BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/KS/AE/2021-22/15531-15539]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995.

In respect of

1. M/s Antala Real Broking & Impex Private Ltd. (PAN: AAHCA6787C)

2. M/s Vishu Enterprises (PAN: ABUPV9902H)

3. Shri Sajjankumar Nanwal (PAN: ABJPN3315R)

4. Ms Sunitadevi Sajjan Nanwal (PAN: ABUPN7788F)

5. Shri Govind Kumar Varma (PAN: ABUPV9901E)

6. M/s Dhirajlal Sanghvi HUF (PAN: AAEHD6469E)

7. Shri Sagar D Sanghvi (PAN: BTAPS0001H)

8. Shri Ashik D Sanghvi (PAN: ATJPS9279F)

9. Shri Babubhai Desai (PAN: AKSPD2671E)

In the matter of Kavveri Telecom Products Limited

BACKGROUND OF THE CASE

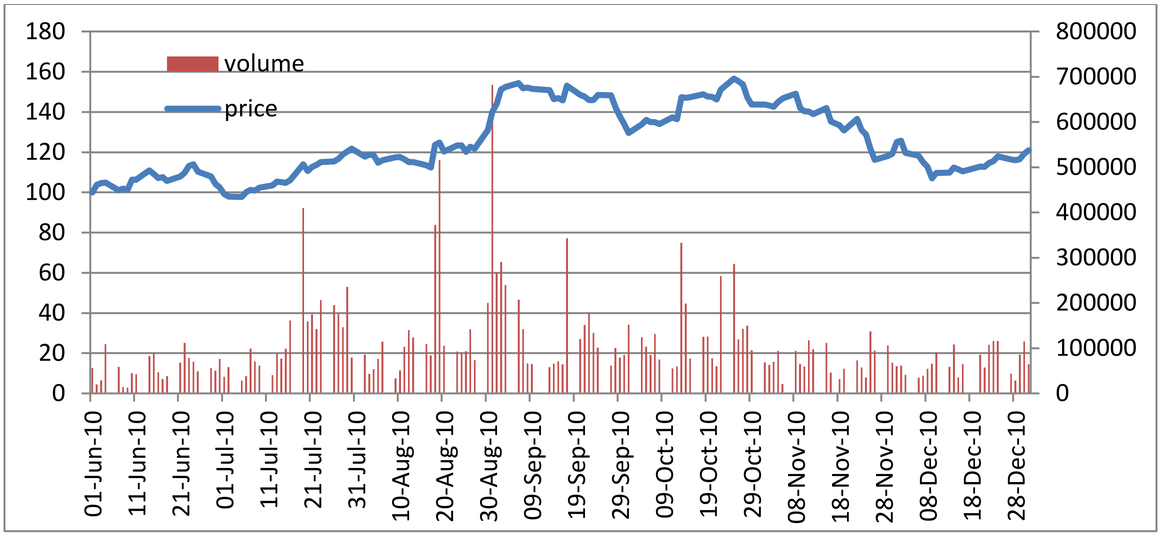
1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an investigation in the scrip of Kavveri Telecom Products Limited (hereinafter referred to as '**Kavveri'**) for the period June 1, 2010 to December 31, 2010 (hereinafter referred to as '**Investigation Period or IP'**). The shares

of Kavveri are listed on the National Stock Exchange (hereinafter referred to as '**NSE'**) and the Bombay Stock Exchange (hereinafter referred to as '**BSE'**).

2. It was observed during investigation that a group of 9 connected entities namely M /s Antala Real Broking & Impex Private Ltd. (hereinafter referred to as '**Antala / Noticee 1'**), M/s Vishu Enterprises (hereinafter referred to as '**Vishu / Noticee 2**'), Shri Sajjankumar Nanwal (hereinafter referred to as '**Sajjan/ Noticee 3**''), Ms Sunitadevi Sajjan Nanwal (hereinafter referred to as '**Sunita / Noticee 4**'), Shri Govind Kumar Varma (hereinafter referred to as '**Govind / Noticee 5**'), M/s Dhirajlal Sanghvi HUF (hereinafter referred to as '**Dhirajlal / Noticee 6**'), Shri Sagar D. Sanghvi (hereinafter referred to as '**Sagar / Noticee 7**'), Shri Ashik D. Sanghvi (hereinafter referred to as '**Ashik / Noticee 8**'), and Shri Babubhai Desai (hereinafter referred to as '**Babubhai / Noticee 9**') were involved in trading among themselves in the scrip of Kavveri. The average volume of shares traded in the scrip of Kavveri during the IP increased to 1,13,833 shares from 76,302 shares in the immediate 3 – month period before the start of IP. The average volume of shares traded decreased to 1,00,062 in the immediate quarter after the IP.

3. As per investigation report (hereinafter referred to as '**IR**') price and Volume movement in the scrip of Kavveri on BSE is given in below table-

Period	**Dates Price (in Rs.) and Volume (in no. of shares)**		**Opening on First Day Of The Period**	**Closing on Last Day Of The Period**	**Low**	**High**	**Daily Avg. Shares Traded**
Before Investigation period	**March 01, 2010 to May 31.2010**	**Price**	79.5	101.7	76.2	118	76,302
		Vol	37,380	29,552	25,780	3,59,223	
During Investigation Period	**June 01, 2010 to Dec 31, 2010**	**Price**	101	120.85	95.6	167.3	1,13,833
		Vol	54,623	72,055	19,275	5,72,656	
After investigation period	**Jan 01 2011 to March 31 , 2011**	**Price**	145	117.85	108	148.4	1,00,062
		Vol	95,643	1,16,826	23,352	3,63,926	



4. SEBI observed from investigation that the trades by the Noticees created artificial volume in the scrip of Kavveri leading to false and misleading appearance of trading in the said scrip and also contributed to artificial price rise in the said scrip, which were deemed to be fraudulent. In view of the same, SEBI initiated adjudication proceedings against the Noticees 3 to 9 (viz. Sajjan, Sunita, Govind, Dhirajlal, Sagar, Ashik, and Babubhai) under Section 15HA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') for the alleged violation of Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) and (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations**'). Further, adjudication proceedings were initiated against Noticee 1 and 2 (viz. Antala and Vishu) under Section 15HA of SEBI Act for the alleged violation of Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a), (b), (e) and (g) of PFUTP regulations. Adjudication Order dated June 29, 2018 was passed in respect of Noticee 1 and 2 whereby penalty was imposed on the said Noticees. Further, Adjudication Order dated June 29, 2018 was passed in respect of Noticee 3 to 9 whereby penalty was imposed on the said Noticees. The Noticees preferred appeal against the aforesaid Adjudication Orders in

Hon'ble Securities Appellate Tribunal (SAT). Vide Order dated February 19, 2020, Hon'ble SAT directed as follows –

> *"The appeals are allowed and the matters are remitted back to the AO to decide the matters afresh after supplying the relevant material, namely, trade logs, order logs, investigation report, etc. The AO shall pass a fresh order after giving an opportunity of hearing to the appellants. It is also made clear that all the points raised by the appellants are left open and if raised before the AO the same would also be considered and decided in accordance with law. In the circumstances of the case, there shall be no order as to costs."*

APPOINTMENT OF ADJUDICATING OFFICER

5. In compliance with the above directions of the Hon'ble SAT, SEBI vide communique dated March 16, 2020 appointed the undersigned as the Adjudicating Officer (AO) under Section 15-I of the SEBI Act, 1992 read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge under Section 15HA of the SEBI Act, 1992 the aforementioned violations alleged to have been committed by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

6. Show Cause Notice dated June 10, 2020 (herein after referred to as '**SCN**') was issued to the Noticees under Rule 4 (1) of the Adjudication Rules to show-cause as to why an inquiry should not be initiated against the Noticees and penalty not be imposed upon them under section 15HA of SEBI Act for the alleged violation of PFUTP Regulations. In compliance with the abovementioned order dated February 19, 2020 of Hon'ble SAT, all the relevant material including the complete trade log, order log, investigation report etc were provided to the Noticees as annexures to the SCN.

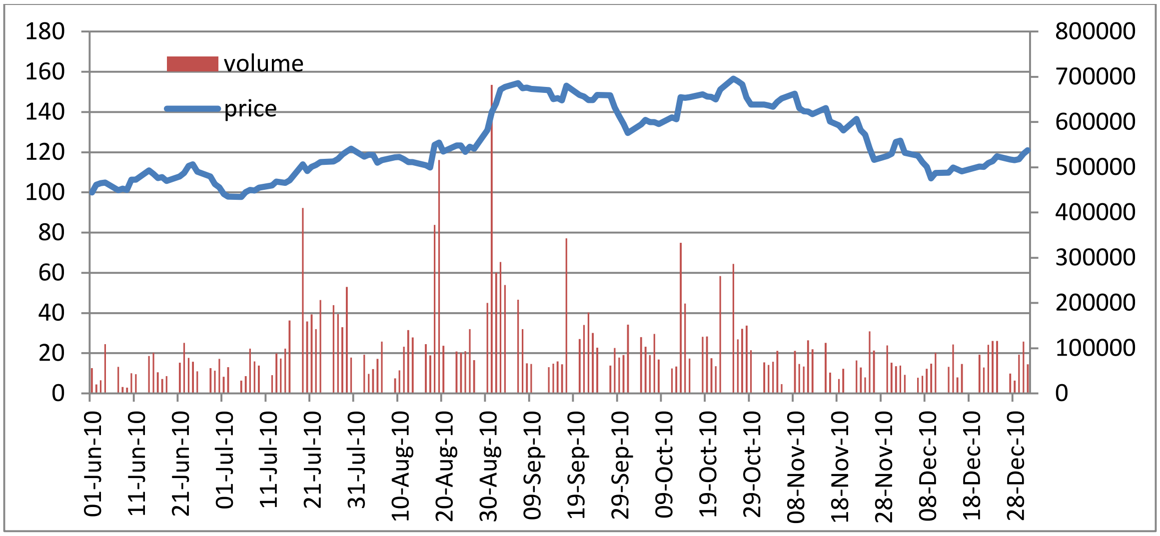
7. The main allegations in the SCN are inter alia as follows –

    i. It is noted that the company was listed at Bombay Stock Exchange Limited (hereinafter referred to as '**BSE**') and at the National Stock Exchange of India Limited (hereinafter referred to as **'NSE'**) during the investigation period. SEBI observed that, *prima facie*, there appeared to have been creation of artificial volume and influence of price in the scrip of the company. Therefore, SEBI had conducted an investigation in the scrip of the company to ascertain whether there was any violation of the provisions of PFUTP Regulations by the Noticees in the scrip of the company during the investigation period. Copy of entire investigation report with annexures is enclosed as **Annexure 3** and the replies submitted by the Noticees during investigation are enclosed as **Annexure 4.**

    ii. During the investigation period, the price of the scrip of the company on BSE opened at Rs. 101.00, and hit the lowest of Rs. 95.60 on July 2, 2010 and increased to a high of Rs. 167.30 on September 6, 2010 and closed at Rs. 120.85 on December 31, 2010. The price volume data on BSE for the entire period of examination and three months before investigation, three months after investigation are as under:

Period	Dates Price in Rs. and Volume in no. of shares		Opening on First Day of The Period	Closing on Last Day of The Period	Low	High	Daily Avg. Shares Traded
Before Investigation period	March 01, 2010 to May 31, 2010	Price	79.5	101.7	76.2	118	76,302
		Vol	37,380	29,552	25,780	3,59,223	
During Investigation Period	June 01, 2010 to Dec 31, 2010	Price	101	120.85	95.6	167.3	1,13,833
		Vol	54,623	72,055	19,275	5,72,656	
After investigation period	Jan 01 2011 to March 31, 2011	Price	145	117.85	108	148.4	1,00,062
		Vol	95,643	1,16,826	23,352	3,63,926	

The price volume chart during the investigation period is as under:



iii. SEBI observed that, the top 10 brokers accounted for 53.31% (buy) & 50.88% (sell) of total market volume during the investigation period on NSE and 48.62% (buy) & 50.01% (sell) of total market volume during the investigation period on BSE. It was further observed that, the top 10 clients, accounted for 39.80% (buy) & 42.57%(sell) of total market volume during the investigation period on NSE and 37.28% (buy) & 39.46% (sell) of total market volume during the investigation period in BSE. The trading details of top 10 brokers and clients of NSE and BSE are annexed as **Annexure 5**. Further, it is observed that out of the top 10 clients, 5 belong to the Noticees group and their concentration is 28.95% on buy side & 28.99% on sell side on NSE and 27.18% on buy side & 26.26% on sell side on BSE.

iv. SEBI observed that the Noticees group of clients found connected/ related to each other were among the major clients dealing in the scrip during the period of investigation are given below:

Sr. No.	Name	Address	Phone	Email	Connections
1	Dhirajlal V Sanghvi HUF (Dhirajlal)	No A-14 Tirthbhumi Apartments Near Lal Garden Ellisbridge Ahmedabad Gujrat India 380006	9825317172 079-6565266	Sanghvifincap@gmail.com	Common address with Sr. No. 2, 3 and father of Ashik & Sagar Sanghvi; Director in Sanghvi Fincap Ltd (common with Sr. No. 4); Common Phone No. with Sr. No. 3, 4, 5, 6, 7, 8.
2	Sagar D Sanghvi (Sagar)	No A-14 Tirthbhumi Apartments Near Lal Garden Ellisbridge Ahmedabad Gujrat India 380007	9979150828	Sanghvifincap@gmail.com	Son of Dhirajlal Sanghvi Common address with 1 and 3, common email id. Authorised Sajjankumar Nanwal (sr. no. 4) to trade a/c with HSBC and mentioned as cousin in the authorisation letter.
3	Ashik D Sanghvi (Ashik)	No A-14 Tirthbhumi Apartments Near Lal Garden Ellisbridge Ahmedabad Gujrat India 380008	9825317172	Sanghvifincap@gmail.com	Common address with Sr. No. 1, 2; Son of Dhirajlal Sanghvi; common phone No. with Sr. No. 1, 3, 4, 5, 6, 7, 8

4	Sajjankumar Nanwal (Sajjan)	D 176, Padmavati Society, Naroda, Ahmedabad Gujarat India 382330	9376017172, 079-6565266	Sajjan_kumar36@yahoo.com	Authorised person of Sagar Sanghvi, Common directorship with Sr. No. 1 in Sanghvi Fincap, Ltd, common address with sr.no 5, 6, 7 and common email id with Sr. No. 5, 6, 7. Accountant of Babubhai Desai Sr. No. 8 and common phone No. with Sr. No. 1, 3, 4, 5, 6, 7, 8
5	Sunitadevi Sajjan Nanwal (Sunita)	D 176, Padmavati Society, Naroda, Ahmedabad Gujarat India 382331	9825317172 079-6565266	Sajjan_kumar36@yahoo.com	Wife of Sajjan Nanwal, common address with 5, 6, 7, common phone No. with Sr. No. 1, 3, 4, 5, 6, 7, 8
6	Govindkumar Varma (Govind)	D 176, Padmavati Society, Naroda, Ahmedabad Gujarat India 382332		sajjan_kumar36@yahoo.com	Brother of Sr. No. 4; Common address with Sr. No. 4, 5, 7; common email Id with Sr. No. 4, 5 & 7 and common phone No. with Sr. No. 1, 3, 4, 5, 6, 7, 8
7	Vishu Enterprise through Vishwanath Varma	D 176, Padmavati Society, Naroda, Ahmedabad Gujarat India 382333	9825317172	Sajjna_kumar36@yahoo.com	Common address with Sr. No. 4, 5, 6; Common Phone No. with Sr. No. 1, 3, 4, 5, 6 & 8; common mail id with Sr. No 4, 5 & 6
8	Babubhai Desai (Babubhai)	Rabari Vasahat, Nava Vadaj, Ahmedabad, Gujarat India 380016	9825317172, 079-6565266		Sajjankumar is accountant. common phone No. of Sr. No. 1, 3, 4, 5, 6 & 7.
9	Antala Real Broking & Impex Pvt Ltd (Antala)	D79, Azad Medan Road Near Shiv mandir, Kubern Nagar, Ahmedabad, Gujarat 382340	9824098422 9925358326	antalarealbroking@gmail.com	Babubhai Desai (Sr. No. 8) is the director of the company.

The documentary evidences containing 9 documents in respect of connection among the Noticees are annexed at **Annexure 6**.

