberately placing sell orders at such exorbitant price, when other buy orders pending in the system were in the range of ₹5 to ₹11 only. Further, *Noticee no. 2* has not provided any rational to justify his act of placing of sell orders immediately on the opening of resumption of trading in the scrip, or to explain the reasons / rational behind buying 1.10 lac shares of the *Company* in an off market mode prior to its relisting, knowing well that the financial of the *Company* was not good and the past performances of the *Company* were also not encouraging enough to buy its untraded shares in such high quantities from off-market when trading in the scrip had not resumed.

26. In view of the above stated factual and circumstantial evidences and considering the facts; that the *Noticee no. 2* had bought substantial quantities of shares of the *Company* in an off market transaction from an entity which had financial connection with other *Noticees* i.e. *Noticee nos. 1* and *6*; that the *Company* was under suspension for a period of 14 years and that the financials of the *Company* were not inspiring at all; the acts of placing sell orders by *Noticee no. 2* in the SPOS at such an abnormally high price and matching of the said sell order of *Noticee no. 2* with the buy order placed by the *Noticee no. 1* can't be seen as a mere market co-incidence. No explanation has been furnished by *Noticee no. 2* as to why he placed sell order in the scrip in the SPOS immediately after he bought shares of the *Company* in an off market transaction and did not bother to wait to watch as to how the market is going to react to the scrip which resumed its trades after 14 years. Under the circumstances, I have no hesitation in concluding that a sharp rise in the opening price of the scrip which had bare minimum market fundamentals, the connection that existed between *Noticee nos. 1* and *2* coupled with fact of matching of sell trade of *Noticee no. 2* with *Noticee no.*

1 only were part of a pre-conceived scheme to manipulate the price of the scrip of ALPS and hence the said trade can't be held to be a genuine trade executed by two investors in the normal course of trading, without being influenced by any illicit motive.

27. Keeping in view the artificial trading behavior exhibited by the Noticee no. 1 & 2 and the unfair trade practices adopted by both the Noticees (Noticee no. 1 and 2), it may be relevant here to note that Hon'ble SAT, in the matter of *Ketan Parekh vs. SEBI* (Appeal No. 2 of 2004 decided on 14.07.2006) had an occasion to deal with the propriety of non-genuine trades and have made the following observations:

".....Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."
(emphasis supplied)

28. Similarly, in *SEBI vs. Kishore R. Ajmera* (2016) 6 SCC 368, the Hon'ble Supreme Court 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." (emphasis supplied)

29. I would also like to rely on the following observations made by the Hon'ble Supreme Court of India in the case of *SEBI vs. Rakhi Trading Pvt. Ltd* in Civil Appeal Nos. 1969, 3174-3177 and 3180 of 2011 (DoD- 08/02/2018):

"35. Having regard to the fact that the dealings in the stock exchange are governed by the principles of fair play and transparency, one does not have to labour much on the meaning of unfair trade practices in securities. Contextually and in simple words, it means a practice which does not conform to the fair and transparent principles of trades in the stock market."

30. I find that the acts and conducts of the two *Noticees* i.e. *Noticee nos. 1 & 2* including the explanations offered by *Noticee no. 2* are squarely covered by the observation made in the above referred judicial decisions, which have been endorsed by the Hon'ble Supreme Court of India, in the matter of *SEBI vs. Kishore Ajmera (supra)*. Herein also the *Noticees* have failed to justify placing of order at such a high price, more so when the scrip had started resumption of trading after a slumber of 14 years and the *Noticee no. 2* having bought shares in off market not only chose to place sell order on the very first day of trading but also placed his sell order at such an unrealistic price, which cannot be justified considering the other buy orders placed in the system for the said scrip as well as considering the fact that the *Company* had no fundamental to support trading at such high prices. These attending circumstances coupled with the undisputed fact that the sell order of *Noticee no. 2* matched with an entity i.e. *Noticee no. 1* which had connection with *Noticee no. 2* through *Noticee no. 6*, further reinforces the suspicion that *Noticee no. 1* and *2* have deliberately traded at such exorbitant prices only with a pre-decided plan to set the opening price of the scrip at a very high level through their manipulative trades.

31. The *Noticee no. 2* has attempted to canvass equity by arguing that he was not the only one who had placed sell order at ₹418 in the scrip of *ALPS* during the *SPOS* on June 06, 2014, as there was one more entity who had placed a sale order at ₹418, however, no action has been initiated by SEBI against the said entity. In this respect, it needs to be appreciated that the instant matter is a quasi-judicial proceedings and the same is required to be conducted within the contours to the allegations made in the SCN. On perusal of the allegations made in the SCN, it appears that the SCN has proceeded against those entities which enjoyed *inter se* connections directly or indirectly and have allegedly acting in concert traded in the scrip. The *Noticee*, while seeking equity has not brought as to how the other person who also placed sell order at ₹418 was related/connected to any other *Noticee*. Therefore, the contention of the *Noticee* is misplaced.

32. In the light of the aforesaid judicial observation and finding that the conduct of *Noticee no. 1* and *2* was evidently laced with malicious intent and fraudulent motive, and on the basis of the reasons recorded above, I hold that the *Noticee nos. 1* and *2* have violated regulations 3(a), (b), (c), (d) and regulation 4(1), 4(2) (a) and (e) of the PFUTP Regulations, 2003 while trading in the scrip of *ALPS* during the *SPOS* on June 06, 2014.

Issue 3: Whether the acts of the *Noticee no. 2 to 14* during Patch-1 of Investigation Period have resulted in violations of the provisions of regulation 3 (a), (b), (c), (d) and regulation 4 (1) and 4 (2) (a) and (e) of SEBI (PFUTP) Regulations, 2003?

33. I have already noted in this order that other than the 4 *Noticees* who have responded to the SCN, none of the remaining *Noticees* has any reply to the said SCN or has appeared before me for personal hearing. I have carefully considered the allegations against the 4 *Noticees*, their written replies and submissions and the materials available on record. I note that the 4 *Noticees* have prepared their replies to the SCN under two broad categories – preliminary objections and explanation on merit. Before proceeding to the facts and allegations of trading during Patch-1, I would prefer to first deal with the preliminary objections raised by the *Noticees*.

Denial of full and fair inspection of documents to the Noticees amounts to Non-adherence to the principles of natural justice

34. As mentioned before, pursuant to the issuance of the SCN, the authorized representatives of the 4 Noticees (viz: - Noticee no. 2 to 5) had sought inspection of documents which have been relied upon in the SCN in the instant matter. In this regard, I note from the materials available on records that the 4 Noticees vide their separate letters dated August 20, 2018 had sought inspection of various documents including Investigation Report (IR). Subsequently, Personal hearing in the matter which was initially fixed for June 24, 2020, on account of challenges posed by COVID was rescheduled to August 12, 2020. SEBI vide email dated July 21, 2020 while communicating the aforesaid new date and time fixed for personal hearing has also provided the Noticees with an opportunity of inspection of documents relied upon in the SCN and the 4 Noticees were requested to complete the same latest by July 31, 2020. It was specifically mentioned in the afore stated email that *"In case you want copies of SCN or annexure or any other additional document relied in the SCN and/or inspect the same, you may submit your request by writing to the undersigned on email or by visiting SEBI's office on the address mentioned above by July 31, 2020"*. I note that none of the 4 Noticees availed the aforesaid opportunity within the given timeline and only vide their separate letters dated August 04, 2020 (received by SEBI vide email dated August 08, 2020), the 4 Noticees have requested for the trade logs in respect of their trades in the instant matter and have sought time of two weeks to analyze such trade data so as to be able defend themselves effectively.