Trading by the Noticees

v. The trading volume of the Noticees and their percentage volume to the total at the NSE and BSE is given in table as under:

Sr. No.	Client Name	Gross Buy (BSE)	Gross Sale (BSE)	Square off	Net Trade (BSE)	Gross Buy (NSE)	Gross Sale (NSE)	Square off	Net Trade (NSE)
1	Antala	13,18,108	10,89,414	10,89,414	2,28,694	11,16,239	12,92,523	11,16,239	-1,76,284
2	Vishu	14,70,960	15,29,454	14,70,960	-58,494	14,46,292	14,21,655	14,21,655	24,637
3	Dhirajlal	11,74,193	11,96,301	11,74,193	-22,108	13,99,198	12,26,883	12,26,883	1,72,315
4	Sagar	3,61,047	3,55,611	3,55,611	5,436	3,61,359	3,87,110	3,61,359	-25,751
5	Govind	3,47,351	3,41,795	3,41,795	5,556	3,71,979	3,75,151	3,71,979	-3,172
6	Ashik	1,78,018	1,57,979	1,57,979	20,039	1,68,328	1,88,333	1,68,328	-20,005
7	Babubhai	1,11,002	1,04,500	1,04,500	6,502	1,07,200	1,10,420	1,07,200	-3,220
8	Sunita	1,31,842	1,74,481	1,31,842	-42,639	2,23,127	1,88,750	1,86,750	36,377
9	Sajjan	1,18,550	96,995	96,995	21,555	1,07,000	1,05,174	1,05,174	1,826
	Total	**52,11,071**	**50,46,530**	**49,23,289**	**1,64,541**	**53,00,722**	**52,93,999**	**50,65,567**	**6,273**

vi. SEBI observed that the Notices had traded 32.68% (gross buy) and 32.64 % (gross sell) of total market volume on NSE during the investigation period and the group entities had squared-off their trades which was in the range of 86.36% to 99.15% as below:

Sr. No.	Client Name	Gross Buy	Gross Buy % to total Buy vol.	Gross Sell	Gross Sell % to total Sell vol.	Square off	Squared off % entity	Net Trade	Net Trade % to total trade vol.
1	Antala	11,16,239	6.88	12,92,523	7.97	11,16,239	87.69	-1,76,284	1.87
2	Vishu	14,46,292	8.92	14,21,655	8.76	14,21,655	86.36	24,637	0.26
3	Dhirajlal	13,99,198	8.63	12,26,883	7.56	12,26,883	98.29	1,72,315	1.83
4	Sagar	3,61,359	2.23	3,87,110	2.39	3,61,359	83.69	-25,751	0.27
5	Govind	3,71,979	2.29	3,75,151	2.31	3,71,979	99.15	-3,172	0.03
6	Ashik	1,68,328	1.04	1,88,333	1.16	1,68,328	98.30	-20,005	0.27
7	Babubhai	1,07,200	0.66	1,10,420	0.68	1,07,200	97.08	-3,220	0.03
8	Sunita	2,23,127	1.38	1,88,750	1.15	1,86,750	89.38	36,377	0.39
9	Sajjan	1,07,000	0.66	1,05,174	0.65	1,05,174	93.35	1,826	0.02
	Total	**53,00,722**	**32.68**	**52,93,999**	**32.64**	**50,65,567**	**95.62**	**6,273**	**5.03**

vii. SEBI observed that the Noticees had traded 30.68% (gross buy) and 29.36% (gross sell) of total market volume in BSE during the investigation period and the Noticees had squared-off their trades which were in the range of 75.56% to 98.49% as below:

Sr. No.	Client Name	Gross Buy	Gross Buy % to total Buy vol.	Gross Sell	Gross Sell % to total Sell vol.	Square off	Square off % of entity trades	Net Trade	Net Trade % to total trade vol.
1	Antala	13,18,108	7.67	10,89,414	6.34	10,89,414	82.65	2,28,694	2.22
2	Vishu	14,70,960	8.56	15,29,454	8.90	14,70,960	96.18	-58,494	0.57
3	Dhirajlal	11,74,193	6.83	11,96,301	6.96	11,74,193	98.15	-22,108	0.21
4	Sagar	3,61,047	2.10	3,55,611	2.07	3,55,611	98.49	5,436	0.05
5	Govind	3,47,351	2.02	3,41,795	1.99	3,41,795	98.40	5,556	0.05
6	Ashik	1,78,018	1.04	1,57,979	0.92	1,57,979	88.74	20,039	0.20
7	Babubhai	1,11,002	0.65	1,04,500	0.61	1,04,500	94.14	6,502	0.06
8	Sunita	1,31,842	0.77	1,74,481	1.02	1,31,842	75.56	-42,639	0.41
9	Sajjan	1,18,550	0.69	96,995	0.56	96,995	81.82	21,555	0.21
	Total	**52,11,071**	**30.32**	**50,46,530**	**29.36**	**49,23,289**	**95.99**	**1,64,541**	**4.00**

viii. From above, it was observed that the Noticees had squared off majority of their position. The positive and negative net trades as shown above indicates that more shares had been bought at one exchange than sale and the same had been sold at other exchange while buy quantity was less and vice versa. The sales of excess shares can be from the shares already held by the Noticees.

Trading among the Noticees

ix. SEBI observed that the Noticees were trading among themselves. It was observed that the Noticees had traded among themselves ranging from 45% to 90% on NSE. Further, out of their total market purchase of 53 lakh shares, 63.69% were purchased from their group entities and out of their total sales of over 52 lakh shares, 63.77% have been sold to their group entities on NSE. The details of the trading among the Noticees on NSE are as below:

Rows – purchases Column – sales.	**Dhirajlal**	**Antala**	**Sajjan**	**Sunita**	**Govind**	**Vishu**	**Babubhai**	**Ashik**	**Sagar**	**buy of the clients from the group**	**Total buy of the clients**	**% of buy from group to total buy**
Dhirajlal	1	229830	31832	81295	103086	266635	14500		126	727305	1399198	51.98
Antala	116429	558	43331	9001	108323	314191	3001	32869	142248	769951	1116239	68.98
Sajjan	17779	67399							9000	94178	107000	88.02
Sunita	92797	64689						6000	7000	170486	223127	76.41
Govind	85766	126297					11969	18475	60881	303388	371979	81.56
Vishu	233561	323018		150	584	1954	35555	88100	124529	807451	1446292	55.83
Babubhai	7604	6000		2148		61456			10000	87208	107200	81.35
Ashik	10	40710	2500	19000	36043	46468			2000	146731	168328	87.17
Sagar	171	91395	18433	3500	60362	81417	14180			269458	361359	74.57
sale among group -client wise	554118	949896	96096	115094	308398	772121	79205	145444	355784	3376156	5300722	63.69
total sale by clients	1226883	1292523	105174	186750	375151	1421655	110420	188333	387110	5293999	63.77	
% of sell among the group to total sale of clients	45.16	73.49	91.37	61.63	82.21	54.31	71.73	77.23	91.91	63.77		

x. It was also observed that, on BSE, the Noticees had traded among themselves amounting to 41.57% to 83.50% on purchase side and 48.03% to 94.74% on sell side. Further, out of their total market purchase and sale, 58.02% has been purchased from the group entities and 59.91% has been sold to the group entities only. The details of the trading among the Noticees on BSE are as below:

Row Labels buy and columns sell	**Dhirajlal**	**Antala**	**Sajjan**	**Sunita**	**Govind**	**Vishu**	**Babubhai**	**Ashik**	**Sagar**	**Buy from group**	**Total buy**	**% of buy from group to total buy**
Dhirajlal	650	138900	10896	65773	95714	160903	15000	90	206	488132	1174193	41.57
Antala	146178	1780	53236	2649	141721	357283	8000	27139	135284	873270	1318108	66.25
Sajjan	22093	51113				334			10249	83789	118550	70.68
Sunita	22693	46769						2000	13091	84553	131842	64.13
Govind	101020	104421				100	8400	12800	48685	275426	347351	79.29
Vishu	294254	174182	1000		4254	886	42320	86145	121384	724425	1470960	49.25
Babubhai	6900	4500		2825	2000	65504		4955	6000	92684	111002	83.50
Ashik		45807	3000	13000	23192	54215	856	1	2000	142071	178018	79.81
Sagar	1	69034	17699	9756	44757	95403	20450	2014	1	259115	361047	71.77
sale among group -client wise	593789	636506	85831	94003	311638	734628	95026	135144	336900	3023465	5211071	58.02
Total sell of the clients	1196301	1089414	96995	174481	341795	1529454	104500	157979	355611	5046530		

% of group sell to total sell Qty	49.64	58.43	88.49	53.88	91.18	48.03	90.93	85.55	94.74	59.91		

Trade-log and Order-log Analysis:
Synchronised-Trades and Reversal Trades

xi. It was observed from trade-log (**Annexure 7**), order-log (**Annexure 8**) and investigation report that, during the investigation period, the Noticees had entered into synchronised-trades, i.e., where the difference in buy and sell order quantity and rate were zero and orders of these trades were placed with time gap of 60 seconds. The details of total number of synchronised-trades entered by the Noticees on NSE are given below:

Gross Buy Qty of suspected entities	Gross Sell Qty of suspected entities	Gross Total	Total traded qty among the suspected entities	Synchronized traded qty by suspected entities	Sync Trades as % of total traded qty among the suspected entities	sync Trades as % of Total market volume	Sum of LTP at Sync Trades
53,00,722	52,93,999	1,05,94,721	33,76,156	19,72,021	58.41	12.16	40.95

xii. The entity wise synchronised-trade details of the Noticees on NSE are as under:

Name of the entity	No of Sync trades	Synchronised Qty	Sum of LTP Diff	% of Client Synchronized Vol. to Client's Total Vol.	% of Client Synchronized Vol. to Mkt. Vol.
Sajjan	31	75,630	3.55	70.68	0.47
Govind	119	2,62,030	1.45	70.44	1.62
Sunita	48	1,34,685	1.4	60.36	0.83
Babubhai	22	63,763	0.1	59.48	0.39
Antala	264	5,28,567	4.15	47.35	3.26
Sagar	109	1,63,652	11.4	45.29	1.01
Dhirajlal	168	4,10,673	7.15	29.35	2.53
Ashik	17	42,144	3.55	25.04	0.26
Vishu	129	2,90,877	8.2	20.11	1.79
Total	**907**	**19,72,021**	**40.95**	**58.41**	**12.16**

From above, it is observed that 58.41% of the trading amongst the Noticees was synchronized which accounts for 12.16% of the market volume on NSE. The entity wise synchronised-trades are in the range of 20% to 71% of their individual traded volume. The summarized data of synchronized trades done by the Noticees and the Noticee wise synchronised-trades on NSE are annexed as **Annexure 9**. The entire trade-log and order-log for the scrip during investigation period has been annexed as Annexure 7 and Annexure 8 respectively.

xiii. The details of total number of synchronised-trades entered by the Noticees on BSE are given below:

Gross Buy Qty of suspected entities	Gross Sell Qty of suspected entities	Gross Total	Total traded qty among the suspected entities	Synchronized traded qty by suspected entities	Sync Trades as % of total traded qty among the suspected entities	sync Trades as % of Total market volume	Sum of LTP at Sync Trades

5211071	5046530	10257601	3023465	1602541	53.00	9.32	4.45

xiv. The entity wise synchronised-trade details of the Noticees on BSE are as under:

Name of entity	No sync Trade	Synchronised Qty	Sum of LTP Diff	% of Client Synchronized Vol. to Client's Total Vol	% of Client Synchronized Vol. to Mkt. Vol
Sajjan	23	71,023	0.7	59.91	0.41
Govind	62	1,94,547	7.3	56.01	1.13
Babubhai	18	50,407	-0.3	45.41	0.29
Antala	168	5,63,787	-17.65	42.77	3.28
Sagar	52	1,30,219	-3.05	36.07	0.76
Sunita	9	35,050	0.5	26.58	0.2
Ashik	17	43,448	0.5	24.41	0.25
Dhirajlal	74	2,70,514	-0.2	23.04	1.57
Vishu	85	2,43,546	16.65	16.56	1.42
Total	**508**	**1602541**	**4.45**	**53**	**9.32**

xv. From above, it is observed that 53% of the trading amongst the group was synchronized which accounts for 9.32% of the market volume on BSE. The entity wise synchronised-trades are in the range of 16% to 60% of their individual traded volume. The summarized data of synchronised-trades done by the Noticees and the Noticee wise synchronised-trades on BSE are annexed as **Annexure 10**. The entire trade-log and order-log for the scrip during investigation period has been annexed as Annexure 7 and Annexure 8 respectively.

xvi. SEBI further observed from trade-log and order-log that the Noticees had entered into reversal trades during the investigation period. The details of reversal trades executed by the Noticees on NSE are given below:

Client Name (1)	Client Name (2)	Qty. client 2 (Sell) to 1 (Buy)	Qty. client 1 (Sell) to 2 (Buy)	% of Reversal Qty. to mkt vol.	Sum of Reversal Qty.	No. of Reversal trades	No. of days of Reversal trades
Dhirajlal	Antala	80,401	16,489	0.09	15,291	98	13
Dhirajlal	Sunita	2,708	207	0.001	207	4	1
Dhirajlal	Govind	4,200	3,915	0	3,915	4	1
Dhirajlal	Vishu	53,576	19,528	0.08	12,857	119	13
Antala	Govind	1,104	3,000	0.01	1,104	26	1
Antala	Vishu	1,18,694	1,09,728	0.3	47,983	292	30
Antala	Ashik	5,500	999	0.01	999	6	1
Antala	Sagar	1	1,000	0	1	2	1
Govind	Ashik	3,000	28	0	28	2	1
Govind	Sagar	1,900	1,500	0.01	1,500	3	1
Vishu	Ashik	4,000	468	0	468	7	1
Vishu	Sagar	4,000	4,400	0.03	4,000	8	1
Total		**2,79,084**	**1,61,262**	**0.54**	**88,353**	**571**	**65**

The summarized data of reversal trades done by the Noticees and the Noticees wise reversal trade on NSE are annexed as **Annexure 11**.

The entire trade-log and order-log for the scrip during investigation period has been annexed as Annexure 7 and Annexure 8 respectively.

xvii. The details of reversal trades executed by the Noticees on BSE are given below:

Client Name (1)	Client Name (2)	Qty. client 2 (Sell) to 1 (Buy)	Qty. client 1 (Sell) to 2 (Buy)	% of Reversal Qty. to mkt vol.	Sum of Reversal Qty.	No. of Reversal trades	No. of days of Reversal trades
Dhirajlal	Antala	27,053	11,700	0.05	8,037	35	6
Dhirajlal	Govind	3,426	1,950	0.01	1,950	2	1
Dhirajlal	Vishu	35,788	58,907	0.09	14,532	40	10
Antala	Govind	2,000	9,156	0.01	2,000	11	1
Antala	Vishu	72,377	26,237	0.11	18,856	57	13
Antala	Ashik	6,501	7,449	0.03	4,451	15	3
Antala	Sagar	3,000	2,457	0.01	2,457	6	1
Sajjan	Vishu	334	1,000	0.00	334	4	1
Govind	Sagar	3,988	2,000	0.01	2,000	2	1
Vishu	Ashik	1,774	311	0.00	311	6	1
Vishu	Sagar	5,348	300	0.00	300	16	1
Total		**1,61,589**	**1,21,467**	**0.32**	**55,228**	**194**	**39**

xviii. The summarized data of reversal trades done by the Noticees and the Noticees wise reversal trade on BSE are annexed as **Annexure 12**. The entire trade-log and order-log for the scrip during investigation period has been annexed as Annexure 7 and Annexure 8 respectively.

xix. From above analysis of synchronised and reversal trades, it is observed that the Noticees by entering into such trades have contributed around 9% to 12% of the market volume at BSE and NSE and that 95% of the transactions are of square off nature and, therefore, the Noticees are alleged to have created artificial volume in the scrip of the company.

Self-Trades

xx. It was further observed from trade-log and order-log that the Noticees had entered into self-trades during the investigation period. The details of self-trades executed by the Noticees, wherein the same Noticees appeared as buyer and seller of the trades on NSE, are given below:

Client Name	Self-trade Volume	Self-trade Count	% self-trade to the mkt volume	LTP Contribution by self-trades	Net LTP contribution by self-trades
Vishu	1,954	17	0.012	1.49	1.49
Antala	558	20	0.004	2.45	2.45
Dhirajlal	1	1	0.000	0.55	0.55
Total	**2,513**	**38**	**0.016**	**4.49**	**4.49**

The Noticee wise, day wise self-trades on NSE are placed at **Annexure 13**. The entire trade-log and order-log for the scrip during investigation period has been annexed as Annexure 7 and Annexure 8 respectively.

xxi. The details of self-trades executed by the Noticees, wherein the same Noticees appeared as buyer and seller of the trades on BSE, are given below:

Client Name	Self-trade Volume	Self-trade Count	% self-trade to the mkt volume	LTP Positive Contribution by self-trades	Net LTP contribution by self-trades

Vishu	886	13	0.01	1.75	1.75
Antala	1,780	11	0.01	0.7	0.7
Ashik	1	1	0.00	0.2	0.2
Dhirajlal	650	3	0.00	0	-0.35
Sagar	1	1	0.00	0	-0.35
Total	**3,318**	**29**	**0.02**	**2.65**	**1.95**

xxii. The Noticee wise, day wise self-trades on BSE are placed at **Annexure 14**. The entire trade-log and order-log for the scrip during investigation period has been annexed as Annexure 7 and Annexure 8 respectively.

New High Price Analysis

xxiii. It was further observed from trade-log and order-log/ price volume data that the Noticees had entered into trades resulting into creation of New High Price (NHP) during the investigation period. During the investigation period, there were 135 trades with NHP contribution of Rs. 66.3 on BSE and 219 trades with NHP contribution of Rs. 69.9 on NSE by the entire market. The Noticees had contributed NHP of Rs. 56.25 (84.85%) on BSE in 13 trades and Rs. 31.90 (45.62%) on NSE in 18 trades. The NHP made by some Noticees amongst the Noticees group are given in the table below:

Client Name	BSE				NSE			
	Qty	No. of Trades	NHP	% of total mkt NHP	Qty	No. of Trades	NHP	% of total mkt NHP
Vishu	477	8	39.50	59.58	1323	9	17.55	25.11
Antala	168	3	16.65	25.11	788	7	13.55	19.37
Dhirajlal	111	2	0.1	0.16	0	0	0	0
Govind	0	0	0	0	4872	2	0.80	1.14
Total	**756**	**13**	**56.25**	**84.85**	**6983**	**18**	**31.90**	**45.62**

From the above table, it was observed that Vishu Enterprise has contributed Rs. 39.50 (59.58%) of total market NHP on BSE and Rs. 17.55 (25.11%) of total market NHP on NSE. Antala has contributed Rs. 16.65 (25.11%) of total market NHP on BSE and Rs. 13.55 (19.37%) of total market NHP on NSE. The entire trade-log and order-log for the scrip during investigation period has been annexed as Annexure 7 and Annexure 8 respectively

Last Traded Price (LTP)

xxiv. During investigation, it was observed from trade-log and order-log/ price volume data analysis that Noticees connected/ related to each other had contributed to market positive LTP. The LTP effect of the trading of the Noticees group at NSE is as given below:

Name	All trades			LTP Diff. >0			LTP Diff. < 0			LTP Diff. =0	
	Net LTP	Sum Qty	No. of Trade	LTP Impact	Qty traded	No of Trades	LTP Impact	Qty Traded	No. of Trades	Qty Traded	No. trades
Antala	1189.10	11,16,239	7,455	1,475.95	3,43,688	3,024	-286.85	4,21,653	1,153	3,50,898	3,278
Vishu	430.30	14,46,292	9,163	936.35	3,42,265	1,857	-506.05	4,16,969	1,898	6,87,058	5,408
Sagar	81.05	3,61,359	810	117.70	1,12,065	275	-36.65	1,33,673	155	1,15,621	380
Ashik	19.65	1,68,328	380	37.75	36,097	73	-18.10	59,437	71	72,794	236
Govind	13.30	3,71,979	308	29	1,31,558	92	-15.70	1,49,932	63	89,639	153

Babubhai	3	1,07,200	108	4.50	38,253	20	-8.10	35,718	16	33,229	72
Sunita	9.55	2,23,127	167	12.25	83,018	34	-2.7	49,211	20	90,898	113
Sajjan	8.6	1,07,000	62	11.20	55,267	25	-2.6	31,750	12	19,983	25
Dhirajlal	-135.90	13,99,198	4,026	291.80	2,41,661	560	-427.70	4,38,501	1,605	7,19,036	1,861
Total LTP	**1,612.65**	**53,00,722**	**22,480**	**2,917.1**	**13,83,872**	**5,960**	**-1304.45**	**7,36,844**	**4,993**	**21,79,156**	**1,526**
Market LTP	**17**	**1,62,26,947**	**1,31,067**	**8,148.7**	**38,08,364**	**6,631**	**-8131.7**	**43,11,960**	**28,452**	**81,05,773**	**75,983**

xxv. The LTP effect of the trading of the Noticees group at BSE is as given below:

Name	**All trades**			**LTP Diff. >0**			**LTP Diff. < 0**			**LTP Diff. =0**	
	Net LTP	**Sum Qty**	**No. of Trade**	**LTP Impact**	**Qty traded**	**No of Trades**	**LTP Impact**	**Qty Traded**	**No. of Trades**	**Qty Traded**	**No. trades**
Antala	1,316.6	13,18,108	6,929	1,609.2	4,02,125	3,369	-292.60	4,97,091	1,052	4,18,892	2,508
Vishu	661.8	14,70,960	9,237	1,174.7	3,58,876	2,403	-512.9	4,11,376	2,127	7,00,708	4,707
Sagar	33.05	3,61,047	399	68.2	1,01,531	240	-35.15	1,30,398	151	1,29,118	308
Ashik	15.45	1,78,018	491	40.5	60,154	111	-25.05	34,536	77	83,328	303
Govind	28.9	3,47,351	280	36.15	1,26,524	123	-7.25	1,32,519	52	88,308	105
Babubhai	4.75	1,11,002	75	7.8	49,518	30	-3.05	41,139	22	20,345	23
Sunita	4.7	1,31,842	69	7.55	31,215	23	-2.85	42,962	21	57,665	25
Sajjan	5.85	1,18,550	67	10.05	69,068	27	-4.2	30,521	16	18,961	24
Dhirajlal	-90.75	11,74,193	2,977	237.30	2,24,151	527	-328.05	3,59,141	1,268	5,90,901	1,182
Total LTP	**1,980.35**	**52,11,071**	**20,826**	**3,191.45**	**4,23,162**	**6,853**	**-1,211.1**	**16,79,683**	**4,787**	**21,08,226**	**9,186**
Market LTP	**19.35**	**1,71,88,791**	**1,09,498**	**7,758.85**	**41,09,968**	**25,489**	**-7,739.5**	**46,36,020**	**27,289**	**84,42,803**	**56,720**

xxvi. The positive LTP analysis of the LTP contribution of the Noticees group at the NSE and BSE is as under:

	BSE			**NSE**		
Name	**Positive LTP**	**% of Total Market Positive LTP**	**Net LTP**	**Positive LTP**	**% of Total Market Positive LTP**	**Net LTP**
Antala	1609.20	20.74%	1316.60	1475.95	18.11%	1189.10
Vishu	1174.70	15.14%	661.80	936.35	11.49%	430.30
Dhirajlal	237.30	3.06%	-90.75	291.80	3.58%	-135.90
Sagar	68.20	0.88%	33.05	117.70	1.44%	81.05
Ashik	40.50	0.52%	15.45	37.75	0.46%	19.65
Govind	36.15	0.47%	28.90	29.00	0.36%	13.30
Sajjan	10.05	0.13%	5.85	11.20	0.14%	8.60
Babubhai	7.80	0.10%	4.75	5.10	0.06%	3.00
Sunita	7.55	0.10%	4.70	12.25	0.15%	9.55
Total	**3191.45**	**41.13%**	**1980.35**	**2917.10**	**35.80%**	**1618.65**

From the above, it is observed that Noticees group have contributed Rs. 3191.45 (41.13%) at BSE and Rs. 2917.10 (35.80%) at NSE to market positive LTP. The market positive LTP is Rs. 7758.85 (BSE) and Rs. 8148.70 (NSE). Antala and Vishu contributed 20.74% & 15.14% of total market positive contribution respectively at BSE and 18.11% & 11.49% of total market positive contribution respectively at NSE. The entire trade-log and order-log for the scrip during investigation period has been annexed as Annexure 7 and Annexure 8 respectively.

First Trade Analysis

xxvii. It was further observed from trade-log and order-log/ price volume data that the Noticees had contributed to price rise by first trades at both BSE and NSE. The details of first trades executed by the Noticees at the BSE and NSE are given below:

Clients Name	BSE			NSE		
	No. of First Trades	**Traded Qty**	**Sum LTP Diff**	**No. of First Trades**	**Traded Qty**	**Sum of LTP Diff**
Vishu	57	14,859	202.7	59	17842	154.75
Antala	32	8,047	162.15	17	1862	78.20
Dhirajlal	5	5,376	10.8	7	15265	10.85
Sajjan	0	0	0	1	3000	1
Govind	0	0	0	1	850	0
Ashik	2	15	6.45	2	11	11.75
Babubhai	1	5,000	1.65	0	0	0
Sagar	3	14,000	2.65	0	0	0
TOTAL	100	47297	386.40	87	38830	256.55

From the above table, it is observed that Vishu Enterprises and Antala have contributed Rs. 202.7 & Rs. 162.15 at BSE and Rs. 154.75 & Rs. 78.20 at NSE respectively in price rise by first trades. There are 100 first trades of the group out of which 89 trades have been executed by Antala and Vishu. The details of first trade on NSE are annexed as **Annexure 15** and the details of first trade on BSE are annexed as **Annexure 16.** The entire trade-log and order-log for the scrip during investigation period has been annexed as Annexure 7 and Annexure 8 respectively.

xxviii. In view of the above-mentioned observations, it is alleged that,

I. M/s Antala Real Broking & Impex Private Limited and M/s Vishu Enterprises through its proprietor Shri Vishwanath Hetram Varma have violated the provisions of Regulation 3(a), (b), (c), (d) and 4(1), 4(2)(a), (b), (e) and (g) of PFUTP Regulations by executing Synchronised and Reversal trades with other Noticees of the group thereby contributed in creation of artificial volume and by indulging in price rise by entering buy/ sell orders at a higher price than the last traded price and by entering buy/ sell order at a New high price and first trade of the day than the existing market price, in the scrip.

II. Shri Sajjankumar Nanwal, Ms Sunitadevi Sajjan Nanwal, Shri Govind Kumar Varma, M/s Dhirajlal Sanghvi HUF, Shri Sagar Dhirubhai Sanghvi, Shri Ashik Dhirajlal Sanghvi and Shri Babubhai Desai have violated the provisions of Regulation 3(a), (b), (c), (d) and 4(1), 4(2)(a) and (g) of PFUTP Regulations by executing Synchronised and Reversal trades with other Noticees of the group and, thereby, contributed in creation of artificial volume.

xxix. It was also observed during investigation that the Noticees, by trading in the scrip, had made disproportionate gains. The quantifiable Profit and Loss made by the Notices from the trading done on NSE is as follows:

Client Name	Buy Qty.	Buy Value (INR)	Wt. Avg. Buy Price (INR)	Sell Qty.	Sell Value (INR)	Wt. Avg. Sell Price (INR)	Squared off Qty.	Squared off %	Profit/Loss (INR)
Dhirajlal	13,99,198	17,89,62,189	127.90	12,26,883	15,57,10,587	126.92	12,26,883	87.69	-12,11,927
Antala	11,16,239	13,81,13,456	123.73	12,92,523	16,39,81,279	126.87	11,16,239	86.36	35,02,825
Sajjan	1,07,000	13,05,54,70	122.01	1,05,174	1,29,59,389	123.22	1,05,174	98.29	1,26,717
Sunita	2,23,127	2,76,23,972	123.80	1,86,750	2,36,48,987	126.63	1,86,750	83.69	5,28,626
Govind	37,1,979	4,45,54,483	119.78	3,75,151	4,56,08,923	121.57	3,71,979	99.15	6,68,803
Vishu	14,46,292	18,35,52,498	126.91	14,21,655	17,89,52,659	125.88	14,21,655	98.30	-14,73,105
Babubhai	1,07,200	1,35,89,795	126.77	1,10,420	1,42,57,584	129.12	1,07,200	97.08	2,52,018
Ashik	1,68,328	2,12,40,868	126.19	1,88,333	2,37,33,537	126.02	1,68,328	89.38	-28,340
Sagar	3,61,359	4,07,42,566	112.75	3,87,110	4,39,54,035	113.54	3,61,359	93.35	2,87,598
Total	**53,00,722**	**66,14,35,299**	**123.32**	**52,93,999**	**66,28,06,983**	**124.42**	**50,65,567**	**95.62**	**26,53,215**

xxx. Further, the quantifiable Profit and Loss made by the Noticees from the trading done on BSE is as follows:

Client Name	Buy Qty.	Buy Value (INR)	Wt. Avg. Buy Price (INR)	Sell Qty.	Sell Value (INR)	Wt. Avg. Sell Price (INR)	Squared off Qty.	Squared off %	Profit/Loss (INR)
Dhirajlal	11,74,193	14,75,74,017	125.68	11,96,301	15,46,65,041	129.29	11,74,193	98.15	42,32,766
Antala	13,18,108	16,87,60,958	128.03	10,89,414	13,95,17,295	128.07	10,89,414	82.65	36,659
Sajjan	1,18,550	1,46,61,131	123.67	96,995	1,25,04,710	128.92	96,995	81.82	5,09,296
Sunita	1,31,842	1,58,34,516	120.10	1,74,481	2,11,46,108	121.19	1,31,842	75.56	1,43,987
Govind	3,47,351	4,28,40,181	123.33	3,41,795	4,14,64,244	121.31	3,41,795	98.40	(6,90,693)
Vishu	14,70,960	18,78,79,348	127.73	15,29,454	19,49,49,350	127.46	14,70,960	96.18	(3,85,848)
Babubhai	1,11,002	1,37,68,883	124.04	1,04,500	1,32,06,513	126.38	1,04,500	94.14	2,44,150
Ashik	1,78,018	2,22,23,380	124.84	1,57,979	2,01,15,284	127.33	1,57,979	88.74	3,93,529
Sagar	3,61,047	4,05,33,307	112.27	3,55,611	4,12,12,250	115.89	3,55,611	98.49	12,89,221
Total	**52,11,071**	**65,40,75,720**	**123.30**	**50,46,530,**	**63,87,80,796**	**125.09**	**49,23,289**	**95.99**	**57,73,067**

From the above table, it is observed that the Noticees had squared off 95.62% and 95.99% of their trades and earned profit of Rs. 26,53,215 and Rs. 57,73,067 on NSE and BSE respectively.

xxxi. It was further observed that, SEBI had initiated adjudication proceeding in respect of M/s Vishu Enterprises, Shri Sajjankumar Nanwal, Ms Sunitadevi Sajjan Nanwal, Shri Govind Kumar Varma, M/s Dhirajlal Sanghvi HUF, Shri Sagar Dhirubhai Sanghvi, Shri Ashik Dhirajlal Sanghvi and Shri Babubhai Desai in the scrips Nakoda Textiles India Limited, Gayatri Projects Limited, Nandan Exim Limited and Trimurthi Drugs and Pharmaceuticals Limited and the Adjudicating Officer, vide order dated January 28, 2014, had imposed a penalty of Rs 5 Crore on the above Noticees for violation of section 12A(a), (b) and (c) of the SEBI Act read with Regulation 3(a), (b), (c) and (d) and 4(1), (2)(a) of the PFUTP Regulations, 2003. Hence it is alleged that, except M/s Antala Real Broking & Impex Private Limited, all the Noticees have repeatedly violated SEBI Act and PFUTP Regulations. A copy of the adjudication order dated January 28, 2014 is annexed at **Annexure 17.**

xxxii. It is therefore alleged that the Noticees have violated/ repeatedly violated Regulation 3(a), (b), (c), (d) and 4(1), 4(2)(a), (b), (e) and (g) of PFUTP Regulations, as brought out above.

8. The SCN was served on all the Noticees, except Noticee 9 i.e. Babubhai through SEBI Western Regional Office (Ahmedabad). Further, vide email dated June 24, 2020 the copy of the SCN was sent to the Noticees at the following email ids – sanghvifincap@gmail.com, sajjan_kumar36@yahoo.com, antalarealbroking@gmail.com .

9. Vide email dated July 24, 2020 (received from the email id sajjan_kumar36@yahoo.com) Noticee 2, 3, 4 and 5 i.e. Vishu (proprietor Vishwanath H. Varma), Sajjan, Sunita and Govind, respectively *inter alia* requested for time of 3 months to represent their case in view of the pandemic and it was further submitted that they were trying to contact their brokers to obtain details of trades. Vide email dated July 24, 2020 (received from the email id sanghvifincap@gmail.com), Noticee 6, 7 and 8 i.e. Dhirajlal, Sagar, and Ashik respectively *inter alia* requested for time of 3 months to represent their case in view of the pandemic. In respect of Noticee 1 and 9 i.e. Antala and Babubhai, the said Noticees were granted opportunity of hearing on October 05, 2020 through newspaper publication dated September 16, 2020 and further the said Noticees were informed that copy of the SCN was available in the SEBI website under the head "Unserved Summons/Notices". Noticee 1 (Antala) vide email (id - antalarealbroking@gmail.com) dated September 29, 2020 *inter alia* requested for time of 30 days for filing reply to the SCN. Vide email dated September 26, 2020 received from email id – babubhai.desai1992@gmail.com, Noticee 9 (Babubhai) replied regarding his change of address and requested for 45 days of time to reply to the SCN.

10. Vide email dated October 08, 2020, Noticee 2 to 8 were granted an opportunity of hearing on November 02, 2020 at SEBI Western Regional Office in Ahmedabad. The Noticees were also granted the option to indicate if they desired the hearing through video conference. Further vide email dated October 09, 2020, Noticee 1 and 9 were provided copy of the SCN and its

annexures, and also an opportunity of personal hearing on November 02, 2020. Noticee 3 (Sajjan) appeared for the said hearing on November 02, 2020 on behalf of himself and Noticee 2, 4 and 5, and requested for time to file reply and another opportunity of hearing. Accordingly, the said Noticees were granted final opportunity of submitting reply latest by November 20, 2020 and final opportunity of hearing on November 23, 2020. Further, Noticee 8 (Ashik) appeared for the hearing on November 02, 2020 on behalf of himself and Noticee 6 and 7 and requested for time to file reply and another opportunity of hearing. Accordingly, the said Noticees were granted final opportunity of submitting reply latest by November 20, 2020 and final opportunity of hearing on November 23, 2020. Further, vide email dated November 03, 2020, Noticee 1 (Antala) was also granted opportunity to submit reply latest by November 20, 2020 and was further granted opportunity of personal hearing on November 23, 2020.

11. Vide separate letters dated November 21, 2020 (received through emails dated November 23, 2020 from the email id - antalarealbroking@gmail.com), Noticee 1 (Antala) and Noticee 9 (Babubhai) *inter alia* requested for adjournment by one week of the scheduled hearing and that the hearing be granted on any day post December 01, 2020. Similarly, vide letters dated November 21, 2020 (received through email dated November 23, 2020 from the id sanghvifincap@gmail.com), Noticee 2 to 5 *inter alia* requested for adjournment by one week of the scheduled hearing and that the hearing be granted on any day post December 01, 2020. Vide letters dated November 22, 2020 (received through email dated November 23, 2020 from the id sanghvifincap@gmail.com), Noticee 6 to 8 replied that they are in the process of filing a detailed reply and requested to be granted hearing on any day post December 01, 2020. Accordingly, vide email dated November 27, 2020 the aforesaid Noticees were granted opportunity of hearing on December 08, 2020.

12. I note that replies to the SCN were submitted by the Noticees in the matter as follows.

    i. Noticee 1 (Antala) vide its letter dated December 12, 2020 (received through email dated December 22, 2020 from the email id – antalarealbroking@gmail.com) submitted reply to the SCN.
    ii. Noticee 2 (Vishu) vide its letter dated December 10, 2020 (received through email dated December 10, 2020 from the email id – vishuenterprise11@gmail.com) submitted reply to the SCN.
    iii. Noticee 3 (Sajjan) vide his letter dated December 10, 2020 (received through email dated December 10, 2020 from the email id – sajjan_kumar36@yahoo.com) submitted reply to the SCN.
    iv. Noticee 4 (Sunita) vide her letter dated December 11, 2020 (received through email dated December 11, 2020 from the email id – sajjan_kumar36@yahoo.com) submitted reply to the SCN.
    v. Noticee 5 (Govind) vide his letter dated December 05, 2020 (received through email dated December 11, 2020 from the email id – sajjan_kumar36@yahoo.com) submitted reply to the SCN.
    vi. Noticee 6 (Dhirajlal) vide its letter dated December 02, 2020 (received through email dated December 10, 2020 from the email id – sanghvifincap@gmail.com) submitted reply to the SCN.
    vii. Noticee 7 (Sagar) vide his letter dated December 02, 2020 (received through email dated December 07, 2020 from the email id – sanghvifincap@gmail.com) submitted reply to the SCN.
    viii. Noticee 8 (Ashik) vide his letter dated December 02, 2020 (received through email dated December 07, 2020 from the email id – sanghvifincap@gmail.com) submitted reply to the SCN.
    ix. Noticee 9 (Babubhai) vide his letter dated December 11, 2020 (received through email dated December 14, 2020 from the email id – babulaldesai@yahoo.com) submitted reply to the SCN.