35. It is however noted that vide email dated August 10, 2020, the 4 Noticees have *inter alia* been informed by SEBI that the SCN already contains all the relevant extracts of the findings of the IR with regard to the charges levelled against them. All the documents relied upon in the proceedings have been provided as annexures to the SCN. With respect to the letter dated August 20, 2018 addressed by the 4 Noticees, it is noted that vide the aforementioned letter, the 4 Noticees had sought inspection of the following documents viz: all annexures to the IR, Entire Trade and Order log in

the scrip of *ALPS*, all communication and information received from Stock Exchange, Depository, Bankers and other law enforcement agencies, copy of the statement of any person recorded by SEBI etc. I note that all the 4 *Notices* have already been communicated that the SCN contains all the relevant extracts of the findings of the *IR* with regard to the charges levelled against them and no other documents apart from the documents mentioned in the SCN nor any recorded statements from anyone, have been relied upon in the SCN to allege the above stated violations against them. Considering the above, I find that the request made by the 4 *Notices* for various documents, statements, correspondences, etc. that have not been relied upon in the SCN at all, are roving in nature, hence not acceptable. Further, the contents of the letters of the 4 *Notices* do not point out any specific document which needs to be furnished to them and non-furnishing of which, would cause grave prejudice to the interest of these 4 *Notices* for defending themselves against the violations alleged in the SCN. I also note that the 4 *Notices* have been duly furnished with the details of trades as sought by them which are relevant for the purpose of adjudication of the present proceedings.

36. As far as the right to inspection of documents are concerned, I note that the instant proceedings are governed by the principles of natural justice and I am duly bound to ensure that *Notices* be provided with sufficient opportunity to defend themselves effectively. It is pertinent to note that Right to Inspection is not a statutory right, nevertheless it acquires significance, particularly in the instances where a Noticee raises suspicion and doubts over the contents and credentials of the documents relied upon in the SCN. In this instant matter, I note that the SCN has enclosed three documents i.e. Basis of connection, Extracts of trade log during *SPOS* and Extracts of trade log w.r.t. LTP Contribution alleged to have been made by the *Notices*. The 4 *Notices* have not disputed the contents of any of the documents annexed to the SCN. Therefore, the right of Inspection should not be used as a malicious strategy / tool to delay the proceedings. Further, though the 4 *Notices* vide their separate letters dated August 20, 2018 had sent their requests for inspection of

documents, I find from records that there has been no reminder / follow up letters from the 4 *Notices* till August, 2020, when they requested for their trade logs. I also note that during the course of personal hearing, the 4 *Notices* have not raised any objection to the continuation of the present proceedings by taking a ground that they cannot present their case properly due to non-supply or non-inspection of documents. The counsel of these 4 *Notices* has rather advanced arguments on the basis of the facts and the trade details of the 4 *Notices* as borne out by the SCN and was heard at length. Also, the counsel of the 4 *Notices* sought time of 2 weeks to file his post hearing written submissions. The 4 *Notices* have apparently been provided with all the relevant documents required by them to present their case effectively such as trade logs and other details in annexures to the SCN. I further note that the SCN covers all the documents that have been relied upon to frame charges against the *Notices* and all the documents annexed to the SCN were again provided to the 4 *Notices* through email dated August 10, 2020. Moreover, after having heard the 4 *Notices* on merit, these 4 *Notices* were granted sufficient time to file their written submissions and the submissions made by the 4 *Notices* also cover all the relevant points pertaining to the allegations made in the SCN. At no stage of proceedings, it appeared in any manner to me that these 4 *Notices* has been genuinely handicapped in presenting their defense for want of any document that is relied upon in the SCN but not made available to the 4 *Notices*. On whole I find that the interest of these 4 *Notices* have not been prejudiced in any manner as all the relevant documents such as trade logs, Annexures to the SCN and the SCN, etc. have already been provided to them. It appears that the attempt made by the 4 *Notices* to rake up the issue of non-inspection at this stage when the personal hearing is already concluded, is nothing but a frivolous attempt to delay the proceedings by taking a ground which they themselves have not been serious about and except for the trade logs they never required any other documents or statements or correspondences to defend their case. In these circumstances, in my considered view, the instant proceedings against the *Notices* do not suffer from any irregularity so grave as to cause any prejudice to these *Notices*, resulting in any miscarriage of justice.

37. Regarding the request of the 4 *Notices* for various other documents including *IR*, I note that the copies of all the annexures have already been provided to the 4 *Notices* alongwith the SCN. It is pertinent to note here that the investigation report is a compilation of all the findings made during investigation pertaining to various suspected entities and such findings are recorded in a comprehensible manner in the *investigation report* based on which, Show Cause Notices are prepared and charges are framed. In fact, the findings from the investigation are the only materials relevant to the *Notices*. Accordingly, the *Notices* have already been provided with the relevant parts of the *IR* in details in the SCN and the relevant documents relied upon by the SCN are also provided as the Annexures to the SCN. In my view, the findings of the Hon'ble Tribunal in the matter of *Anant R. Sathe vs. SEBI (Appeal no. 150/2020 – Date of decision July 17, 2020)* are relevant and the same are reproduced herein below for the purposes of reference:

“7. Having heard the learned counsel for the parties, we are of the opinion that the controversy involved in the present appeal is squarely covered by the decision of this Tribunal in Shruti Vora’s (supra) wherein the Tribunal held that:

“In the light of the aforesaid, we are of the opinion that concept of fairness and principles of natural justice are in-built in Rule 4 of the Rules of 1995 and that the AO is required to supply the documents relied upon while serving the show cause notice. This is essential for the person to file an efficacious reply in his defence.”

8. The said principle elucidated in Shruti Vora’s judgement is squarely applicable in the instant case. The authority is required to supply the documents that they rely upon while serving the show cause notice which in the instant case has been done and which is sufficient for the purpose of filing an efficacious reply in his defence.

9. In Natwar Singh vs. Director of Enforcement and Another (2010) 13 SCC 255 the Supreme Court held that the fundamental principle remains that nothing should be used against the person which has not been brought to his notice. If relevant material is not disclosed to a party, there is prima-facie unfairness irrespective of whether the material in question arose before, during or after the hearing. The Supreme Court

further held that the law is fairly well settled, namely that if prejudicial allegations are to be made against a person, he must be given particulars of that before hearing so that he could prepare his defence.

10. In the light of the aforesaid, the request of the Appellant for supply of documents which are in possession of the authority is misconceived and cannot be accepted."

38. Considering the above noted observations and the fact that the 4 Noticees have already been provided with their trade logs of their respective trades as requested by them, I find that the arguments of the 4 Noticees regarding non-supply of documents including IR, is merely an afterthought attempt just to delay the instant proceedings without any justifiable reasons and hence, deserve to be rejected.

Delayed Proceedings prejudicial to the Noticees

39. The above stated 4 Noticees have contended that there has been an unreasonable delay of 6 years in initiation of the present proceedings which suffers from laches and are prejudicial to the interest of the Noticees, and thus, tantamount to gross abuse of the process that questions the root of jurisdiction to issue the SCN itself. In this regard, the Noticees have relied upon and cited the following observations of Hon'ble SAT in the matter of *Ashlesh Shah vs. SEBI* (Appeal no. 169 of 2019, DoD: 31/01/2020):

"In the light of the aforesaid, we are of the opinion that there has been an inordinate delay in the issuance of the show cause notice. Even though there is no period of limitation prescribed in the Act and Regulations in the issuance of a show cause notice or for completion of the adjudication proceedings the authority is required to exercise its powers within a reasonable period as held recently in Adjudicating Officer, Securities and Exchange Board of India vs. Bhavesh Pabari (2019) SCC OnLine SC 294. In the instant case, we are of the opinion that the power to adjudicate has not been exercised within a reasonable period and therefore no penalty could be imposed."

40. I have perused the contention of the Noticees in this regard and also the observations of Hon'ble SAT on the case relied upon by them in support of their contention. It can be safely deduced from the above said citation that the facts and

the attending circumstances of each case has to be taken into consideration while deciding whether there has been a delay or inordinate delay in a particular case. It is an admitted fact that the investigation in the instant matter was initiated in pursuance of a series of references received from Income Tax Department. It is common knowledge that investigation in matters pertaining to price manipulation are typical and complex and requires collating various types of data including trading data and other financial information. Pursuant to the receipt of the reference dated April 27, 2015 from Income Tax Department and in the course of investigation, SEBI had to exchange various communications with the *Company*, BSE, Depositories and Banks. After completion of the investigation, SEBI has initiated proceedings in respect of the *Notices* by issuing the SCN under consideration, on February 27, 2018. Therefore, the plea of the 4 *Notices* that there is an inordinate delay of 6 years is farfetched, as SEBI has initiated the proceedings by issuing the SCN in less than 3 years after receipt of the references from the Income Tax Department. Considering the foregoing, I am of the view that no unreasonable delay has been committed by SEBI in initiating action in the present matter as claimed by these *Notices* and therefore, I do not have any hesitation in rejecting the contention of the 4 *Notices* claiming delays and laches in initiating proceedings against them.

Dual Proceedings against the 4 *Notices*

41. The 4 *Notices* have also referred to the separate proceedings pending before the Adjudicating Officer (AO) in the matter and have requested that the AO proceedings be combined with the instant proceedings before me. It is not denied that, the two proceedings initiated against the 4 *Notices* before the AO and the undersigned are based on the same facts and allegations. In this respect also, I note that such a contention has not been agitated by the *Notices* during the course of personal hearing before me. The two proceedings (i.e. proceedings before me and the Proceedings before the AO) are different in their nature & objectives and are independent of each other, in terms of measures to be taken against an entity, if found guilty of the violations as alleged in the SCN which are also issued separately under

separate provisions of law. It is a matter of law that, vide amendment in SEBI Act, 1992 made by Finance Act, 2018, SEBI Board has been conferred with power to impose monetary penalty also, (which were earlier exclusively vested with the AO) however, the SCN in the present matter was issued prior to the aforesaid amendment in SEBI Act. Irrespective of the same, I find that, since the *Notices* have not objected to the two separate proceedings and have not made any submission for clubbing of the two separate proceedings during the personal hearing, the submissions made by the *Notices* now have no merit to be considered more so when no prejudice is shown to have been caused to them, by the two separate proceedings. Therefore, no harm is caused in case the two proceeding are allowed to be decided independently on merit, based on the facts and allegations recorded in the two separate SCNs and after considering the replies/responses and submissions made by the *Notices* during the aforesaid two separate proceedings.

42. Moving on to the allegations made in the SCN and on the trade related aspect, I note that during the Patch-1 of the Investigation Period (June 06, 2014 to August 01, 2014), subsequent to price discovery of opening price on the SPOS held on June 06, 2104, the price of the scrip moved from ₹418 to ₹428.05, thereby registering an increase of ₹10.05 in the scrip price and a total market positive LTP of ₹125.50 was created in the scrip during the said Patch-I. I note that the SCN has alleged that by executing manipulative trades and unfair trades, *Noticee nos. 2 to 14* ("**13 Notices**" for convenience) have contributed to the positive LTP in the scrip of *ALPS* during Patch-1 of the Investigation Period. SCN has further alleged that out of the said group of 13 *Notices*, *Noticee no. 2 to 5* (hereinafter referred to as "**4 Notices**") were acting as sellers / counterparties to the remaining **9 Notices** (*Noticee no. 6 to 14*) who purchased the shares of the *Company* in those alleged trades that contributed to positive LTP in the scrip of *ALPS* during Patch-1 of the Investigation Period. Therefore, to begin with, the impact of such trades on the LTP of the scrip during Patch-1 of the Investigation Period need to be examined. First, details of positive LTP

contribution made by the trades of the 9 *Notices* (*Noticee no. 6 to 14*) acting as buyers during Patch-1 of Investigation Period are tabulated as follows:

Table-4: Trade and LTP details of 9 *Notices* in Patch-1

Sr. No	Buyer Name	All trades			LTP Diff. > 0			LTP Diff. < 0			LTP Diff. = 0		% of Positive LTP to Total Market Positive LTP
		LTP impact	QTY traded	No of trades	LTP impact	QTY traded	No of trades	LTP impact	QTY traded	No of trades	QTY traded	No of trades	
1	River High Right Share Brokers Private Limited(<i>Noticee no. 6</i>)	4.4	60132	60	8.5	7667	8	-4.1	9000	4	43465	48	6.77
2	Trucklink Vinmay Trading Private Limited(<i>Noticee no. 7</i>)	4.4	133504	123	12.6	42389	20	-8.2	15541	10	75574	93	10.04
3	Murlidhargiridhar Trading Private Limited (<i>Noticee no. 8</i>)	1.4	107819	122	4.05	14770	9	-2.65	14341	8	78708	105	3.23
4	Dhyaneshwar Dealers Pvt Ltd (<i>Noticee no. 9</i>)	2.5	18450	9	2.5	8992	3	0	0	0	9458	6	1.99
5	Dreamlight Exim Private Limited (<i>Noticee no. 10</i>)	2.15	61388	42	3.95	12112	7	-1.8	5450	3	43826	32	3.15
6	Helot Properties Pvt. Ltd (<i>Noticee no. 11</i>)	0.5	18255	13	2	3750	3	-1.5	4250	2	10255	8	1.59
7	Muchmore Vincom Private Limited (<i>Noticee no. 12</i>)	1	17300	6	1.5	6550	2	-0.5	3450	1	7300	3	1.2
8	Hanshika Dealers Private Limited (<i>Noticee no. 13</i>)	0.5	2500	1	0.5	2500	1	0	0	0	0	0	0.4
9	Rochak Vinimay Pvt. Ltd (<i>Noticee no. 14</i>)	2.25	44312	41	2.95	11183	8	-0.7	6255	2	26874	31	2.35
Total of 9 <i>Notices</i>		19.1	463660	417	38.55	109913	61	-19.45	58287	30	295460	326	30.72
Market Total		10.05	1212506	1722	125.5	215633	171	115.45	110939	86	884939	1464	100