13. I note that the aforesaid Noticees made several common submissions in their replies and the main common submissions *inter alia* made by the Noticees are summarized as below -

i. *At the outset, we deny all the allegations levelled against us in the Notice, save and except those, which are specifically admitted herein. It is submitted that, we do not accept or admit anything stated in the Notice except where the same is expressly admitted in this reply. Nothing stated therein shall be deemed to be admitted by us merely on account of non-traverse and unless the same is specifically admitted by us herein.*

ii. *We vehemently / notably / specifically deny that we have violated the provisions of PFUTP Regulations as alleged. We submit that we have not indulged in any fraudulent and unfair trade practices relating to the securities market so as to warrant any kind of imposition of penalty.*

iii. *In response to the said SCN, we had vide our letter inter alia sought extension of time for filing the reply in the matter as the trading details referred in the SCN are voluminous and the collation of various documents/ materials pertaining to the same was taking some time due to the COVID-19 pandemic situation.*

Complete set of Annexures not provided

iv. *That along with the SCN, SEBI had provided various Annexures viz. Details of Top 10 Buyers and Sellers, Investigation Report, Annexure showing connection between various entities referred in the SCN etc. In the said SCN, Annexure -7 is referred to as Trade Log for the relevant period in the scrip of Kavveri and Annexure -8 is referred to as Order Log file for the relevant period in the scrip of Kavveri. In this context, we may point out that in the entire set of Annexures there is no copy of Order Log/Annexure 8. It is submitted that in the Annexures to the SCN, there are only 2 Excel files which is – i) Trade log of Kavveri for the relevant period at NSE. ii) Trade log of Kavveri for the relevant period at BSE.It is submitted that the allegations in the SCN are based on materials including Order log which, is not a part of SCN. It is submitted that the Order Log during the Investigation Period which contains the following details are not part of the SCN and its Annexures:*

Sr No.	*Particulars*
1	***SCRIPCODE***
2	***SCRIPNAME***
3	***ORDERID***
4	***TYPECODE***
5	***ORDER_DATE***
6	***ORDER_TIME***
7	***RATE***

8	***QTY***
9	***AVLQTY***
10	***BUYSELL***
11	***MEMBER_NO***
12	***MEMBER_NAME***
13	***CLIENTCODE***
14	***PANNO***
15	***CLIENT_NAME***
16	***NON_CLIENT_NAME***
17	***CLIENT_ADDRESS***
18	***CLIENT_PHONE***
19	***AUDCODE***
20	***ERRORCODE***
21	***ERRORTEXT***
22	***CACLASSNAME***
23	***LOCATIONID***
24	***USER_NAME***
25	***USER_ADDRESS***

v. *It is submitted that SEBI has failed to provide the aforesaid details to us and inter alia based on Trade Log and certain trade summary obtained from BSE/NSE has levelled the serious charge of Synchronized Trade and Reversal Trade against us. In the present SCN, SEBI has not provided exact particulars of Orders which have resulted in Synchronized Trades and Reversal Trades and the same is severely incapacitating us from giving an effective reply in the matter.*

Contents of Trade log lacking in material particulars

vi. *From the perusal of the Trade log of Kavveri for the relevant period at NSE, it would be clear that the same is severely lacking in material particulars which are critical for responding to the allegation of Synchronized Trading and Reversal Trading. For instance:*

(i) As per the data there is only one Buy Order or one Sell Order number for all the Buy Orders/Sell Orders.

(ii) The data does not provide the details of Buy Order Quantity / Sell Order Quantity, making the allegations totally unsubstantiated.

(iii) The data does not provide the details of pending buy/sell orders at the relevant time when the impugned buy/sell orders were placed by us and also the price at which the pending sale orders were placed.

(iv) No segregation of data pertaining to our trades and the data pertaining to our counter parties specifically has been done, which again makes the data unintelligible.

vii. *We respectfully submit that data made available is half baked and it severely incapacitates us to deal with the allegation. Further, the data does not substantiate the charge. In the circumstances, no reliance can be placed on the said data in* *order to draw adverse inferences against us for alleged Synchronised Trades and Reversal Trades.*

viii. *Further, it is submitted that, while trading in the ordinary course, our some trades got matched with certain parities cannot lead to the conclusion that we had indulged in synchronized trades/ reversal trades. Merely because as a result of our genuine trading, if certain trades were matched with certain counter parties, as alleged (which is very miniscule to our overall trading) we cannot be faulted. The Trade Log data for the relevant period clearly establishes the fact that the scrip was highly liquid and there were lot of trades and traders on each day. Therefore, the allegation of synchronized trades/ reversal trades cannot and does not arise.*

ix. *Without prejudice to the aforesaid submissions, we submit the following for your consideration.*

<u>Allegations in the Show Cause Notice ("SCN"/ "Notice")</u>

x. *In the Notice it has inter alia been alleged :*

   (i) *That we are part of some group, consisting of other Noticees ;*

   (ii) *That while trading in the scrip of Kavveri during the period from 01.06.2010 to 31.12.2010 (**"Investigation Period"**), we have traded with/amongst other Noticees, we had executed synchronized, reversal trades with the other Noticees and that we have executed synchronized / reversal / self trades, / contributed to New High Price / contributed to positive LTP / first trade of the day, thereby contributing in the creation of artificial volume in the scrip / price rise.*

xi. *Both the said allegations are baseless and misplaced and completely contrary to factual position on record. Further, the allegations are offshoot of half-baked investigations which has ignored various vital circumstances. For instance: the track record of the Company, the corporate announcements made by the Company at the relevant time, profitability track record of the Company, volumes in the scrip of the Company even prior to Investigation period, our trading in various other scrips, trading by us even post the investigation period etc.*

xii. *It is denied that we are part of any such group of the Noticees as alleged in the SCN. We have always traded independently in the securities market including the alleged scrip out of our own funds without colluding/acting in connivance with any entity mentioned in the SCN or with an intent/motive to create artificial volume in the scrip. Serious and grave allegations of indulging in fraudulent, manipulative* *and unfair trade practices as levelled in the SCN, flowing from the concoction of "Noticee Group" are totally unfounded and unsubstantiated and completely contrary to the factual position on record .Same are product of mere surmises and conjectures .Tenuous relationships have been absurdly and unduly stretched in order to connect us to other entities in order to arrive at predetermined/ preconceived conclusions, which is legally untenable and unsustainable. The starting point of the allegation is that there was a "group". Based on the said presumption trades between alleged group entities have been cherry picked and allegation of synchronized trading and reversal trades have been levelled. Therefore, since there was no such alleged group as erroneously found by the investigating officer, the alleged trades executed by us, should also not be viewed suspiciously.*

xiii. *Our trading in the scrip has not been viewed dispassionately and has been construed in a manner to somehow bunch us with other entities, in order to draw adverse, unfavourable and distorted conclusions against us, which is legally untenable and unsustainable. Our trades have been erroneously lumped with the trades of others persons/entities. Based on the conduct of the other Noticees no adverse inferences qua us can be drawn.*

xiv. *The allegations in the Notice proceed on specious and extraneous grounds, disregarding the material circumstances as stated hereinbefore. All the allegations are unsubstantiated, unjustified, unwarranted and contrary to factual position on record. The allegations smack of predetermined mind to penalize us under some pretext or other, overlooking the obvious that defines the case.*

Brief Background

xv. *Before giving para-wise reply to the charges in the Notice, we would like to give our brief background:*

xvi. *We have been in the business of investment in the market for the last several years. We have been regularly trading in the securities market in ordinary course, including the alleged scrip i.e. Kavveri, in the ordinary course of its business without any manipulative intent. We have always complied with the requirements of all applicable laws and have never delayed in payment / delivery obligation pertaining to the trade transacted in the securities market. We have an absolutely clean track record and no Order has been issued against us till date.*

<u>Details of overall trading in various scrips during the Investigation period</u>

xvii. *During the Investigation Period, our trading was not confined to the alleged Kavveri scrip but was widespread. We had traded similarly in similar transactions in several other scrips during the relevant time. Further, the trades done in the scrip of Kavveri were exceedingly insignificant vis a vis our total trading.*

Details of Noticee's trading in the scrip of Kavveri during the Investigation period

xviii. *Significantly, it may be noted that we had traded in the scrip of Kavveri pre-investigation period, during investigation and post investigation period. It is not the case that my trading was not limited to the alleged investigation period alone. Said fact has also been completely ignored and overlooked while levelling the allegations. The copy of the details of trading in scrip of Kavveri during pre-investigation period, investigation period and post investigation period is enclosed as Annexure to the reply.*

Positive corporate announcements made by Kavveri during the relevant period

xix. *At the relevant time, when we had had traded in the scrip of Kavveri, there was a positive view on the stock and there was nothing adverse about the said scrip in the public domain. The following are the positive corporate announcements made by Kavveri during the relevant time:-*

Broadcast Date/Time	**22-Dec-2009 11:06**
Subject	Updates
Announcement	Kavveri Telecom Products Limited has informed the Exchange that " Our subsidiary Kavveri Telecom Infrastructure Limited has signed a long term agreement for ten years on BOL (Build, own, operate and Lease) basis with fifth operator, who is one of the major pan-India cellular operators for the INBUILDING WIRELESS solutions. This agreement will contribute to substantial revenues of Kavveri Telecom Infrastructure Limited and hence the information is considered material and disclosed".
Broadcast Date/Time	**29-Mar-2010 11:12**
Subject	Press Release
Announcement	Kavveri Telecom Products Limited has informed the Exchange regarding a press release dated March 26, 2010 regarding "Kavveri Telecom and Orban Microwave Products signs MOU". A copy of the press release shall be available on the NSE website (http://www.nseindia.com) under: Corporates > Latest Announcements and on the Extranet Server (/Common/Corporate Announcements).
Broadcast Date/Time	**03-May-2010 13:37**
Subject	Updates
Announcement	Kavveri Telecom Products Limited has informed the Exchange that "Our subsidiary Kavveri Telecom Infrastructure Limited has signed a long term agreement for ten years on BOL (Build,own,operate and Lease) basis with Sixth operator, who is one of the major pan-India cellular operators, for the INBUILDING WIRELESS solutions. This agreement will contribute to substantial revenues of Kavveri Telecom Infrastructure Limited."
Broadcast Date/Time	**12-May-2010 12:12**
Subject	Updates

Announcement	Kavveri Telecom Products Limited has informed the Exchange that the subsidiary of the Company Kavveri Telecom Infrastructure Limited has signed a long term agreement for ten years on BOL (Build, own, operate and Lease) basis with Sixth operator, who is one of the major pan-India cellular operators, for the INBUILDING WIRELESS solutions. This agreement will contribute to substantial revenues of Kavveri Telecom Infrastructure Limited and hence the information is considered material and disclosed.
Broadcast Date/Time	**17-May-2010 08:38**
Subject	Dividend
Announcement	Kavveri Telecom Products Limited has informed the Exchange that the Board of Directors of the Company in their meeting held on May 15, 2010 has recommended a final dividend of Rs. 2/- per equity shares, fully piad up, of the Company.
Broadcast Date/Time	**11-Jun-2010 15:33**
Subject	Updates
Announcement	Kavveri Telecom Products Limited has informed the Exchange that Kavveri Telecom Products Ltd. has been selected as vendor by one of Top Global Equipment manufacturer for RF Products.
Broadcast Date/Time	**31-Jul-2010 14:41**
Subject	Outcome of Board Meeting
Announcement	Kavveri Telecom Products Limited has informed the Exchange that the Board of Directors at its meeting held on July 31, 2010 have considered and approve the following: (1) The issue of 40,00,000 (Forty Lakhs only) equity shares of the company to the promoters of the Company on Preferential basis subject to approval of shareholders in the General meeting. (2) The issue of 10,00,000 (ten lakhs only) Warrants to the Promoters of the Company on Preferential basis subject to approval of shareholders in the General meeting. (3) The issue of 20,00,000 (twenty lakhs only) warrants to strategic investors/ non-promoters on preferential basis subject to approval of shareholders in the General meeting. (4) The notice of Extra Ordinary General for the approval of the aforesaid preferential issue to be held on August 26, 2010.
Broadcast Date/Time	**21-Sep-2010 11:14**
Subject	Updates
Announcement	Kavveri Telecom Products Limited has informed the Exchange vide its letter dated September 21, 2010, regarding "Kavveri Telecom Products Ltd Bags Contract from one of the top leading Telecom Operators of the Country".
Broadcast Date/Time	**22-Oct-2010 11:03**
Subject	Updates
Announcement	Kavveri Telecom Products Limited has informed the Exchange vide its letter dated October 22, 2010, regarding "Kavveri Telecom Products Ltd ties up with Valcom Manufacturing group of Canada".
Broadcast Date/Time	**15-Nov-2010 12:30**

Subject	Updates
Announcement	Kavveri Telecom Products Limited has informed the Exchange vide its letter dated November 15, 2010, that "Kavveri Telecom Products Ltd develops a new product for strategic application".
Broadcast Date/Time	22-Dec-2010 10:37
Subject	Updates
Announcement	Kavveri Telecom Products Limited has informed the Exchange that "Our subsidiary Kavveri Telecom Infrastructure Limited has signed a long agreement for ten years on BOL (Build, own, operate and Lease) basis with Seventh Operator, who is one of the Major pan-India Cellular operators, for the inbuilding wireless solutions. This agreement will contribute to substantial revenues of Kavveri Telecom Infrastructure Limited."
Broadcast Date/Time	**27-Jan-2011 12:07**
Subject	Updates
Announcement	Kavveri Telecom Products Limited has informed the Exchange, vide its letter dated January 27, 2011, regarding the "Launch of advanced version of repeaters in North America, India, Europe and South America".
Broadcast Date/Time	**07-Feb-2011 16:48**
Subject	Public Announcement-Open Offer
Announcement	Anand Rathi Advisors Limited has informed the Exchange regarding the Public Announcement ("PA") being issued by Anand Rathi Advisors Limited ("ARAL" or "Manager to the Offer") on behalf of Mr.C. Shivakumar Reddy (Mr. Chennareddy Shivalumar Reddy), Mrs. R. H. Kasturi (Mrs. RajupetaHanumanthareddy Kasturi) and Ms. C. Uma Reddy (Ms. C. Uma Reddy) (hereinafter referred to as the "the Acquirers") pursuant to and in compliance with Regulation 10 and other applicable Regulations of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (hereinafter referred to as the "SEBI(SAST) Regulations"). The Offer: (1) This Offer is being made by the Acquirers pursuant to Preferential Allotment of 40,00,000 equity shares of KTPL. The shareholding of Acquirers pursuant to this Preferential Allotment increased from 14.60% (14,69,968) to 38.88% (54,69,968). (2) This Offer is being made by the Acquirers to the public shareholders (other than Promoter of the Target Company) of the Target Company to acquire up to 28,13,796 fully paid up equity shares of the face value of Rs.10/- each of the Target Company ("Equity Shares") representing 20% of the voting & Paid up equity share capital of the Target Company. This offer is being made pursuant to and in compliance with Regulation 10 of SEBI (SAST) Regulations at a price of Rs.116.47/- per fully paid up equity share (the "Offer Price") payable in cash in terms of Regulations 20 & 21 of the Regulations ("the Offer" or "Open Offer"). A schedule of the activities pertaining to the Offer is given below: Specified Date: February 18, 2011; Date of opening of the Offer: March 30, 2011; Date of closing of the Offer: April 18, 2011.
Broadcast Date/Time	**31-May-2011 17:39**
Subject	Dividend

Announcement	Kavveri Telecom Products Limited has informed the Exchange that the Board of Directors of the Company in their meeting held on May 30, 2011 has recommended a final dividend of Rs. 1.50/- per equity shares, fully paid up, of the Company.

Healthy financials of Kavveri

xx. During the relevant time Kavveri was consistently making profits. Details of quarterly results, as disclosed to stock exchanges since September 2009 in the summary form are as follows:

Quarter ended	***Profits (Rs. in Lakhs)***
30th Sep 2009	*1012.91*
31st Dec 2009	*906.10*
31st Mar 2010	*665.19*
30th Jun 2010	*506.96*
30th Sep 2010	*943.25*
31st Dec 2010	*1205.78*
31st Mar 2011	*774.51*
30th Jun 2011	*1001.53*

xxi. The copies of disclosures made to Stock exchanges regarding quarterly results are enclosed as Annexure "D".

Kavveri scrip- Fairly Liquid with healthy volumes

xxii. The scrip of Kavveri was fairly liquid and was witnessing healthy volumes during the relevant period. Here it may be noted that even seven months prior to the investigation period and seven months post investigation period the volume of the scrip was almost equal to the volume during the investigation period. The same would be evident from the trading volume in the scrip of Kavveri in both NSE and BSE prior to the investigation period, during the investigation period and after investigation period.

Period	***Dates***	***Total Volume (NSE and BSE)***
Seven months prior to investigation period.	*01.12.2009- 31.05.2010*	*16023420*
Seven months during investigation.	*01.06.2010- 31.12.2010*	*24360262*
Seven months after investigation period.	*01.01.2011- 31.07.2010*	*21013020*

The liquidity and volumes in the scrip were in consonance with the various public announcements made by Kavveri from time to time and also the financial disclosures regarding its profitability to the exchanges.

Price movement in the scrip of Kavveri during relevant period

xxiii. The scrip of Kavveri was witnessing upward movement during the relevant period. Even prior to the Investigation Period the price of the scrip had already witnessed a decent movement. The price of the scrip had increased from Rs. 66/- to (as on January 04, 2010) to Rs.101/- (as on June 01, 2010).

Parawise Reply

*xxiv. With regard to the observations in **Paras 1 to 3** of the Notice:It is denied that we are connected with other Noticees and that we were involved in trading amongst the Noticees as alleged. The passing of Order etc by Hon'ble Tribunal is a matter of record. It is denied that there was any creation of artificial volume and influence of price in the scrip of the Company. While surmising regarding the same, the track record of the Company, the corporate announcements made by the Company at the relevant time , profitability track record of the Company, volumes in the scrip of the Company even prior to Investigation period etc has been. Clearly ignored and overlooked. It is denied that we have not violated the provisions of Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (g) of PFUTP Regulations as alleged .*

*xxv. With regard to the observations in **Para 4** of the Notice, it is submitted that the price-volume details of the Company before, during and after the investigation period are a matter of record. It may be noted that the price of the scrip was already in upward mode, even prior to the investigation period . Further, the price movement in the scrip was not abnormal or unusual, given the positive corporate announcements made by the. Company and the consistent profits disclosed by it to the stock exchanges .*

*xxvi. With regard to the observations in **Para 5** of the Notice, the following be noted :*

*a. The details of trading by the top 10 brokers and top 10 clients on the Bombay Stock Exchange (**"BSE"**) and the National Stock Exchange of India Ltd (**"BSE"**) in the scrip of Kavveri during the Investigation period is a matter of record.*

b. With regard to the observation "that out of the top 10 clients, 5 belong to the Noticees group and their concentration is 28.95% on buy side and 28.99% on sell side on NSE and 27.18% on buy side and 26.265% on sell side on BSE" it is submitted that we are not a part of any "Noticees group" or connected/linked with others Noticees. At the relevant time, we were trading independently in the scrip without acting in concert with anyone or any entity mentioned in the SCN. Our trading in the scrip was genuine, dehors sinister intent or design.

c. The details of trading itself demonstrates that there was healthy interest in the scrip amongst the traders/investors at large. It was not the case that the scrip was illiquid.