43. It is noticed from the trade details of the aforesaid 9 *Notices* and their respective impact on the LTP of the scrip of *ALPS*, as detailed in the table no. 4 above, that *Noticee nos. 6 to 14* through their alleged trades in the scrip of *ALPS* during Patch-1 of the Investigation Period, have contributed a positive LTP of ₹38.55 (30.72% of total

market positive LTP) in the scrip of *ALPS*. I further note that such contribution of positive LTP in the price of the scrip of *ALPS* by the 9 *Notices* referred to above was generated out of only 9.06% of market volume (109913) of the shares traded out of a total of 1212506 shares traded during the Patch-1 of the Investigation Period. Further, those 109913 shares were traded in 61 trades which were just 3.54% of total trades (1722) executed in the scrip during the Patch-1 of the Investigation Period. Thus, it is apparent that the *Notices* have contributed substantially to the rise in the price of the scrip of *ALPS* during the Patch-1 of the Investigation Period, through their low volume and less number of trades executed during the Patch- 1.

44. Next, the SCN has further alleged that through their 30 trades, the 13 *Notices* together have contributed ₹26.40 to the positive LTP of the scrip which is 21.04% of the total market positive LTP (₹125.50) contributed to the price of the scrip during the Patch-1 of the Investigation Period. I note that 9 *Notices* (*Notice nos. 6 to 14*) had acted as buyers in such 30 trades while the 4 *Notices* (*Notice nos. 2 to 5*) have acted as their counterparty buyers in these trades. Details of such trades executed amongst the *Notice no. 2 to 14* during Patch-1 of the Investigation Period are placed below:

Table-5: LTP contribution in 30 trades executed by 13 *Notices*:

Buyer Name	Seller Name														
	Dharam Paul Singla (Noticee no. 2)			Neeraj Kumar Singla (Noticee no. 3)			Nirmala Singla (Noticee no. 4)			Nutesh Kumar Singla (Noticee no. 5)			Total		
	No of trades	LTP impact	% of total Market Positive LTP of ₹125.50	No of trades	LTP impact	% of total Market Positive LTP of ₹125.50	No of trades	LTP impact	% of total Market Positive LTP of ₹125.50	No of trades	LTP impact	% of total Market Positive LTP of ₹125.50	No of trades	LTP impact	% of total Market Positive LTP of ₹125.50
River High Right Share Brokers Private Limited (Noticee no. 6)	-	-	-	4	6.00	4.78%	2	2.00	1.59%	-	-	-	6	8.00	6.37
Trucklink Vinmay Trading Private Limited (Noticee no. 7)	-	-	-	1	3.00	2.39%	2	1.15	0.92%	4	2.00	1.59%	7	6.15	4.90
Murlidhargiridhar	1	1.00	0.80%	-	-	-	3	2.00	1.59%	1	0.25	0.20%	5	3.25	2.59

Buyer Name	Seller Name														
	Dharam Paul Singla (Noticee no. 2)			Neeraj Kumar Singla (Noticee no. 3)			Nirmala Singla (Noticee no. 4)			Nutesh Kumar Singla (Noticee no. 5)			Total		
	No of trades	LTP impact	% of total Market Positive LTP of ₹125.50	No of trades	LTP impact	% of total Market Positive LTP of ₹125.50	No of trades	LTP impact	% of total Market Positive LTP of ₹125.50	No of trades	LTP impact	% of total Market Positive LTP of ₹125.50	No of trades	LTP impact	% of total Market Positive LTP of ₹125.50
Trading Private Limited (Noticee no. 8)															
Dhyaneshwar Dealers Pvt Ltd (Noticee no. 9)	2	1.50	1.20%	1	1.00	0.80%	-	-	-	-	-	-	3	2.50	1.99
Dreamlight Exim Private Limited (Noticee no. 10)	-	-	-	-	-	-	2	2.00	1.59%	-	-	-	2	2.00	1.59
Helot Properties Pvt Ltd (Noticee no. 11)	1	1.00	0.80%	-	-	-	-	-	-	2	1.00	0.80%	3	2.00	1.59
Muchmore Vincom Private Limited (Noticee no. 12)	2	1.50	1.20%	-	-	-	-	-	-	-	-	-	2	1.50	1.20
Hanshika Dealers Private Limited (Noticee no. 13)	-	-	-	-	-	-	-	-	-	1	0.50	0.40%	1	0.50	0.40
Rochak Vinimay Private Limited (Noticee no. 14)	-	-	-	-	-	-	-	-	-	1	0.50	0.40%	1	0.50	0.40
Total of	6	5.00	3.98%	6	10.00	7.97%	9	7.15	5.70%	9	4.25	3.39%	30	26.40	21.04

45. I observe from the table no. 5 above that the 4 seller Noticees who were already connected to each other, have sold the shares of ALPS at prices higher than LTP to 9 other connected entities from the *suspected group*, viz: - Noticee nos. 6 to 14. In this whole scheme of mutual trades executed by the aforesaid Noticees acting in concert with each other, Noticee no. 6 to 14, by buying the shares of ALPS from the sellers (Noticee no. 2 to 5), have actively aided in the process contributing to the price rise in

the scrip. Further, in the course of trading amongst each other, *Noticee no. 2 to 14*, have repeatedly executed trades with each other (30 trades) and have contributed to significant (+ve) LTP to the tune of ₹26.40 (21.04% of total market positive LTP in the scrip during Patch-1 of the Investigation Period). Trade details of the alleged 30 trades as available in annexure 3 of the SCN are tabulated below:

Table 6: Trade details of 30 positive LTP contributing trade of 13 *Noticees*

Sr. No.	Date	Buyer	Seller	TIME	Buy Order Time	Sell Order Time	Diff in timing of buy / sell order	TRADE RATE	LTP RATE	LTP %	Buy Order Rate	Sell Order Rate	Traded Qty	Buy Order Qty	Sell Order Qty
1	11-06-14	MURLIDHAR TRADING PRIVATE LIMITED	DHARAM PAUL	14:20:47	14:20:47	13:18:43	1:02:04	419	1	0.24	419	419	1000	1000	5000
2	17-06-14	HELOT PROPERTIES PVT LTD	NUTESH KUMAR SINGLA	14:05:57	14:05:57	11:04:56	3:01:01	422	0.5	0.12	422	422	2000	2000	5000
3	18-06-14	RIVER HIGH RIGHT SHARE BROKERS PRIVATE LIMITED	NEERAJ KUMAR	13:29:08	13:29:08	11:43:06	1:46:02	423	1	0.24	423	423	200	1200	5000
4	18-06-14	RIVER HIGH RIGHT SHARE BROKERS PRIVATE LIMITED	NEERAJ KUMAR	13:29:14	13:29:14	11:43:06	1:46:08	423	1	0.24	423	423	1000	1000	5000
5	20-06-14	HELOT PROPERTIES PVT LTD	DHARAM PAUL	12:33:23	12:33:23	11:33:08	1:00:15	419	1	0.24	419	419	1000	1000	5000
6	20-06-14	MUCHMORE VINCOM PRIVATE LIMITED	DHARAM PAUL	15:18:45	15:18:45	11:33:23	3:45:22	421	0.5	0.12	421	421	1550	5000	5000
7	20-06-14	DHYANESHWAR DEALERS PVT LTD	DHARAM PAUL	15:19:05	15:19:05	11:33:23	3:45:42	421	0.5	0.12	421	421	3450	3450	5000
8	20-06-14	DHYANESHWAR DEALERS PVT LTD	DHARAM PAUL	15:19:30	15:19:30	11:33:38	3:45:52	422	1	0.24	423	422	5000	5000	5000
9	20-06-14	MUCHMORE VINCOM PRIVATE LIMITED	DHARAM PAUL	15:19:31	15:19:31	14:50:45	0:28:46	423	1	0.24	423	423	5000	5000	5000

10	23-06-14	TRUCKLIN K VINMAY TRADING PRIVATE LIMITED	NIRMA LA SINGLA	15:26:38	15:26:38	11:52:47	3:33:51	423	1	0.24	423	423	2000	2000	4000
11	23-06-14	DREAMLIGHT EXIM PRIVATE LIMITED	NIRMA LA SINGLA	15:29:37	15:29:37	11:52:56	3:36:41	424	1	0.24	426	424	4000	10000	4000
12	23-06-14	DREAMLIGHT EXIM PRIVATE LIMITED	NIRMA LA SINGLA	15:29:37	15:29:37	11:53:07	3:36:30	425	1	0.24	426	425	550	10000	4000
13	24-06-14	RIVER HIGH RIGHT SHARE BROKERS PRIVATE LIMITED	NIRMA LA SINGLA	15:03:38	15:03:38	11:12:27	3:51:11	423	1	0.24	423	423	900	900	5000
14	24-06-14	RIVER HIGH RIGHT SHARE BROKERS PRIVATE LIMITED	NIRMA LA SINGLA	15:04:40	15:04:40	11:13:04	3:51:36	424	1	0.24	424	424	4000	4000	5000
15	25-06-14	TRUCKLIN K VINMAY TRADING PRIVATE LIMITED	NEERAJ KUMAR	15:15:35	15:15:35	11:10:10	4:05:25	425	3	0.71	425	425	4300	8000	5000
16	25-06-14	RIVER HIGH RIGHT SHARE BROKERS PRIVATE LIMITED	NEERAJ KUMAR	15:27:13	15:27:13	11:10:10	4:17:03	425	3	0.71	425	425	300	300	5000
17	25-06-14	RIVER HIGH RIGHT SHARE BROKERS PRIVATE LIMITED	NEERAJ KUMAR	15:27:31	15:27:31	11:09:52	4:17:39	426	1	0.24	426	426	300	300	5000
18	26-06-14	HELOT PROPERTIES PVT LTD	NUTESH KUMAR SINGLA	15:24:16	15:24:16	11:05:49	4:18:27	425	0.5	0.12	425	425	750	3000	5000
19	30-06-14	TRUCKLIN K VINMAY TRADING PRIVATE LIMITED	NIRMA LA SINGLA	15:54:43	15:54:43	15:40:04	0:14:39	423.15	0.15	0.04	423.15	423.15	4000	4000	19000
20	01-07-14	ROCHAK VINIMAY PRIVATE LIMITED	NUTESH KUMAR SINGLA	15:06:42	15:06:42	10:47:47	4:18:55	425.5	0.5	0.12	426	425.5	1245	2500	5000
21	01-07-14	HANSHIKA DEALERS	NUTESH KUMAR	15:06:54	15:06:54	10:47:47	4:19:07	425.5	0.5	0.12	426	425.5	2500	2500	5000

		PRIVATE LIMITED	AR SINGL A												
22	02-07-14	DHYANES HWAR DEALERS PVT LTD	NEER AJ KUM AR	14:2 4:41	14:2 4:41	11:5 2:59	2:31:42	426	1	0.24	426	426	542	2000	5000
23	04-07-14	TRUCKLIN K VINMAY TRADING PRIVATE LIMITED	NUTE SH KUM AR SINGL A	12:5 3:24	12:5 3:24	11:3 3:25	1:19:59	422.5	0.5	0.12	425	422.5	1050	5000	4000
24	04-07-14	TRUCKLIN K VINMAY TRADING PRIVATE LIMITED	NUTE SH KUM AR SINGL A	12:5 3:46	12:5 3:46	11:3 3:33	1:20:13	423	0.5	0.12	425	423	2050	5000	4000
25	04-07-14	MURLIDHA RGIRIDHA R TRADING PRIVATE LIMITED	NUTE SH KUM AR SINGL A	15:2 8:27	15:2 8:27	11:3 3:33	3:54:54	423	0.25	0.06	423	423	1000	1000	4000
26	07-07-14	TRUCKLIN K VINMAY TRADING PRIVATE LIMITED	NUTE SH KUM AR SINGL A	14:5 9:04	14:5 9:04	13:0 4:23	1:54:41	425.5	0.5	0.12	425.5	425.5	254	300	5000
27	07-07-14	TRUCKLIN K VINMAY TRADING PRIVATE LIMITED	NUTE SH KUM AR SINGL A	14:5 9:36	14:5 9:36	13:0 4:23	1:55:13	425.5	0.5	0.12	425.5	425.5	1000	1000	5000
28	08-07-14	MURLIDHA RGIRIDHA R TRADING PRIVATE LIMITED	NIRM ALA SINGL A	14:3 1:40	14:3 1:40	10:5 5:38	3:36:02	426	0.5	0.12	426	426	3059	5000	5000
29	08-07-14	MURLIDHA RGIRIDHA R TRADING PRIVATE LIMITED	NIRM ALA SINGL A	14:3 1:59	14:3 1:59	10:5 5:38	3:36:21	426	0.5	0.12	426	426	1941	5000	5000
30	08-07-14	MURLIDHA RGIRIDHA R TRADING PRIVATE LIMITED	NIRM ALA SINGL A	15:2 8:20	15:2 8:20	10:5 5:45	4:32:35	427	1	0.23	427	427	3000	3000	5000
		Total							26.4 0				58941		

46. From the trade data detailed out in the table no. 6 above, I find that during the Patch-1 of the Investigation Period, the 13 *Noticees* have cumulatively executed 30 trades together and through these 30 trades have contributed to the positive LTP of the scrip to the extent of ₹26.40 which constitutes 21.04% of the total market positive

LTP of ₹125.5 contributed to the scrip during the Patch-1 of the Investigation Period. I also observe from the above table that such positive LTP of ₹26.40 was contributed by the above said 13 *Noticees* from their trading in 58941 shares which was only 4.86% of the total shares traded (1212506 shares) in the scrip of *ALPS* during the said Patch-1 of the Investigation Period. The aforesaid trading data further reveals that the 13 *Noticees* have contributed to more than 21% of total market positive LTP from their trades which constituted less than 5% of the total trades executed in the shares of *ALPS* during the Patch-1 of the Investigation Period. These trades executed by the 13 *Noticees* therefore raise a strong suspicion about the *malafide* intention of the *Noticees* to artificially push up the price of the scrip higher than the LTP through every single trade that they have executed among themselves during the said period.