Allegation regarding Noticees connected/ related to each other

*xxvii. With regard to the observations in **Para 6** of the Notice pertaining to alleged connection amongst the Noticees the following is submitted: The entire relationship/ grouping is erroneous and completely contrary to factual position on record and is based merely on surmises and conjectures. Since the grouping is erroneous, the whole edifice of the SCN fails.*

xxviii. *In any event, without prejudice to the alleged tenuous connection we submit that at all points of time we were trading independently without acting in concert with anybody. The charges in the SCN are solely based on the erroneous analysis of Trade data. Merely because during the relevant time other Noticees were trading in the scrip of Kavveri erroneous inference have been drawn that we were trading along with other entities and trades of other entities have been fastened on to us. Admittedly, there is no allegation of fund transfer and off market transfer etc with the other Noticees. Further, there is nothing to demonstrate any meeting of minds or collusion etc.*

xxix. *Without prejudice to the aforesaid, it may also be noted that there is no legal embargo on related persons not to trade in the same scrip. If the related persons are trading in the same scrip, potential of their trades interacting with one another cannot be ruled out, rather it would be inevitable, especially when both the related persons are trading actively in the scrip. Therefore, merely because, trades of related persons have interacted with one another, same cannot automatically become a ground for labelling the whole trading as fraudulent and manipulative. Apart from the relation there has to be something more. In the matter, apart from the alleged relation/connection there is nothing. Admittedly, there is nothing to indicate any collusive understanding, inter se fund transfers, inter se share transfers etc amongst the alleged related/connected persons. Further, significantly, when the scrip is already liquid and witnessing healthy volumes, where is the need for anyone to create artificial volumes as alleged. It is not the case that the scrip was illiquid or that the price of the scrip was dormant. Further, there is deafening silence in the Notice with regard to "motive" for indulging in the alleged artificial trades by us.*

xxx. *It is submitted that based on the aforesaid tenuous and farfetched connections, we cannot be clubbed with other persons and alleged to be part of "Noticee Group". In this regard, we invite your attention to the following Orders passed by the Hon'ble Securities Appellate Tribunal.*

a. In Mr. Babubhai Desai vs Securities and Exchange Board of India (SAT Order dated 15.02.2016, Appeal No. 81 of 2014) the Hon'ble Securities Appellate Tribunal has inter alia observed that :

> *"**<u>There has to be unambiguous and clear evidence in respect of the connection sought to be established among the ten appellants</u>** by the learned adjudicating officer in the impugned order. The guilt or culpability of each of the appellants has to be analyzed and established separately before holding them guilty of forming an alleged group to manipulate the price or volume in a given case. **<u>Mere common landline number or that of the accountant of the appellants would not by itself convert certain entities into a group or concert who could have jointly traded in a design. It is a serious charge and hence cogent and convincing evidence is required to</u>***

be brought on record before the said charge could be proved against the appellants".

b. In HB Stockholdings Limited vs Securities and Exchange Board of India (SAT Order dated 27.08.2013 Appeal No. 114 of 2012) the Hon'ble Securities Appellate Tribunal has inter alia observed that :

*"**In this connection, we may also pertinently note that the mere factum of one or two Appellants sharing common address or one of the Appellants being the promoter of the other group at some point in time are not in themselves sufficient to bring home the residual charge against the Appellants. There has to be sufficient evidence on record to clearly prove connivance on the part of the Appellants with a counter party to prove the charge in question against the Appellants**. In the absence of any such evidence and unambiguous findings by the learned WTM to this effect, we have no option but to quash the impugned order in question."*

c. In the matter of Smitaben N. Shah vs. Securities and Exchange Board of India (SAT Order dated 30.07.2010 Appeal No. 37 of 2010) wherein it was inter alia observed as follows:-

*"We cannot lose sight of the fact that **a serious charge like fraudulent trading cannot be established on the basis of these tenuous and farfetched connection**. In this view of the matter, we have no hesitation to hold that the appellants did not act in tandem with any of the entities referred to in Annexure 2 as alleged in the show cause notice and found by the whole time member."*

xxxi. Further, the SCN makes a reference to the details of the connection amongst the Noticees in Annexure 6, however the Annexure 6 deals with the details of synchronized trades executed on NSE and not the details of connection amongst the Noticees. It is submitted that there is no annexure in the SCN which deals with the details of connection amongst the Noticees.

Allegation: Trading by the Noticees

*xxxii. With regard to the observations in **Paras 7 to 10** of the Notice, following be noted:*

a. It is submitted that the details of the trading done by us in the scrip on NSE and BSE is a matter of record. Our trading was too insignificant vis-a-vis total market volumes during the relevant period. As per the SCN the total volume traded by us in the scrip of Kavveri during the investigation period constitutes a mere insignificant 2.04% of the market volume on both NSE and BSE.

b. During the relevant time, the scrip was reasonably liquid and was witnessing healthy volumes at all times. It is not the case that the scrip was illiquid, and subsequent to our trading, the volume of the scrip increased. Further, there was there was nothing in the public domain about anything amiss in the scrip of Kavveri. Further, neither stock exchange nor SEBI had raised any grievance in public domain about the price rise or volume rise in the scrip at that point in time. On the contrary, during the relevant period , the Company had made various positive corporate announcements and *also consistently disclosed healthy financials . It is nobody's case that the said corporate announcements or financials were false or misleading in any manner. Therefore , merely because we had bonafide traded in the scrip during the relevant period in the ordinary course , and SEBI views our trades on higher side , no adverse inferences can be drawn against us.*

c. *Our trading has been erroneously clubbed with the trading by other noticees, and combined trading of all the notices has been projected together in order to create adverse impression .We reiterate that at the relevant time we were trading independently , without acting in concert with other Noticees as insinuated . We submit that we were not aware of the trading done by other entities/person during the relevant time and the burden of trading done by others cannot be fastened on to us , in order to draw adverse inferences against our bonafide trading. Merely based on tenuous connections , it cannot be automatically concluded that there was some concerted understanding amongst the noticees in order to create artificial volumes etc in the scrip and our trading cannot be combined with the trading of other Noticees.*

d. *In so far as squaring off of trades is concerned, it may be noted that there is no legal embargo on the same. Our trading was a mix of intra-day trading and delivery based trading , in the ordinary course .*

<u>Allegation: Trading among the Noticees</u>

xxxiii. *With regard to the observations in **Paras 11 and 12** the following is submitted:*

(i) *It is denied that we were trading with the other Noticees in the SCN or that our trading was among other noticees as alleged. We were trading in the ordinary course in the scrip and the alleged trading with other Noticees is just a mere happenstance and not by design. We submit that we had no role whatsoever to play in the trading done by others in the scrip. At the relevant time we were trading independently, though the screen based mechanism of the exchange wherein we were not aware of the counterparties to our trades.*

(ii) *There is nothing on record to demonstrate that at the relevant time, we were aware that other entities/individuals stated in the SCN were trading in the scrip of Kavveri or were our counter parties in some trades.*

(iii) *Our trading was too insignificant vis-a-vis total market volumes during the relevant period. As per the SCN the total volume traded by us in the scrip of Kavveri during the investigation period constitutes a insignificant percentage of the market volume on both NSE and BSE.*

(iv) *The projection of data and the percentages set out in the tables are wholly misleading since trading of others has been combined with our trading and subjected to calculation of percentages. Based on aggregation of trading data of others, distorted conclusions have been drawn, which is legally untenable and unsustainable.*

(v) Admittedly, even as per the half-baked Trade log during the relevant period in the scrip of Kaveri, there were multiple counter parties to our trades. Existence of multiple counter parties to our trades itself indicates that there was no intent to trade with other noticees. Same also further reinforces and fortifies our submission that the alleged matching of trades in stray cases was accidental and by sheer coincidence as opposed to being executed intentionally or by design.

(vi) Further, during the relevant period we were trading in various scrips in similar volumes.

(vii) We reiterate that clubbing of our trading data with others is totally incorrect and misleading. Merely by forming a group, based on purported stretched and tenuous connections (without anything more-like fund transfers for the purposes of trades, transfer of shares, or any motive for trading concertedly etc), and clubbing the trades, no adverse inferences can be drawn. If other Noticees were also trading in the scrip in healthy volumes, in which we had no involvement and over which we had no control, and some of their trades interact with our trades in the ordinary course, we cannot be alleged to have indulged in fraudulent or manipulative trading.

(viii) While levelling the imaginary allegations, the crucial fact which has been lost sight of is that the scrip was already liquid and there was no need for anybody to create alleged artificial volumes.

(ix) We reiterate that we had not intentionally traded with other Noticees and that our trades were not designed to be executed amongst the Noticees as alleged.

Allegation: Synchronized Trading

*xxxiv. With regard to the observations in **Paras 13 to 16** of the Notice, it is denied that we had executed any synchronized trades as alleged. The allegation is based on mere surmises and conjectures and patently half-baked data, which is woefully lacking in material particulars. For instance in support of allegation of Synchronised trading , details have been set out in Annexure 6. Admittedly the most vital particulars which are required to be set out with regard to synchronised trading are Buy Order Number , Buy Order Quantity, Buy Order Time , Sell Order Number , Sell Order Quantity, Sell Order Time, Traded Quantity, Synchronised Quantity etc. However, in the Trade Log~~,~~ the crucial details regarding the same are missing or suffer from discrepancies as follows:*

*a. **Buy Order number/Sell Order number**: In the purported data there is only one Buy Order or one Sell Order number for all the Buy Orders/Sell Orders.*

*b. **Buy Order Quantity / Sell Order Quantity**: In the purported data the details of Buy Order Quantity / Sell Order Quantity are missing, making the allegations totally unsubstantiated.*

*c. **Pending buy/sell Orders:** The data does not provide the details of pending buy/sell orders at the relevant time when the impugned buy/sell orders were placed by us and also the price at which the pending sale orders were placed.*

d. ***No segregation of data****-In the documents provided by SEBI there is no segregation of data pertaining to our trades and the data pertaining to our counter parties trades/alleged connected entities trades specifically has been done. The Trade Log of NSE contains 1,31,012 rows and 77, 29, 708 columns which includes the Trades of all entities /individuals (more than 1000 entities/ individuals) which again makes the data unintelligible.*

xxxv. *Further, Para 13 makes a reference to the Order Log in Annexure 8, however there is no Order Log in the SCN. As stated in the Paras hereinbefore, it is submitted that SEBI has failed to provide the copy of Order Log to us and inter alia based on Trade Log and certain trade summary obtained from BSE/NSE has levelled the serious charge of Synchronized Trade and Reversal Trade against us. In the present SCN, SEBI has not provided the Order Log to show the exact particulars of Orders which have resulted in Synchronized Trades and Reversal Trades and the same is severely incapacitating us from giving an effective reply in the matter.*

xxxvi. *Further, the aforesaid deficiencies and discrepancies in the purported trading data render the whole data untrustworthy and unreliable. Based on such half-baked data grave allegations of manipulative and fraudulent trading cannot be erected.*

xxxvii. *In this regard, your attention is invited to the order passed on November 05, 2008 by the Hon'ble Securities Appellate Tribunal in the matter of Ashok K. Chaudhary. Vs SEBI (Appeal No. 69 of 2008)*

> *"…..The aforesaid are the only trades of the appellant on the basis of which the findings have been recorded against him. As already observed, the Board has found that there was a matching of the buy and sell quantity as well as the price and that the proximity in the placing of orders at the same price and for the same quantity resulting in matching trades indicates structured deals. The Board has also observed that the appellant along with other entities had misused the stock exchange mechanism by executing manipulative trades in the nature of structured and cross deals. <u>We are unable to agree with these findings. The aforesaid charts are not computer printouts. We do not know from where the details contained therein have been picked up by the Board as the trades mentioned therein are not date wise. Those have been jumbled up. The afore quoted charts are incomplete and insufficient to record a finding that the trades were matched trades or that they had been structured as alleged. These charts do not show that the buy and sell orders had matched. The complete information in this regard could be had from the order logs which are not on the record nor have they been referred to in the impugned order. The order logs would show the time at which the buy and sell orders were placed and also the price and the quantity at which they were put in the system. It is only then that a finding could be recorded. If the time, price and quantity had matched one could say that the trades had been structured and that the stock exchange mechanism had been misused. In the absence of the order logs such an inference cannot be drawn only from aforesaid charts.</u> The details in the charts may have been taken from different trade logs. A trade log only shows the details of the trades which have been executed. No trade can go through the system unless the buy and sell orders match in all respects and, therefore, a trade log will always*

show a matched trade. A trade log is not enough to record a finding that the trades were matched or structured as alleged. In the absence of the order logs, we cannot uphold the findings that the trades executed by the appellant were matched or structured as found in the impugned order. This apart, the orders placed by the appellant were for small quantities though they resulted in the execution of several trades and keeping in view the time gap between different orders, it is not possible to hold that the trades were matched or structured. When we look at Annexures 9 and 10, we find that there could be, at the most, only seven orders during the period from 24.4.2000 to 18.9.2000 for small quantities. Annexures 22 and 23 are not relevant. Annexure 22 shows only the trades between the appellant and Rajinder Rai and we have already held that they were trading independently. Moreover, it appears from this Annexure that there were only two orders with a gap of one week which resulted in several trades. It is difficult to infer that these trades were matched or structured as the data is incomplete. Same is the case with Annexure 23 where the appellant is shown as the seller in the first four trades which appear to be result of two orders after a gap of almost seven weeks. As already observed, the data contained in these charts is incomplete and the findings recorded in the impugned order cannot be affirmed. We wonder how the whole time member drew such inferences from the jumbled up data picked up from different trade logs. In this view of the matter we have no hesitation in reversing the finding of the Board that the trades executed by the appellant were structured in the manner as found in the impugned order. To sum up, the appellant traded on his own behalf and not on behalf of any promoter of the company and the trades executed by him cannot be said to be structured or matched. This being so, the impugned order qua the appellant cannot be sustained."

In the matter of Rajesh Jivan Patel Vs SEBI (Appeal No. 222 of 2020)

"….In view of the aforesaid, it is not necessary to go into the question of delay in the initiation of the proceedings. <u>We, however, observe that non supply of the log sheet, was an infringement of the appellant's right to file an appropriate response after considering the entire log sheets. Merely supplying selected portions of the log sheet which suits the respondent amounts to cherry picking and, in our opinion, amounts to violation of the principles of natural justice."</u>

In the matter of M/s. Swaranganga Trading Private Limited Vs the Adjudicating Officer, SEBI (Appeal No. 74of 2009)

"…..Having heard the authorised representative of the appellant and the learned counsel for the respondent, we are satisfied that the show cause notice that was issued to the appellant was as vague as it could be and did not spell out the charge which the appellant was required to meet. Paragraph 2 of the show cause notice which has already been reproduced hereinabove only states that the appellant had colluded with certain brokers for transacting in the shares of the company and

that it created false and misleading appearance of trading in the scrip. No further details have been provided to the appellant. Who are the brokers with whom the appellant colluded and in what manner did the appellant create a misleading appearance in the trading of the scrip of the company is not spelt out in the show cause notice. On a plain reading of paragraph 2 of the show cause notice it is not possible for the delinquent to offer his explanation as the allegations made therein are vague. No doubt the entire investigation report was sent to the appellant alongwith the show cause notice but that does not improve the vagueness of the allegations in the show cause notice. The investigation report runs into 78 pages and deals with not only the appellant but with several other entities allegedly involved in the so-called manipulation and the role which the appellant is said to have played cannot be spelt out from that report either. More than 30 pages of the report are in the form of charts dealing with the trades executed by different entities and the learned counsel appearing for the Board made a valiant effort in trying to track the trades of the appellant and link them with the trades of some other brokers with a view to establish the charge that the appellant had executed synchronized trades in a premeditated manner to rig the price of the scrip of the company. Despite the efforts made by the learned counsel, it was not clear to us as to how the trades were synchronized and in what manner did the appellant create a false and misleading appearance of trading on the screen of the exchange. A show cause notice is meant to contain the precise charge that is levelled against the delinquent in a concise manner so that he could reply to the same. This is the basic requirement of the principles of natural justice. As pointed out earlier, paragraph 2 of the show cause notice leveling the charge of violating Regulation 4 of the regulations is vague and we are satisfied that it violated the principles of natural justice."

xxxviii. *Given the nature of half-baked data provided, we are severely incapacitated and handicapped in dealing with the allegations in the SCN with regard to trading. Based on whatever we could make out regarding the data provided.*

xxxix. *We reiterate that all the trading by us in the scrip was bonafide and in the ordinary course of business, dehors sinister/fraudulent/manipulative intent or design. The alleged stray synchronisation, if at all, is unintentional and purely by coincidence. Our trading in the scrip during the relevant period has not been considered holistically and based on stray cherry picked trades adverse inferences have been drawn.*

Allegation: Reversal Trading

xl. *With reference to the observations in **Paras 17 to 19** of the Notice, it is denied that we had executed any reversal trades as alleged. The allegation is based on mere surmises and conjectures and patently half-baked data, which is woefully lacking in material particulars. For instance in support of allegation of Reversal trading, details have been set out in Annexure VIII. Admittedly the most vital particulars which are required to be set out with regard to reversal trading are Order Number, Order Quantity, Order Time, Counter Party Order Number, Counter Party Order Quantity, Counter Party Order Time, Reversed Quantity, Total trades of Counter Party on a given day etc. However, in the Trade Log~~,~~ the crucial details regarding* *the same as stated hereinabove are missing or suffer from discrepancies.*

xli. *It is evident that all the trading by us in the scrip was bonafide and in the ordinary course of business, dehors sinister/fraudulent/manipulative intent or design. The alleged stray reversal, if at all, is unintentional and purely by coincidence. Here it may be appreciated that in case of online trading it is not possible to trade amongst each other when the trades are from different brokers. Further, when there are lakhs of shares being traded on a single day, it is not possible to identify that the shares sold by us are the same shares purchased by one of the noticees and vice-versa since there have been several transactions.*

xlii. *It is submitted that our trades in the scrip of Kavveri have been erroneously clubbed with others in order to draw adverse inferences against us. Based on the trading done by other entities no adverse inferences qua us, in terms of reversal trades, can be drawn. It is further submitted that the % of our alleged reversal trade quantity to Market Volume on both the exchanges were less than 1% which is exceedingly insignificant to have any impact.*

<u>Allegation: Last Traded Price (LTP)</u>

xliii. *With regard to the observations in **Paras 23 to 25** of the Notice, it is denied that we have entered into trades contributing to market positive LTP, as alleged. We were trading in ordinary course and orders at higher price than the LTP were placed in the ordinary course and not with a view to increase the price etc . Our orders were a mixed bag viz. at LTP or below LTP or higher than LTP. In any event the allegation, is destroyed by the data in the Table itself.*

xliv. *With regard to **Para 27** of the Notice, it is denied that we have violated provisions of Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (g) of PFUTP Regulations by executing synchronized and reversal trades with other Noticees of the group and, thereby contributed in the creation of artificial volume in the scrip, as alleged.*

xlv. *It is well settled that serious allegations of violation of PFUTP Regulations cannot be alleged on the basis of mere surmises and conjectures, as has been done in the instant case. Charge of violation of PFUTP Regulations is a serious charge and there has to be supporting material and strong evidence for the same.In this context your attention is invited to following Orders passed by the Hon'ble Securities Appellate Tribunal and Hon'ble Supreme Court, passed in similar contexts, which would be instructive in deciding the matter:*

a. *Order passed on 4.9.13 by the Hon'ble Securities Appellate Tribunal in the matter of S P J Stock Brokers Pvt Ltd vs SEBI.*

> *14. <u>Mere fact that buy and sell orders between appellant and one group (with whom no connection is attributed) within a time gap of one minute with negligible or no price difference cannot ipso facto lead to conclusion that the trades in question were executed with a view to manipulate the scrip. In absence of any circumstantial evidence to suggest that synchronized trades were executed for purpose of upsetting market equilibrium or to manipulate market</u>, it cannot be inferred that appellant was guilty of violating PFUTP Regulations or Broker Regulations.*

15. Fact that appellant had stated that while carrying out jobbing transactions some transactions carried out by appellant could have been matching, it cannot be inferred that trades effected by appellant were manipulated. In a screen based trading executed at stock exchanges, it is possible that some persons forming a group in connivance with each other may execute trades in a scrip with a view to create artificial volume in the scrip. However, <u>if there is no direct or circumstantial evidence which is brought on record to suggest that appellant was connected to that group or connived with that group, it would not be proper to hold appellant to be guilty of violating PFUTP Regulations / Broker Regulations merely because trades between that group and appellant were found to be synchronized</u>."

(Emphasis supplied)

b. *Order passed by the Hon'ble Securities Appellate Tribunal in the matter of HB Stockholdings Limited vs Securities and Exchange Board of India (SAT Order dated 27.08.2013 Appeal No. 114 of 2012) :*

"It may be noted that synchronization of trades is not per se illegal. <u>It is actionable only if it is illegitimate and is the outcome of a mischievous meeting of minds among certain parties.</u> For this purpose, the counter party, namely, Gloria Investment Limited has already been exonerated by the Respondent. Moreover, no cogent and convincing reasons are forthcoming from a reading of the SCN or the impugned order to sustain such a charge of synchronization or creation of artificial volumes against the Appellants. <u>In this connection, we may also pertinently note that the mere factum of one or two Appellants sharing common address or one of the Appellants being the promoter of the other group at some point in time are not in themselves sufficient to bring home the residual charge against the Appellants. There has to be sufficient evidence on record to clearly prove connivance on the part of the Appellants with a counter party to prove the charge in question against the Appellants</u>. In the absence of any such evidence and unambiguous findings by the learned WTM to this effect, we have no option but to quash the impugned order in question."

(Emphasis supplied)

c. *Order passed on 23.2.16 by the Hon'ble Supreme Court in the matter of SEBI vs Kishore Ajmera – (2016)6 SCC 368.*

"26. 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. <u>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</u>."

xlvi. *With regard to the observations in* ***Paras 28 and 29*** *of the Notice it is submitted that the whole calculation of the alleged profit is erroneous and reveals complete non application of mind. When SEBI has actual details regarding my trading, SEBI cannot resort to any different for calculating purported profit. Same is legally untenable and unsustainable. I crave leave to refer to the calculation of actual profits, as and when produced.*

xlvii. *With regard to the observations in* ***Para 30*** *of the Notice, it is submitted that the Order dated January 28, 2014 passed by the Adjudicating Officer was challenged before the Hon'ble Securities Appellate Tribunal* ***(SAT)*** *by all the Noticees including me and the Hon'ble SAT, vide its Order dated February 15, 2016, remanded the matter back to SEBI with the following observations:*

> *"The conclusions arrived at in the impugned order are based on certain facts which are partly correct and partly incorrect. No privy or concert is shown to exist in the impugned order, which could prove the charge of acting jointly by the appellants. There has to be unambiguous and clear evidence in respect of the connection sought to be established among the ten appellants by the learned Adjudicating Officer in the impugned order. The guilt or culpability of each of the appellants has to be analyzed and established separately before holding them guilty of forming an alleged group to manipulate the price or volume in a given case.* ***<u>Mere common landline number or that of accountant of the appellants would not by itself convert certain entities into a group or concert who could have jointly traded in a design. It is a serious charge and hence, cogent and convincing evidence is required to be brought on record before the said charge could be proved against the appellants.</u>***
>
> *The learned adjudicating officer has also not examined the fact that all the transactions in question which were undertaken by the appellants at the prevailing market price are screen based and delivery was duly affected after making / receiving payments by the appellants...........................*
>
> *Therefore, keeping in view the totality of the facts and circumstances of the case and also the fact that the appellants have filed an affidavit before us to the effect that there was no alleged group as Sanghvi Group, we quash and set aside the impugned order and restore that matter to the file of the adjudicating officer to be adjudicated afresh after taking on record fresh replies to the show cause notice from the appellants; and. in accordance with law. The respondent may also bring on record the Inspection Report or extracts thereof in support of its case before the learned Adjudicating*

Officer, who will consider the same after supplying a copy thereof to the appellants and pass appropriate orders in the light of the observations and discussions made hereinabove as per law expeditiously and preferably within a period of four months from today."

xlviii. *Pursuant to the directions of the Hon'ble SAT, SEBI passed an Order on July 31, 2017 under the Adjudication Rules, thereby imposing a monetary penalty on various entities including us. The said Order was also challenged before the Hon'ble SAT by me and the Hon'ble SAT, vide its Order dated March 14, 2018, remanded the matter back to SEBI with the following observations:*

> *2. In view of the grievance made by the appellants except appellant in Appeal No. 303 of 2017 (Master Capital Services Ltd. v/s SEBI), counsel for SEBI on instruction states that SEBI is willing to give inspection/ copies of the documents referred to in the show cause notices as more particularly set out in the minutes dated May 30, 2017 (at Pg. No. 210 in Appeal No. 315 of 2017), and pass fresh order after giving an opportunity of hearing to the appellants.*
>
> *3. In these circumstances, order dated July 31, 2017 impugned in all these appeals is quashed and set aside and restored to the file of AO for passing fresh order on merits and in accordance with law.*
>
> *4. All the appeals are disposed of in the aforesaid terms with no order as to costs.*

xlix. *Thus as on date, there is no Order passed against me as the Orders passed have already been set aside and the matter has been remanded back by the Hon'ble Tribunal and the adjudication proceedings are still pending. Therefore, it is denied that we have repeatedly violated SEBI Act and PFUTP Regulations as alleged.*

l. *With regard to the observations in **Para 31** of the Notice, the following be noted:*

a. *It is denied that I have violated provisions of Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (g) of PFUTP Regulations as alleged in the Notice.*
b. *It is denied that I have bought or sold or otherwise dealt in securities in a fraudulent manner as alleged.*
c. *It is denied that I have used or employed, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under as alleged.*
d. *It is denied that I have employed 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 as alleged.*
e. *It is denied that I have engaged in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under as alleged.*

f. It is denied that I have indulged in a fraudulent or an unfair trade practice in securities as alleged.

g. It is denied that I have indulged in an act which creates false or misleading appearance of trading in the securities market as alleged.

h. It is denied that I have entered into transactions in securities market without intention of performing it or without intention of change of change of ownership of such security.

li. In this context, with regard to the allegation of synchronized trading, reversal trading LTP, NHP, first trades your attention is invited to the following observations made by the Hon'ble SAT in the matter of Labhu Gohil and Ors v. SEBI (Order dated January 29, 2020):

"……As regards the other noticees / appellants on appeal before us we note that though their relationship through common address, common mobile numbers etc. are matters of record and proved no motive has been attributed to their trading pattern. It is a fact that new LTP, NHP and a few first trades in the scrip have been created / done by these appellants which would prima facie points towards a manipulative effort. At the same time, it is on record that the scrip was progressively doing well during the investigation period with substantial increase in both prices and volumes. No connection with the promoters of the Company or with the Company itself has been attributed to the appellants. There is no evidence or even any discussion on any fund transfer between the appellants or the appellants with any other entities in the absence of which motive for a collusive or manipulative effort becomes blunt. Moreover, when a group of 16 entities themselves becomes parties to each other's trade in a circular fashion, though to a limited extent, the net amount of profits or losses also become negligible and only to the extent of their trades getting matched with entities outside the group.

11. Just by looking at the trading pattern of the appellants; the LTP, NHP, first trades etc. it may be possible to arrive at a prima facie conclusion regarding violation of PFUTP Regulations. However, in the facts and circumstances of the matter, particularly the fact that the scrip involved was reasonably liquid and continued to become more liquid and hence increase in volume and prices and with no evidence of any fund transfer, motive for manipulation etc. we are of the considered view that no penalty can be imposed on the appellants. Without any other evidence, we are constrained to give some weight to the submissions of the appellant that they were trading in the scrip in a normal way because of the scrip itself being attractive through various public announcements supported by the fact of increase in volume of trading and rise in prices. Therefore, given these factors imposing a penalty becomes too harsh. At the same time since the trading behavior exhibited by these appellants is not normal and is amenable to invoking suspicion of a PFUTP violation, we would warn the appellants from indulging in similar trading practices in future.

12. In the result, the direction imposing penalty by the impugned orders is modified and the appeals are disposed of with warning to the appellants which would meet the ends of justice in these matters."

lii. Admittedly, in the present case also:

i. the scrip i.e. Kavveri was progressively doing well during the investigation period with substantial increase in both prices and volumes. In fact record will bear out that the Company was doing well and had made various positive corporate announcements and consistently disclosed healthy financials.

ii. *No connection with the promoters of the Company or with the Company itself has been attributed to us.*
iii. *There is no evidence or even any discussion on any fund transfer between us and the other Noticees.*
iv. *There is nothing to indicate any manipulative/collusive effort. Further, there is nothing in our trading pattern which can indicate any fraudulent or manipulative element .*

liii. *In the light of correct facts and circumstances of the matter submitted herein, there is no warrant for imposition of any penalty under Section 15HA of SEBI Act. In view of the foregoing submissions, it is humbly prayed that the Notice to the extent it applies to us be reconsidered and the directions against us be withdrawn.*

14. Apart from the common submissions, I note that the Noticees have made the following submissions –

a. Noticee 1 and 9 (i.e. Antala and Babubhai respectively)

i. ***Delay of 10 years in issuing the SCN***
It is submitted that the present proceedings are vitiated by delay and laches. Admittedly, the allegations in the SCN against me are based on the trading done by me in the scrip of Kavveri Telecom Products Limited ***("Kavveri/ "the Company")*** *during 2010 i.e. 10 years ago. Ex facie the delay in initiation of the present proceeding is exceedingly inordinate and same causes enormous prejudice to me. The unconscionable and unexplained delay on part of SEBI in issuing the present SCN goes to the root of the matter and the proceedings are liable to be quashed on this ground alone. Definitely, after a lapse of more than 10 years from the date of the alleged violation, the SCN cannot be issued to my detriment. Today, after lapse of more than 10 years, it is difficult to be in possession of complete documents pertaining to the impugned transactions and in such circumstances I am severely handicapped and incapacitated to defend myself, which may be kept in mind while appreciating my submissions. The said unnatural and unexplained delay in initiating enquiry proceedings has caused enormous prejudice to me.*

ii. *The SCN makes reference to the Trade Log for the relevant period in the scrip of Kavveri Annexure -7 and Order Log file for the relevant period in the scrip of Kavveri Annexure -8, however, we may point out that there is no copy of the Order Log provided to us along with the entire set of Annexures and in the absence of the same we are severely incapacitated to provide our response to all the allegations levelled against us in the SCN.* ***Babubhai*** *: Further, the following Annexures are also not part of the SCN:*
- *Annexure 9- Summarized data of synchronized trades done by the Noticees and Noticee wise synchronized trades on NSE.*
- *Annexure 10- Summarized data of synchronized trades done by the Noticees and Noticee wise synchronized trades on BSE.*
- *Annexure 11- Summarized data of reversal trades done by the Noticees and Noticee wise reversal trades on NSE.*
- *Annexure 12- Summarized data of reversal trades done by the Noticees and Noticee wise reversal trades on BSE.*
- *Annexure 13- Noticee wise, day wise self-trades on NSE.*

- *Annexure 14- Noticee wise, day wise self-trades on BSE.*
- *Annexure 15- Details of first trades on NSE.*
- *Annexure 16- Details of first trades on BSE*

That, in order to provide our detailed reply/submission, we should be in possession of all the relevant/necessary documents relied upon by SEBI during the investigation and based on which severe allegations of violating PFUTP Regulations have been alleged. That, we are severely prejudiced and handicapped to submit a detailed reply in the absence of the order log and the reply set out herein is being made to the best of our ability despite such fundamental shortcomings.

iii. *It is submitted that both the premises are false, invalid and untrue. Further, the allegations in the Notice proceed on specious and extraneous grounds, disregarding the material circumstances. With regard to the allegations pertaining to violation of PFUTP Regulations are concerned, we submit that the same are unsubstantiated, unjustified, unwarranted and contrary to factual position on record. The findings smack of predetermined mind to penalize us under some pretext or other, overlooking the obvious that defines the case*

iv. *It is submitted that my trading has not been viewed holistically. My trading in the scrip of Kavveri has not viewed rationally and impartially by SEBI and my trading has been construed in a manner to somehow bunch me with other entities, in order to draw adverse, unfavourable and distorted conclusions against me, which is legally untenable and unsustainable. My trades have been erroneously lumped with the trades of others persons/entities. Based on the conduct of the other Noticees no adverse inferences qua me can be drawn.*

v. ***Antala** : We are only related to Shri Babubhai Desai. Insofar as Shri Babubhai Desai is concerned it is submitted that he is our Director. It may be noted that on that nothing turns on the same and based on the same no adverse inference can be drawn against us. Further, it is well settled that in case of serious charge of PFUTP, cogent and convincing evidence is required to be brought on record before the said charge could be proved against us.*

vi. ***Babubhai** : Insofar as common phone number is concerned, it is submitted that the number belongs to Shri SajjankumarNanwal. It is submitted that SajjanKumarNanwal was my accountant and the numberwas given by me for operational convenience. (b) Insofar as Shri. Dhirajlal Sanghvi HUF, Shri Ashik D Sanghvi, Ms Sunitadevi Sajjan Nanwal, Shri Govind Kumar Varma and Vishu Enterprise are concerned, it is submitted that I have no relation/connection/nexus with them. Further, nothing has been brought on record to substantiate the alleged relationship. Based on alleged common phone number, it has been surmised that I have relationship with the aforesaid entities/individuals which is legally untenable and unsustainable. Mere common phone number would not by itself convert certain entities into a group or concert who could have jointly traded in a design. Further, it is well settled that in case of serious charge of PFUTP, cogent and convincing evidence is required to be brought on record before the said charge could be proved against me.*

vii. *Further, all our trades were executed through the screen based mechanism of the stock exchange wherein we were not aware of the counter-parties to our trades.*

viii. *As per the SCN the total volume traded by us in the scrip of Kavveri during the investigation period constitutes a mere insignificant of the market volume on both NSE and BSE.*

ix. *Further, there was there was nothing in the public domain about anything amiss in the scrip of Kavveri. It is submitted that neither the stock exchange nor SEBI had raised any grievance in public domain about the price rise or volume rise in the scrip at that point in time. Why SEBI did not raise any grievance at that point in time and suddenly today my trading in the ordinary course is being viewed suspiciously.*

x. *There is nothing on record to demonstrate that at the relevant time, we were apprised of the fact that other entities/individuals stated in the SCN were trading in the scrip of Kavveri or were our counter parties in some trades. Further, our trading was too insignificant vis-a-vis total market volumes during the relevant period.*

xi. ***Antala** : Given the nature of half-baked data provided, we are severely incapacitated and handicapped in dealing with the allegations in the SCN with regard to trading. Based on whatever we could make out regarding the data provided , with regard to the allegation of reversal trading, we are submitting following ,on illustrative basis ,with regard to certain dates of trading*

***02.08.2010** - In Annexure 8 of the Notice, wherein alleged reversal trades pertaining to scrip have been set out, it has been alleged that 1 share was allegedly reversed with Sagar D. Sanghvi. It is denied that the said trade was reversal as alleged. On the said day we had bought 167 and sold 6000 shares out of which the quantity alleged as reversal is only 1 share and in so far the balance shares there is no allegation of reversal of trades. The alleged reversal of trade is one stray trade, which if at all reversal as alleged, is a sheer coincidence as opposed to being executed intentionally or designedly. Admittedly, as per the Trade log on 02.08.2010 in the scrip of Kaveri, there were multiple counter parties to our trades. Existence of multiple counter parties to our trades itself indicates that there was no intent to execute any reversal trades withSagar D. Sanghvi.*