47. I note that in all the aforesaid 30 alleged trades that have resulted into formation of positive LTP, the sell orders placed by the 4 *Noticees* (*Noticee no. 2 to 5*) were placed before the buy orders placed by the 9 *Noticees* (*Noticee no. 6 to 14*). Despite the fact that the sellers have placed their sell orders much ahead of the buy orders at a price higher than LTP, I note that there was no buyer in the scrip with whom such sell orders could have matched on those days. Further, in majority of the 30 alleged trades, the time difference between the sell order and the counterparty buy order was in the range of 1 to 4 hours. It is also pertinent to mention here that the sell orders which were already pending in the system at higher LTP could not have been able to make any manipulative impact on the price of the scrip on their own, but for those buy orders placed by the 9 *Noticees*, only to chase and match with the pending sell orders of the 4 *Noticees* so as to create a new higher LTPs with every succeeding trade that they executed in this manner. In fact, in the absence of those buy orders, no transaction would have fructified on those trading days and no positive LTP would have been formed. The sequencing of buy & sell orders and the trading pattern adopted in these trades *prima facie* demonstrate that the *Noticees* have placed their buy and sell orders not on any business prudence but with a fraudulent intent of increasing the price of the scrip.

48. From a further analysis of the trade details of alleged 30 trades as mentioned in Table no. 6 above, I observe that the 13 *Noticees* (9 buyers and 4 sellers) have generally followed a peculiar trading pattern of placing orders and executing trades in the scrip of *ALPS* by taking turns, on different trading days and that is how they have been able to contribute to positive LTP in the scrip and sustain a price increase in the scrip during the Patch-1 of the Investigation Period. Before I further elaborate on such pattern of taking turns, it is important to segregate these 13 *Noticees* on the basis of their inter se connection with each other and on the basis of common address in the UCC details and Common Directors, the 13 connected *Noticees* can be further divided into following sub-groups for convenience of understanding and analysis of their trades:

Table no. 7: Groupings of 13 *Noticees* on the basis of Connection

<i>Noticee no.</i>	Group Name (for convenience)	Connection
2 to 5	Singla Group (Seller Group)	Common Address: 93 ChanderLok, pitamPura, delhi, Delhi 110064
6 to 8	Delhi group	Common Address: 2f Elegance Josola District Centre Old Mathura Road New Delhi, New Delhi, Delhi, India, 110025
9 to 14	Kolkata Group	Common Address: 4, 1st Floor, N S .road, Kolkata, West Bengal, India, 700001 Common Directors

49. Details of the trading pattern followed by the above stated 9 *Noticees* by taking turns one after another, for executing their buy trades on various trading days are illustrated in the table below:

Table no. 8: Date wise groupings on the basis of trades executed by 13 *Noticees*

Trades date	Buyer Group Name	Seller Group Name
11-06-14	Delhi Group	Singla Group
17-06-14	Kolkata Group	Singla Group
18-06-14	Delhi Group	Singla Group

20-06-14	Kolkata Group	Singla Group
23-06-14	Delhi Group and Kolkata Group	Singla Group
24-06-14 & 25-06-14	Delhi Group	Singla Group
26-06-14	Kolkata Group	Singla Group
30-06-14	Delhi Group	Singla Group
01-07-14 & 02-07-14	Kolkata Group	Singla Group
04-07-14 till end	Delhi Group	Singla Group

50. From their trade details which have also been furnished to the *Noticees* along with the SCN as annexure and on further analysis of the data presented in the above mentioned table no. 8, one can easily detect the peculiar as well as an unusual trading pattern that clearly emerges out of those positive LTP contributing 30 trades executed by the above stated *Noticees* during the Investigation Period. It shows how those trades were executed on various trading days by one of the above sub-group of *Noticees* in a manner that reveals that the *Noticees* have traded under a pre decided scheme by taking turns either individually or jointly with another connected *Noticee* on various trading days. I have already observed that *Noticees* enjoyed inter connections amongst themselves which were discovered during the investigation, based on their KYC details such as Common addresses, Common Directors, etc. My observation that the *Noticees* were enjoying connection amongst themselves is further reinforced by the aforesaid unique trading pattern followed by the entities while executing the alleged 30 trades over the entire period of Patch-1 of the Investigation Period. Such a trading pattern devised and followed by the *Noticees* apparently demonstrate that under a pre-planned strategy, the *Noticees* have indulged in executing their trades to fulfill their wish to manipulate the price of the scrip during the said period.

51. Similar to the above pattern of taking turns by the buyer *Noticees*, I note from the trade details that the 4 seller *Noticees* were also taking turns by coming to the

market on different trading days and placing their sell order at a price higher than the LTP. In the alleged 30 trades, none of the 4 *Noticees* came on the same trading day to offer his / her shares and the alleged sell trades of the 4 *Noticees* never overlapped with each other during the Patch-1 of the Investigation Period. Also, the connection of these 4 *Noticees* with each other on the basis of common address (93 Chander Lok, Pitam Pura, delhi, Delhi 110064) further reinforces the manipulative intent of 4 *Noticees*. The way these 4 *Noticees* have been taking individual turns to place their sell order at high LTPs to facilitate the 9 *Noticees* to match their buy orders resulting into contribution of LTP on different trading days, clearly speaks volumes of their illicit design of indulging in manipulative trading pattern whereby, the *Noticees* have ostensibly traded in one scrip with a pre-meditated mindset of sustaining the price rise of the scrip of ALPS continuously by way of contributing to the LTP of the scrip, turn by turn, on different trading days.

52. In my view, matching of trades among the 13 *Noticees* on a continuous basis cannot be accidental. On the contrary, considering the background that *Noticees* enjoyed inter-se connections, amongst themselves the alleged trades contributing to LTP of the scrip and matching of those trades amongst the *Noticees* are sufficient in themselves to hold that the trades were executed under a pre-arrangement, against the norms of market mechanism to manipulate the price of the scrip. Under the circumstances, these trades were unfair trades, not executed in the normal course of trading but with a view to manipulate the price of the scrip through artificial means.