***08.10.2010** - In Annexure 8 of the Notice, wherein alleged reversal trades pertaining to scrip have been set out, it has been alleged that 19 shares were allegedly reversed withDhirajlal Sanghvi HUF. It is denied that the said trade was reversal as alleged. On the said day we had bought 6122 and sold 7355 shares out of which the quantity alleged as reversal is only 19 shares and in so far the balance shares there is no allegation of reversal of trades. The alleged reversal tradesare only two stray orders, which if at all reversal as alleged, is a sheer coincidence as opposed to being executed intentionally or by designedly. Admittedly, as per the Trade log on 08.10.2010 in the scrip of Kaveri, there were multiple counter parties to our trades. Existence of multiple counter parties to our trades itself indicates that there was no intent to execute any reversal trades withDhirajlal Sanghvi HUF.*

xii. ***Babubhai** : Paras 17 to 19 - It is submitted that the observations in the said Paras do not pertain to me. Therefore, I have no comments to offer.*

xiii. *Paras 20 and 21- It is submitted that the observations in the said paras do not pertain to me. Therefore, I have no comments to offer. In this regard I also, additionally, place reliance on observations made in Order dated 29.6.18 at Para 46 with regard to the said allegation.*

xiv. ***Antala** : Para 22- It is denied that we have entered into trades resulting in NHP as alleged. We submit that we were trading in ordinary course and orders at higher price were placed in ordinary course without any intention to increase the price etc. In any event, the allegation is destroyed by the data in the Table itself. Further, nothing has been spelled out as to which are our individual trades that have been* *allegedly placed above the NHP. Further, SEBI has not provided the instances where buy orders were placed consistently by us at higher rates than the previous close price. In the absence of aforesaid crucial particulars, the allegation of NHP cannot sustain.* ***Babubhai*** *: Para 22- It is submitted that the said paras do not pertain to me. Therefore, I have no comments to offer.*

xv. ***Antala*** *: Para 26- It is submitted that the number of alleged first trades by us is an insignificant percentage to be considered for creating any impact on the price and volume of shares to be traded.* ***Babubhai*** *: Para 26-It is submitted that I have not executed any first trade on NSE and the number of alleged first trades on BSE is 1. It is submitted that the number of alleged first trades by me is an insignificant percentage to be considered for creating any impact on the price and volume of shares to be traded.It is submitted thatsuch tradingcan always happen in the normal course of trading. Further, it is submitted that I had carried out my trading through my broker and was not aware of the fact whether my trading was the first trade or the last trade during the day. Further, I had not given any sort of instructions to my broker in this regard. Further, nothing has been spelled out as to which are the instances of first trades where buy orders were placed consistently at higher rates than the previous close price. In the absence of aforesaid crucial particulars, the allegation of first trade cannot sustain.*

xvi. ***Antala*** *: As per SCN, the loss made during the investigation period has been shown as Rs. 35,02,825/- and Rs. 36,659/-on NSE and BSE respectively. Further, it is submitted that the calculation of the profit earned does not take into the account the components viz., STT, brokerage, holding cost, and other miscellaneous expenses.* ***Babubhai*** *: As per SCN, the loss made during the investigation period has been shown as Rs. 2,52,018 and Rs.2,44,150 /-on NSE and BSE respectively. Further, it is submitted that the calculation of the profit and loss earned does not take into the account the components viz., STT, brokerage, holding cost, and other miscellaneous expenses.*

b. Noticee 2, 3, 4 and 5 (i.e. Vishu, Sajjan, Sunita and Govind respectively)

xvii. **Vishu and Sajjan** : *The SCN makes reference to the Trade Log for the relevant period in the scrip of Kavveri Annexure -7 and Order Log file for the relevant period in the scrip of Kavveri Annexure -8, however, we may point out that there is no copy of the Order Log provided to us along with the entire set of Annexures and in the absence of the same we are severely incapacitated to provide our response to all the allegations levelled against us in the SCN. Further, the following Annexures are also not part of the SCN:*

- *Annexure 9- Summarized data of synchronized trades done by the Noticees and Noticee wise synchronized trades on NSE.*
- *Annexure 10- Summarized data of synchronized trades done by the Noticees and Noticee wise synchronized trades on BSE.*
- *Annexure 11- Summarized data of reversal trades done by the Noticees and Noticee wise reversal trades on NSE.*
- *Annexure 12- Summarized data of reversal trades done by the Noticees and Noticee wise reversal trades on BSE.*
- *Annexure 13- Noticee wise, day wise self-trades on NSE.*
- *Annexure 14- Noticee wise, day wise self-trades on BSE.*

- *Annexure 15- Details of first trades on NSE.*
- *Annexure 16- Details of first trades on BSE*

That, in order to provide our detailed reply/submission, we should be in possession of all the relevant/necessary documents relied upon by SEBI during the investigation and based on which severe allegations of violating PFUTP Regulations have been alleged. That, we are severely prejudicedand handicapped to submit a detailed reply in the absence of the order log and the reply set out herein is being made to the best of our ability despite such fundamental shortcomings.

xviii. *During the Investigation Period, our trading was not confined to the alleged Kavveri scrip but was widespread. We had traded similarly in several other scrips at the relevant time. Further, the trades done in the scrip of Kavveri were exceedingly insignificant vis a vis our total trading.* ***Sajjan*** *: During the period from 2009 to 2013 I had traded in almost 361scrips.* ***Sunita*** *: During the period from 2009 to 2013 I had traded in almost 70 scrips (Delivery base trading / investment details I have also traded in other various scrip also on intraday basis).* ***Govind*** *: During the period from 2009 to 2013 I had traded in almost 40 scrips*.

xix. *It is submitted that both the premises are false, invalid and untrue. Further, the allegations in the Notice proceed on specious and extraneous grounds, disregarding the material circumstances. With regard to the allegations pertaining to violation of PFUTP Regulations are concerned, we submit that the same are unsubstantiated, unjustified, unwarranted and contrary to factual position on record. The findings smack of predetermined mind to penalize us under some pretext or other, overlooking the obvious that defines the case.*

xx. *In so far as the allegation of we being part of some group that consists of other Noticees is concerned, we vehemently deny that we are part of any such group. It may be noted that, based on the purported sweeping and bald connections as alleged in the Notice, no adverse inference can be drawn that we are connected to or had any nexus with any of the entities as set out in the Notice. There is absolutely nothing to connect us to other entities as set out in the Notice. Based on the alleged acts of other entities, no adverse inference can be drawn against us and no liability can be saddled on us. We have always traded independently in the securities market including the alleged scrip out of our own funds without colluding/acting in connivance with any entity mentioned in the SCN or with an intent/motive to create artificial volume in the scrip. Serious and grave allegations of indulging in fraudulent, manipulative and unfair trade practices as levelled in the SCN, flowing from the concoction of "Noticee Group" are totally unfounded and unsubstantiated and completely contrary to the factual position on record. Same are product of mere surmises and conjectures.*

xxi. ***Vishu*** *: (a) Insofar as the allegation pertaining to common address is concerned, it is submitted that we are only related to Shri SajjanKumarNanwal, Sunitadevi Sajjan Nanwal and GovindKumar Varma. Insofar as others are concerned, it is submitted that we have no relation/connection or nexus with them. Further, nothing has been brought on record to substantiate the alleged relationship. Based on alleged common address, it has been surmised that we have relationship with the aforesaid entities/individuals which is legally untenable and unsustainable. Mere* *common address would not by itself convert certain entities into a group or concert who could have jointly traded in a design. Further, it is well settled that in case of serious charge of PFUTP, cogent and convincing evidence is required to be brought on record before the said charge could be proved against us. (b) With regard to the allegation pertaining to the common phone number, it is submitted that number belongs to Shri SajjankumarNanwal, our accountant and the same was given by us for operational convenience. That insofar Dhirajlal Sanghvi HUF, Ashik Sanghvi, Antala and Babubhai Desai are concerned, it is submitted that we have no relation/connection or nexus with them. Further, nothing has been brought on record to substantiate the alleged relationship. Based on alleged common address, it has been surmised that we have relationship with the aforesaid entities/individuals which is legally untenable and unsustainable. (c) With respect to the allegation pertaining common email is concerned, it is submitted that the same id was provided to Sajjan Kumar Nanwal for operational convenience.*

xxii. ***Sajjan*** *: (a)Insofar as connection with Sagar D. Sanghvi and my directorship in Sanghvi Fincap Ltd is concerned, it is submitted that I was working as an accountant with Shri. Dhirajlal .V. Sanghvi, and being his accountant I was also induced on the board of Sanghvi Fincap Ltd and the Further, I was looking after the accounts of his entire family, therefore my mobile number mentioned in the form of Babubhai M. Desai was to just access back office of the broker for account purpose only. Otherwise, there is no other connection between me and Shri. Dhirajlal.V.Sanghvi. (b)I am only related to Ms Sunitadevi Sajjan Nanwal& Shri Govind Kumar Varma Insofar as Ms Sunitadevi Sajjan Nanwal& Shri Govind Kumar Varma are concerned it is submitted that they are my family members. All of them are financially independent and trade independently. Save and exceptno other Noticees are my family members. (c) Insofar as M/s Dhirajlal Sanghvi HUF, Shri Sagar D Sanghvi Shri Ashik D Sanghvi, Shri Babubhai Desai, and Vishu Enterprise are concerned, I have no relation/connection or nexus with them. Further, nothing has been brought on record to substantiate the alleged relationship. Based on alleged common phone number and e-mail id, it has been surmised that I have relationship with the aforesaid entities/individuals which is legally untenable and unsustainable.*

xxiii. ***Sunita*** *: (a) I am only related to Mr.SajjanKumarNanwal& Shri Govind Kumar Varma Insofar as Mr. SajjanKumarNanwal& Shri Govind Kumar Varma are concerned it is submitted that they are my family members. All of them are financially independent and trade independently. Save and exceptno other Noticees are my family members. (b) Insofar as Antala, M/s Dhirajlal Sanghvi HUF, Shri Ashik D Sanghvi, Shri Babubhai Desai, and Vishu Enterprise are concerned, I have no relation/connection or nexus with them. Further, nothing has been brought on record to substantiate the alleged relationship. Based on alleged common phone number and address, it has been surmised that I have relationship with the aforesaid entities/individuals which is legally untenable and unsustainable. (c) Insofar as common phone number is concerned, it is submitted that the number belongs to Shri Sajjankumar Nanwal, and the same was given by me for operational convenience.*

xxiv. ***Govind** : (a) I am only related to Ms Sunitadevi Sajjan Nanwal& Shri SajjanKumar Nanwal Insofar as Ms Sunitadevi Sajjan Nanwal& Shri SajjanKumar Nanwal are concerned it is submitted that they are my family members. All of them are financially independent and trade independently. Save and except no other Noticees are my family members. (b)Insofar as Antala, Dhirajlal Sanghvi HUF, Shri Ashik D Sanghvi, Shri Babubhai Desai, and Vishu Enterprise are concerned, I have no relation/connection or nexus with them. Further, nothing has been brought on record to substantiate the alleged relationship. Based on alleged common phone number and e-mail id, it has been surmised that I have relationship with the aforesaid entities/individuals which is legally untenable and unsustainable.*

xxv. *Further, all our trades were executed through the screen based mechanism of the stock exchange wherein we were not aware of the counter-parties to our trades.*

xxvi. *That normal relationships/connections have been stretched to absurd limits, only with a view to arrive at preconceived conclusions.*

xxvii. ***Vishu** : As per the SCN the total volume traded by us in the scrip of Kavveri during the investigation period constitutes a mere insignificant of the market volume on both NSE and BSE. Further, there was there was nothing in the public domain about anything amiss in the scrip of Kavveri. It is submitted that neither the stock exchange nor SEBI had raised any grievance in public domain about the price rise or volume rise in the scrip at that point in time. Why SEBI did not raise any grievance at that point in time and suddenly today our trading in the ordinary course is being viewed suspiciously. **Sajjan** : As per the SCN the total volume traded by me in the scrip of Kavveri during the investigation period constitutes a mere insignificant 0.23 % of the market volume on both NSE and BSE. **Sunita** : As per the SCN the total volume traded by me in the scrip of Kavveri during the investigation period constitutes a mere insignificant 0.8 % of the market volume on both NSE and BSE. **Govind** : As per the SCN the total volume traded by me in the scrip of Kavveri during the investigation period constitutes a mere insignificant 0.08 % of the market volume on both NSE and BSE.*

xxviii. ***Vishu** : Paras 20 and 21- It is submitted that the observations in the said Paras do not pertain to us. Therefore, we have no comments to offer. In this regard we also, additionally, place reliance on observations made in Order dated 29.6.18 at Para 55 with regard to the said allegation. Para 22- It is denied that we have entered into trades resulting in NHP as alleged. We submit thatwe were trading in ordinary course and orders at higher price were placed in ordinary course without any intention to increase the price etc. In any event, the allegation is destroyed by the data in the Table itself. Further, nothing has been spelled out as to which are the instances of first trades where buy orders were placed consistently at higher rates than the previous close price. In the absence of aforesaid crucial particulars, the allegation of NHP cannot sustain. Para 26-It is submitted that the number of alleged first trades by us is an insignificant percentage to be considered for creating any impact on the price and volume of shares to be traded **Sajjan** : Paras 20 to 22- It is submitted that the observations in the said Paras do not pertain to* *me. Therefore, I have no comments to offer. Para 26- It is submitted that the number of alleged first trades were Nil on BSE and 1 on NSE which again is an insignificant percentage to be considered for creating any impact on the price and volume of shares to be traded.* ***Sunita*** *: Paras 20 to 22- It is submitted that the observations in the said Paras do not pertain to me. Therefore, I have no comments to offer. Para 26- It is submitted that said observations do not pertain to me. Therefore, I have no comments to offer.* ***Govind*** *: Paras 20 and 21- It is submitted that the observations in the said Paras do not pertain to me. Therefore, I have no comments to offer. Para 22- It is denied that I have entered into trades resulting in NHP as alleged. I submit that I was trading in ordinary course and orders at higher price were placed in ordinary course without any intention to increase the price etc. In any event the allegation, is destroyed by the data in the Table itself.*

xxix. ***Vishu*** *: As per SCN, the loss made during the investigation period has been shown as Rs. (-14,73,105)and Rs.(-385848)/-on NSE and BSE respectively. Admittedly, as per SCN, we had suffered losses while trading in NSE and BSE. Same itself destroys the allegations of executing manipulative/fraudulent trades as alleged. Further, same demonstrates that the trades were carried out by us in the ordinary course wherein we had incurred losses.* ***Sajjan*** *: As per SCN, the profit/loss made during the investigation period has been shown as Rs. 1,26,717/- Rs. 5,09,296/- on NSE and BSE respectively. Further, it is submitted that the calculation of the profit and loss earned does not take into the account the components viz., STT, brokerage, holding cost, and other miscellaneous expenses.* ***Sunita*** *: As per SCN, the profit/loss made during the investigation period has been shown as Rs. 5,28,626/- Rs. 1,43,987/- on NSE and BSE respectively. Further, it is submitted that the calculation of the profit and loss earned does not take into the account the components viz., STT, brokerage, holding cost, and other miscellaneous expenses.* ***Govind*** *: As per the SCN, the profits made during the investigation period has been shown as Rs.6,68,803 /- Rs. 6,90,693/- on NSE and BSE respectively. Further, it is submitted that the calculation of the profit and loss earned does not take into the account the components viz., STT, brokerage, holding cost, and other miscellaneous expenses.*

c. Noticee 6, 7 and 8 (i.e. Dhirajlal, Sagar and Ashik respectively)

<u>Inordinate delay in issuance of SCN</u>

*i. The present SCN suffers from enormous delay and laches. Admittedly, the allegations against us in the SCN are based on the trading done by us in the scrip of Kavveri Telecom Products Limited ("**Kavveri**/ "**the Company**") during 2010 i.e. 10 years ago. The present SCN along with the relevant documents (viz. Trade Log and Investigation Report) was issued on June 10, 2020i.e. 10 years after the alleged transactions. The said inordinate delay of 10 years has severely prejudiced* *us. On this ground alone the SCN proceedings needs to be and ought to be discontinued and SCN needs to be dropped.*

ii. *It is well settled now that even though there is no period of limitation prescribed in the SEBI Act and Regulations for the completion of investigations or for the issuance of a show cause notice, the authority is required to exercise its powers within a reasonable period. Facts of the present case will amply demonstrate that the powers have not been exercised by SEBI within a reasonable period and therefore, in the facts and circumstances of the case, proceedings need to be discontinued and dropped and no penalty needs to be imposed.*

iii. *In this context your attention is invited to following Orders passed by the Hon'ble Securities Appellate Tribunal:*

a. *Order passed on March 31, 2008 by the Hon'ble Securities Appellate Tribunal in the matter of Libord Finance Ltd. Vs SEBI.*

"…..we cannot resist observing that there has been an inordinate delay in initiating action against the appellant. It is alleged to have committed the irregularities in the earlier part of the year 1996 and the show cause notice was admittedly issued in June 2004. How could any one file a proper reply after a lapse of more than eight years. This long delay itself causes grave injustice to the delinquent and results in the violation of the principles of natural justice. Such delays defeat the very purpose of the proceedings….