53. With regard to the fact of receiving the physical shares of the *Company* from the connected entity of the *suspected group*, I note that these 4 *Noticees* have advanced their argument to seek exoneration from the alleged violation relying on the observations of Hon'ble SAT in the matter of *Rajendra Parikh vs. SEBI (Appeal no. 44 of 2009, DoD: 21/01/2010)* wherein, it was held that off market transaction is no ground to establish a link, as the mode of off market is not *per se* illegal. I have perused the order of Hon'ble SAT in the said matter and in view my view, the facts and circumstances of the instant matter are completely different from the cited case law. In the above

referred matter, the observations were made against the backdrop that in the absence of any allegations that off market transfer was made to manipulate the scrip or the shares had been transferred to arrest the price of the scrip, holding a person guilty merely on the ground of a link based on off market transfer would not be sustainable. Whereas, in the instant matter, I note that the allegations of connection are not solitary, but are in addition to the off-market transactions in shares of the *Company*. As found out during the investigation, the *Noticees* have also been alleged to have traded in a pre-meditated mindset of sustaining a steady price rise in the scrip of *ALPS* continuously by way of contributing to such price rise through manipulative trades. Therefore, the order of Hon'ble SAT cited by the 4 *Noticees* would be of no assistance to them.

54. In this regard, the fact that the 4 *Noticees* had received the physical shares of the *Company* from the connected entities of the *suspected group*, further demonstrates the ill intention of these 4 *Noticees* who apparently wanted to use those shares only to manipulate the price and not to do any genuine trade in the scrip to earn maximum profit from their investment, made through such off-market transactions. The fact that the 4 *Noticees* had acquired their shares from off market dealings from certain common persons and none of them had a previous history of trading in the scrip, is sufficient enough to conclude that the trades of the 4 *Noticees* were not genuine and were not executed by them in the normal course of trading in a fair manner. It is not known how the scrip having an immediate past of prolonged suspension of 14 years and without any financial strength or market fundamentals could entice the 4 *Noticees* to buy the shares in off market deals that too before the scrip got re-listed at BSE. Further, despite witnessing a massive and impressive opening price of ₹418 discovered through trades executed by *Noticee nos. 1 and 2*, none of the 4 *Noticees* has explained in their reply as to why they did not retain the shares or made more purchases from the market as the scrip with such spectacular opening definitely showed promises for a better return in future. However, their action of immediately selling the shares after acquiring them from the off market, reveals that the shares

were acquired only with an intention to manipulate the price of the scrip by executing sell trades at artificially high price during the SPOS and thereafter during the Patch-1 of the Investigation Period.

55. The aforementioned 4 *Noticees* have contended that connection with the counterparties to their trade is a compulsory requirement for demonstrating the charge of manipulation against them and such connection of *Noticees* with their trade counterparties in the instant matter is absent in the SCN. In this regard, *Noticees* have placed reliance on the observations of Hon'ble SAT in the matters of *Nishith M. Shah HUF & Anr vs. SEBI* (DoD: 16/01/2020), *Sapna Bombaywala vs. SEBI* (DoD: 28/01/2020) and *Ashlesh Shah vs. SEBI* (DoD: 31/01/2020. I note that the Hon'ble SAT observation in the matter of *M/s Nishith M. Shah HUF (supra)* formed the basis for setting aside the SEBI order in the matter of *Sapna Dilip Bombaywala (supra)*. In this respect, I find that the reliance on the observation made by the Hon'ble SAT in the above referred judicial decisions will not be helpful to the *Noticees* as in the present proceedings, the SCN makes categorical allegations of connection between the buyers and sellers and the alleged trades were found to have been executed by way of matching of orders placed by the *Noticees* as a group of connected entities posing as sellers and buyers amongst themselves. Further, it is pertinent here to refer to the Hon'ble SAT's observation in the matter of *Kalpna Dharmesh Chheda & Ors. Vs. SEBI & Ors. [Appeal no. 454 of 2019, DoD: 25/02/2020]* wherein the Hon'ble SAT has rejected the observations in the matter of *M/s Nishith M. Shah HUF (supra)* and have made observations contrary to its observation in the aforesaid matter. The Hon'ble SAT in the aforesaid matter have observed that:

"7. It was further contended by the learned counsel for the appellants that appellants have no connection with the list of connected entities nor with the company or its promoters; since the scrip of Zodiac was traded in the 'T' group trades were settled compulsorily by delivery and under the tight supervision of BSE (Respondent No. 2) during the periodic call auction sessions. In order to press their contention that sellers of shares cannot be accused of impacting the LTP in the absence of any connection with

other entities or fund transfers etc. the learned counsel for the appellant relied on the orders of this Tribunal in respect of M/s. Nishith M. Shah HUF vs. SEBI (Appeal No. 97 of 2019 decided on January 16, 2020) and Sapna Dilip Bombaywala vs. SEBI (Appeal No. 219 of 2019 decided on January 28, 2020).

8. We have also heard Shri Kumar Desai, the learned counsel for the respondent SEBI who contended that the appellants' trading in the scrip of Zodiac is ex facie manipulative since appellants were the only sellers during most of the days and therefore but for the sell orders placed by the appellants, mostly in single shares each, no transaction would have fructified and no LTP would have been formed. The appellants mode of trading was manipulative because instead of selling a large part of their stock when demand was already available in the trading system the appellants were offloading only one share each most of the time and had benefited considerably from the LTP successively created over a long period of time and therefore made a windfall gain out of their transactions.

9. We do not find much merit in the submissions made by the learned counsel for the appellants though generally it can be stated that selling at a price higher than the LTP particularly when buy orders are available in the system cannot be considered as manipulative in itself. However, looking at the pattern of trading done by the appellants and the fact that the appellants have derived considerable financial benefit through that particular scheme or nature of trading we are of the view that the trading pattern adopted by the appellants is of a manipulative and unfair nature and would squarely fall within the ambit of the PFUTP Regulations".

56. The Noticee nos. 2 to 5 have relied on the observations of Hon'ble SAT in the matters of *Sterlite Industries (India) Ltd. vs. SEBI* [(2001) 34 SCL 485 (SAT)] and *Narendra Ganatra vs. SEBI* (Appeal no. 47 of 2011, DoD: 29.07.2011), wherein the Hon'ble SAT have observed that to establish a serious charge such as fraud, a higher degree of probability must exist. In this regard, it is pertinent to note the observations of the Hon'ble Supreme Court in the case of *Kanaiyalal Baldev Bhai Patel vs. SEBI* [2017] 143 SCL 124 (SC) (DoD- 20/09/2017) in which, while dealing with the definition of "fraud"

as provided under SEBI (PFUTP) Regulations, 2003, the Apex court observed 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....”

The Hon’ble Supreme Court have further observed that:

“...14. 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. Merely because the operation of the aforesaid two provisions of the 2003 Regulations invite penal consequences on the defaulters, proof beyond reasonable doubt as held by this Court in Securities and Exchange Board of India vs. Kishore R. Ajmera(supra) is not an indispensable requirement. 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....”

57. Therefore, as laid down by the Hon’ble Supreme Court, the test to examine as to whether the alleged “fraud” has been actually committed is a matter of preponderance of probability. Further, the off market transfers of shares of the Company from the connected entities prior to relisting of the scrip at BSE and the trading pattern of the 4 Noticees as discussed in the preceding paragraphs adequately satisfy the test of preponderance of such a probability.

58. As stated in the beginning, the Noticee no. 2 to 14, have so far not furnished any reasoning or justification for executing such abnormal trades over a period of time. There is no reasoning available on record to suggest as to why these 13 Noticees

(*Notices* nos. 2 to 14) executed such trades in the scrip of *ALPS* thereby contributing a cumulative market (+ve) LTP of ₹26.40 to the scrip which led to rapid increase in the price of the scrip. It is a matter of common business prudence that buyers always intend to buy at the lowest possible price. However, the pattern of trades adopted by the 9 *Buyer Notices* (*Notice* no. 6 to 14) negates such universally accepted business prudence of trading in securities. Nefarious intent on the part of all the *Notices* for causing price rise in the scrip of *ALPS* is further demonstrated by the trading pattern adopted and executed by these *Notices* wherein the orders placed by these *Notices* got matched on a numerous occasion which cannot be called mere coincidences in an anonymous screen based trading system. Moreover, keeping in view the *inter se* nexus / connection amongst the *Notices*, repeated matching of their orders suggest how these *Notices* have deployed a strategy to defeat the objective of an anonymous trading platform and have successfully ensured that their orders match consistently with each other as per their pre-conceived strategy to mark up the price of the scrip. Further, considering the fact that the *Notices* have caused substantial rise in the price of *ALPS* without any conceivable reasons, in my considered view, the alleged trades can't by any standard be categorized as trades executed in normal course of trading in securities market.

59. I also note that the 4 *Notices* have referred to various SEBI orders regarding LTP contribution, wherein the interim direction imposed on certain entities were revoked. After perusing those orders, I would like to mention that the facts and circumstances of each of the cases referred to by the *Notices* are different from the instant matter and therefore, any quasi-judicial findings with respect to the said orders cannot be suo-moto squarely applicable just to grant protection to the *Notices* in the instant proceedings.

60. With regard to the issue as to whether the acts of *Notices* of indulging in artificial, misleading and manipulative trades as highlighted above, are sufficient to be defined as 'fraud' in terms of the provisions alleged in the SCN, I prefer to refer and rely on the observations made by the Hon'ble Supreme Court of India in the case

of *Rakhi Trading Pvt. Ltd (supra)*, wherein the Hon'ble Supreme Court have observed that regulation 4(1) of PFUTP Regulations in clear and unmistakable terms prohibits that “ *no person shall indulge in a fraudulent or an unfair trade practice in securities*”.

61. Further, the Hon'ble Supreme Court, while referring to its own judgment in the case of *SEBI vs. Kanhaiyalal Baldev Bhai Patel (supra)* that dealt with the scope, ambit and implication of 'fraud' as defined under the PFUTP Regulations, have emphasized that a trade practice would be unfair in cases where the conduct of the parties engaged in business transactions, undermines the ethical standards and good faith. Relevant extracts of the same are placed below:

“ 29.Although unfair trade practice has not been defined under the regulation, various other legislations in India have defined the concept of unfair trade practice in different contexts. A clear cut generalized definition of the 'unfair trade practice' may not be possible to be culled out from the aforesaid definitions. Broadly trade practice is unfair if the conduct undermines the ethical standards and good faith dealings between parties engaged in business transactions. It is to be noted that unfair trade practices are not subject to a single definition; rather it requires adjudication on case to case basis. Whether an act or practice is unfair is to be determined by all the facts and circumstances surrounding the transaction. In the context of this regulation a trade practice may be unfair, if the conduct undermines the good faith dealings involved in the transaction. Moreover, the concept of 'unfairness' appears to be broader than and includes the concept of 'deception' or 'fraud'.

62. In the preceding paragraphs, I have already highlighted and relied upon the relevant judgments / decisions of Hon'ble Supreme Court and Hon'ble SAT on the issue of artificial trades / manipulative trades. Therefore, relying on the aforesaid judgments and on the basis of the discussion in the foregoing paragraphs, I find that the alleged trading behavior of the *Noticees* in the shares of *ALPS* with an inherent motive to manipulate the price of the scrip, can't by any means be held to be trades executed by prudent investors in the normal course of trading. The trading behavior of the *Noticees* has certainly been very unusual and apparently lacks honesty of intent

of a genuine investor of Securities Market. Instead, the pattern of trades adopted by the *Notices* to place orders always at higher price than LTP, clearly establish that their trades were executed with only a manipulative design to push up the price. Any attempt to use the stock exchange platform for such malicious intent to fulfill a hidden objective of manipulation of price of a particular scrip shall always be called a non-genuine trade. In the instant case, the alleged 30 trades executed by the *Notices* have been found to be unfair and non-genuine trades. Therefore, for the reasons recorded above, the alleged trades have to be held as abnormal, deceptive, misleading, artificial and manipulative in nature and substance, which were executed with a malicious intent to fraudulently cause rapid rise in the price of the scrip of *ALPS* against the call of market fundamentals of the scrip, financial position of the *Company* and against the accepted regulatory norms governing the Securities Market.

63. In view of the foregoing, I have no hesitation to conclude that the 13 *Notices* (*Notice no. 2 to 14*) have executed trades during Patch-1 of the Investigation Period, with the intention to manipulate the market or to defeat its mechanism in a fraudulent manner and thereby have violated the provisions of Regulation 3 (a) (b) (c) (d) read with Regulation 4 (1) 4 (2) (a) and (g) of SEBI (PFUTP) Regulations, 2003.

Directions:

64. In view of the above, having found that the charges levelled against *Notices* in the SCN stand established. Further, considering the above and also considering the specific role played by each of the *Notices* in a group as a seller or a buyer while executing manipulative trades in the scrip of the *Company*, the volume of trades executed and percentage of contribution to the LTP by the each of the *Notice* and their impact on the price of the scrip of *ALPS*, I, in exercise of the powers conferred upon me under section 19 read with sections 11(1), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992, in order to protect the interest of investors and the integrity of the securities market and to meet the ends of justice; restrain the *Notices* from accessing the securities market and further prohibit them from buying,

selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, for a period as provided in the table below:

Names of the <i>Notices</i>	Period
Vishnudham Marketing Private Limited	03 months
Dharam Paul Singla	12 months
Neeraj Kumar Singla	06 months
Nirmala Singla	06 months
Nutesh Kumar Singla	06 months
River High Right Share Brokers Private Limited	06 months
Trucklink Vinmay Trading Private Limited	06 months
Murlidhargiridhar Trading Private Limited	06 months
Dhyaneshwar Dealers Private Limited	06 months
Dreamlight Exim Private Limited	06 months
Helot Properties Private Limited	06 months
Muchmore Vincom Private Limited	06 months
Hanshika Dealers Private Limited	03 months
Rochak Vinimay Private Limited	03 months

65. During the period of restraint, the existing holding of securities including the holding of units of mutual funds of the *Notices* shall remain frozen.

66. It is clarified that obligation of the aforesaid *Notices*, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange(s), as existing on the date of this Order, can take place irrespective of the restraint/prohibition imposed by this Order, in respect of pending transactions, if any. Further, all open positions, if any, of the aforesaid *Notices* in the F&O segment of the stock exchange, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

67. The Order shall come into force with the immediate effect.

68. A copy of this order shall be forwarded to the *Notices*, all the recognized stock exchange, depositories and registrar and transfer agents for ensuring compliance with the above directions.

-Sd-

Date: October 27, 2020

Place: Mumbai

**S. K. MOHANTY
WHOLE TIME MEMBER**