…In view of the inordinate delay in initiating action against the appellant and that too, when its certificate of registration had already expired, the impugned order cannot be sustained."

b. *Order passed on November 5, 2008 by the Hon'ble Securities Appellate Tribunal in the matter of Shri. Ashok K Chaudhary Vs SEBI.*

"…we would like to observe that there has been inordinate delay of six years in issuing the show cause notice to the appellants. The Board has been established to promote orderly and healthy growth of the securities market and for protecting the interest of investors. It is monitoring the activities of market intermediaries and other market players to achieve these goals. Those who come to the market are required to play the game according to the rules and it is expected by the Board as a market regulator to deal sternly with those who play mischief and misuse the market mechanism. This is how it protects the market and the interest of investors. Long delays in issuing show cause notices to the delinquents will not subserve the purpose for which the Board has been set up. It would rather act against the interest of the securities market. Delays do not help anyone

and besides depriving sometimes the delinquents of their right to defend themselves against the action sought to be taken against them, defeat the very purpose for which such notices are issued. It must be remembered that promptness in such matters will have a more deterring effect and advance the cause for which the enquiries are held. It will also deny to the delinquents the additional plea of delay in challenging the action taken against them….".

c. *Order passed on January 31, 2020 by the Hon'ble Securities Appellate Tribunal in the matter of Ashlesh Gunvantbhai Shah Vs SEBI (SAT Appeal no 169 of 2019):*

   "In our opinion, the grounds shown by the respondent in its additional affidavit only indicates the lackadaisical attitude in proceeding against the entities. It is quite clear that no urgency was shown by the respondent to culminate the proceedings and has moved at a leisurely pace. We find that after the submission of the preliminary report on April 2, 2012 no further steps were taken in 2012 and the period of 2013-14 has been covered with a vague allegation that there were certain changes in the officers of the Investigation department. We also find that after the report was submitted on February 1, 2016 it took the respondent another 17 months to issue the show cause notice. The explanation given in the additional affidavit is patently farcical and appears to be an afterthought........

   ....we find that on account of the inordinate delay in the initiation of the proceedings by issuance of a show cause notice, the penalty order cannot be sustained. The impugned order passed by the AO is quashed."

d. *Order passed on August 22, 2019 by the Hon'ble Securities Appellate Tribunal in the matter of Ashok Shivlal Rupani and anr. Vs SEBI (SAT Appeal no 417 of 2018):*

   "Having considering the matter, we are of the view that there has been an inordinate delay on the part of the respondent in initiating proceedings against the appellants for alleged violations. Much water has flown since the alleged violations and at this belated stage the appellants cannot be penalized.

   ……..we are of the opinion that on account of inordinate delay the initiation of proceedings by issuance of the show cause notice which culminated into a penalty order cannot be sustained. The show cause notice and the impugned orders passed by the AO are quashed."

iv. *Our trading in the scrip has not been viewed dispassionately and has been construed in a manner to somehow bunch us with other entities, in order to draw adverse, unfavourable and distorted conclusions against us, which is legally untenable and unsustainable. Our trades have been erroneously lumped with the* *trades of others persons/entities. Based on the conduct of the other Noticees no adverse inferences qua us can be drawn.*

v. *We have been regularly trading in the securities market in ordinary course, including the alleged scrip i.e. Kavveri, in the ordinary course of its business without any manipulative intent. We have always complied with the requirements of all applicable laws and have never delayed in payment / delivery obligation pertaining to the trade transacted in the securities market. We have an absolutely clean track record and no Order has been issued against us till date.*

vi. ***Dhirajlal** : Our turnover based on the entries in books of accounts of our share trading business and the details of scrips traded in NSE and BSE for the FY ended 2009- 2010 to 2013-14 is as under:*

	2009-10		2010-11		2011-12		2012-13	
Turnover (Cash Market) (in Rs.)	**BUY**	**SELL**	**BUY**	**SELL**	**BUY**	**SELL**	**BUY**	**SELL**
	56,49,72,036	*52,38,27,353*	*87,04,41,078*	*88,89,07,260*	*14,62,09,885*	*22,02,98,437*	*5,21,35,317*	*6,49,26,734*
Turnover (Cash Market)(Speculative) (in Rs.)	*1,16,38,20,166*	*1,16,81,80,755*	*1,04,69,21,369*	*1,05,40,01,017*	*15,95,65,566*	*16,02,34,303*	*25,18,45,239*	*25,20,05,036*
Turnover (F&O) (in Rs.)	*27,51,73,598*	*27,42,22,952*	*28,30,003*	*28,18,683*	*40,18,69,876*	*40,16,19,771*	*5,34,63,053*	*5,32,89,856*
Total Turnover (in Rs.)	*2,00,39,65,801*	*1,96,62,31,061*	*1,92,01,92,450*	*1,94,57,26,960*	*70,76,45,327*	*78,21,52,512*	*35,74,43,610*	*37,02,21,626*
Number of Scrips Traded	*60*		*33*		*24*		*19*	

During the FY 2009 to 2013, I have traded in various other scrips.

vii. ***Sagar** : My turnover based on the entries in books of accounts of my share trading business and the details of scrips traded in NSE and BSE for the FY ended 2009-2010 to 2013-14 is as under:*

Turnover (Cash Market & Speculative) (in Rs. Crs)	**BUY**	**SELL**	**BUY**	**SELL**	**BUY**	**SELL**	**BUY**	**SELL**
	4,74,16,888	*4,70,73,592*	*15,39,21,004*	*15,52,10,351*	*10,00,000*	*18,68,854*	*23,69,423*	*33,82,711*
Number of Scrips Traded	*13*		*11*		*4*		*4*	

During the FY 2009 to 2013, I have traded in various other scrips.

viii. **Ashik** : *My turnover based on the entries in books of accounts of my share trading business and the details of scrips traded in NSE and BSE for the FY ended 2009-2010 to 2013-14 is as under:*

	2009- 2010		***2010-2011***		***2011-12***	
Turnover (Cash Market & Speculative) (in Rs.)	*BUY*	*SELL*	*BUY*	*SELL*	*BUY*	*SELL*
	8,28,59,201	*8,07,76,568*	*12,08,40,486*	*12,09,32,612*	*7,55,90,749*	*8,12,69,397*
Turnover (F&O) (in Rs.)	*N.A*	*N.A.*	*N.A*	*N.A.*	*46,83,574*	*45,72,614*
Total Turnover (in Rs.)	*8,28,59,201*	*8,07,76,568*	*12,08,40,486*	*12,09,32,612*	*8,02,74,323*	*8,58,42,011*
Number of Scrips Traded	*11*		*19*		*16*	

During the period from 2009-13 we have traded in more than 46. Scrips.

ix. *During the Investigation Period, our trading was not confined to the alleged Kavveri scrip but was widespread. We had traded similarly in similar transactions in several other scrips during the relevant time. Further, the trades done in the scrip of Kavveri were exceedingly insignificant vis a vis our total trading.*

x. ***Dhirajlal** : (a) We are only related to Sagar Sanghvi & Ashik Sanghvi. Insofar as Sagar Sanghvi & Ashik Sanghvi are concerned it is submitted that they are family members of Dhirajlal Sanhvi. With regard to the directorship of Dhirajlal Sanghvi in Sanghvi Fincap Limited, no adverse inference can be drawn against us. All of them are financially independent and trade independently. Save and exceptSagar Sanghvi & Ashik Sanghvi,we are not connected with any of the entities mentioned in the SCN. (b) Insofar as common phone number is concerned, we submit that the number belongs to Shri Sajjankumar Nanwal, our accountant and the same was given by us for operational convenience. (c) Insofar as the entities viz., Ms. Sunitadevi Nanwal, Shri Govindkumar Varma, Shri Babubhai Desai, Antala and Vishu Enterprise are concerned, we have no relation/connection or nexus with them. Further, nothing has been brought on record to substantiate the alleged relationship. Based on alleged common phone number, it has been surmised that we have relationship with the aforesaid entities/individuals which is legally untenable and unsustainable. Mere common landline number would not by itself convert certain entities into a group or concert who could have jointly traded in a design. Further, it is well settled that in case of serious charge of PFUTP, cogent and convincing evidence is required to be brought on record before the said charge could be proved against us.*

xi. ***Sagar** : (a) With regard to the observation pertaining to common address and common email id, it is submitted that I am connected to Ashik Sanghvi &Dhirajbhai V Sanghvi HUF as Ashik Sanghvi &Dhirajbhai V Sanghvi, Karta of Dhirajbhai V Sanghvi HUF are my family members. (b) All of them are financially independent and trade independently. Save and except Ashik Sanghvi &Dhirajbhai V Sanghvi HUF, I am not connected to any other entities/Noticees referred in the SCN. (c) Insofar as Ms. SunitadeviNanwal Shri Govindkumar Varma, ShriBabubhai Desai, Vishu Enterprise and Antala Real Broking & Impex Pvt Ltd is concerned, I have no relation/connection or nexus withthem. Further, nothing has been brought* *on record to substantiate thealleged relationship. Based on alleged common phone number, it has been surmised that I have relationship with the aforesaid entities/individuals which is legally untenable and unsustainable.*

xii. ***Ashik** : (a) I am only related to Dhirajbhai Sanghvi HUF & Sagar Sanghvi. Insofar as Sagar Sanghvi &Dhirajbhai Sanghvi are concerned it is submitted that they are my family members. All of them are financially independent and trade independently. Save and exceptDhirajlal Sanghvi & Sagar Sanghvino other Noticees are my family members.(b) Insofar as common phone number is concerned, it is submitted that the number belongs to Shri SajjankumarNanwal, my accountant and the same was given for the operational convenience. (c) Insofar as allegation of common phone number with Ms. SunitadeviNanwal Shri Govindkumar Varma, Shri Babubhai Desai, Vishu Enterprise is concerned, it is submitted that I have no relation/connection or nexus with them. Further, nothing has been brought on record to substantiate the alleged relationship. Based on alleged common phone number, it has been surmised that I am with the aforesaid entities/individuals which is legally untenable and unsustainable.*

xiii. *Further, the SCN makes a reference to the details of the connection amongst the Noticees in Annexure 6, however the Annexure 6 deals with the details of synchronized trades executed on NSE and not the details of connection amongst the Noticees. It is submitted that there is no annexure in the SCN which deals with the details of connection amongst the Noticees.*

xiv. ***Dhirajlal** : As per the SCN the total volume traded by us in the scrip of Kavveri during the investigation period constitutes a mere insignificant 2.04% of the market volume on both NSE and BSE.*

xv. ***Sagar** : As per the SCN the total volume traded by me in the scrip of Kavveri during the investigation period constitutes a mere insignificant 0.32 % of the market volume on both NSE and BSE.*

xvi. ***Ashik** : As per the SCN the total volume traded by me in the scrip of Kavveri during the investigation period constitutes a mere insignificant 0.47 % of the market volume on both NSE and BSE.*

xvii. ***Dhirajlal** : Further, during the relevant period we were trading in various scrips (viz. Ajcon Global, Amar Remedies, Archidply Industries, Bartronics, Coal India, Gayatri Project LTD, Glenmark, Gokul refotils, Indo Rama, Indowind Energy, Lanco Global, Nakoda Textile, Nandan Exim LTD, Prakash Steel, Rcom, Real Strip, Sr Industries, Sujana Industries, Trimurthu Drugs & Pharamasuticals, and Voltas) in similar volumes.*

xviii. ***Sagar :** Further, during the relevant period I was trading in various scrips (viz. Archidply Industries, Indowind Energy, Nakoda Textile, Nandan Exim LTD, Shri laxmi, Sujana Universal, Sujana Industries, Trimurthu Drugs &Pharamasuticals, and Gayatri Project LTD) in similar volumes.*

xix. ***Ashik :** Further, during the relevant period I was trading in various scrips (viz. Adani Power, Archidply, Gayatri Project LTD, Glenmark, Indowind Energy, LGS, Nakoda Textile, Nandan Exim LTD, Sujana Universal, and Trimurthu Drugs &Pharamasuticals) in similar volumes.*

xx. ***Dhirajlal** : Given the nature of half-baked data provided, we are severely incapacitated and handicapped in dealing with the allegations in the SCN with regard to trading. Based on whatever we could make out regarding the data provided, with regard to the allegation of synchronized trading,we are submitting following,on illustrative basis,with regard to certain dates of trading:*

04.06.2010-*In Annexure 6 of the Notice, wherein alleged synchronised trades pertaining to scrip have been set out, in so far as we are concerned, 1 trade executed on 04.06.2010 with Antala has been set out. It has been alleged that 1 trade of 3516 shares was allegedly synchronised with Antala. It is denied that the said trade was synchronised as alleged. On the said day we had bought 13153 shares and sold 25429 shares out of which the quantity alleged as synchronized is only 3516 shares and in so far the balance shares there is no allegation of synchronization of trades. The alleged synchronisation of trade is one stray order, which if at all synchronised as alleged, is a sheer coincidence as opposed to being executed intentionally or designedly. Admittedly, as per the purported Trade log on 04.06.2010 in the scrip of Kavveri, there were 12 counter parties to our trades. Existence of multiple counter parties to our trades itself indicates that there was no intent to execute any synchronized trades with Antala.*

09.06.2010- *In Annexure 6 of the Notice, wherein alleged synchronised trades pertaining to scrip have been set out, in so far as we are concerned, 1 trade executed on 09.06.2010 with Antala has been set out. It has been alleged that 1 trade of 250 shares was allegedly synchronised with Antala. It is denied that the said trade was synchronised as alleged. On the said day we had bought 12996 shares and sold 3000 shares out of which the quantity alleged as synchronized is only 250shares and in so far the balance shares there is no allegation of synchronization of trades. The alleged synchronisation of trade is one stray order, which if at all synchronised as alleged, is a sheer coincidence as opposed to being executed intentionally ordesignedly. Admittedly, as per the purportedTrade logon 09.06.2010 in the scrip of Kaveri, there were 10 counter parties to our trades. Existence of multiple counter parties to our trades itself indicates that there was no intent to execute any synchronized trades with Antala.*

22.06.2010-*In Annexure 6 of the Notice, wherein alleged synchronised trades pertaining to scrip have been set out, in so far as we are concerned, 2 trades executed on 22.06.2010 with Antala has been set out. It has been alleged that 2 trade of 3000 shares was allegedly synchronised with Antala. It is denied that the said trade was synchronised as alleged. On the said day we had bought 40250 shares out of which the quantity alleged as synchronized is only 3000 shares and in so far the balance shares there is no allegation of synchronization of trades. The alleged synchronisation of trade is justtwo orders, which if at all synchronised as alleged, is a sheer coincidence as opposed to being executed intentionally or designedly. Admittedly, as per the purportedTrade logon 22.06.2010 in the scrip of Kaveri, there were 22 counter parties to our trades. Existence of multiple counter parties to our trades itself indicates that there was no intent to execute any synchronized trades with Antala.*

xxi. ***Dhirajlal*** *: Given the nature of half-baked data provided , we are severely incapacitated and handicapped in dealing with the allegations in the SCN with regard to trading. Based on whatever we could make out regarding the data provided , with regard to the allegation of reversal trading, we are submitting following ,on illustrative basis ,with regard to certain dates of trading:*

01.06.2010 *- In Annexure 8 of the Notice, wherein alleged reversal trades pertaining to scrip have been set out, it has been alleged that 1 share was allegedly reversed with Vishu. It is denied that the said trade was reversal as alleged. On the said day we had bought and sold 50,000 shares out of which the quantity alleged as reversal is only 1 share and in so far the balance shares there is no* *allegation of reversal of trades. The alleged reversal of trade is one stray order, which if at all reversal as alleged, is a sheer coincidence as opposed to being executed intentionally or designedly. Admittedly, as per the Trade log on 01.06.2010 in the scrip of Kaveri, there were multiple counter parties to our trades. Existence of multiple counter parties to our trades itself indicates that there was no intent to execute any reversal trades with Vishu.*

***15.06.2010** - In Annexure 8 of the Notice, wherein alleged reversal trades pertaining to scrip have been set out, it has been alleged that 12 shares were allegedly reversed with Antala. It is denied that the said trade was reversal as alleged. On the said day we had bought and sold 6291 shares out of which the quantity alleged as reversal is only 12 shares and in so far the balance shares there is no allegation of reversal of trades. The alleged reversal of trade is one stray order, which if at all reversal as alleged, is a sheer coincidence as opposed to being executed intentionally or by designedly. Admittedly, as per the Trade log on 15.06.2010 in the scrip of Kaveri, there were multiple counter parties to our trades. Existence of multiple counter parties to our trades itself indicates that there was no intent to execute any reversal trades with Antala.*

From the aforesaid it is evident that all the trading by us in the scrip was bonafide and in the ordinary course of business, dehors sinister/fraudulent/manipulative intent or design. The alleged stray reversal, if at all, is unintentional and purely by coincidence. Here it may be appreciated that in case of online trading it is not possible to trade amongst each other when the trades are from different brokers. Further, when there are lakhs of shares being traded on a single day, it is not possible to identify that the shares sold by us are the same shares purchased by one of the noticees and vice-versa since there have been several transactions.

Allegation: Self-trades

xxii. ***Dhirajlal** : With regard to the observations in **Paras 20 and 21** of the Notice, it is denied that we had executed any self -trades as alleged . In any event the allegation is based on 1 stray trade which was not intentional and could not have any impact on the trading volumes etc.In this regard we also, additionally, place reliance on observations made in Order dated 29.6.18 at Para 46 with regard to the said allegation. **Sagar and Ashik** : With regard to the observations in Paras 20 and 21 of the Notice, it is submitted that the said allegations do not pertain to me. Therefore, I have no comments to offer.*

Allegation: New High Price (NHP) Analysis

xxiii. ***Dhirajlal** : With regard to the observations in **Para 22** of the Notice, it is denied that we have entered into trades resulting in NHP as alleged . We were trading in ordinary course and orders at higher price were placed in the ordinary course and not with a view to increase the price etc . In any event the allegation , is destroyed by the data in the Table itself . In this regard we also, additionally, place reliance on observations made in Order dated 29.6.18 with regard to the said allegation. **Sagar and Ashik :** With regard to the observations in Para 22 of the Notice, it is submitted that the said allegations do not pertain to me. Therefore, I have no comments to offer.*

Allegation: First Trade Analysis

xxiv. ***Dhirajlal** : With regard to the observations in **Para 26** of the Notice, it is submitted that there is no allegation against us with regard to the First Trade Analysis, in the SCN, therefore, we have no comments to offer. **Sagar** : With regard to the observations in Para 26 of the Notice, it is submitted that the number of alleged* *first trades were 3 on BSE and Nil on NSE which again is an insignificant percentage to be considered for creating any impact on the price and volume of shares to be traded.* ***Ashik*** *: With regard to the observations in* ***Para 26*** *of the Notice, it is submitted that the number of alleged first trades were 2 on BSE and 2 on NSE which again is an insignificant percentage to be considered for creating any impact on the price and volume of shares to be traded.*

Allegation: Last Traded Price *:*

xxv. *In this regard we also, additionally, place reliance on observations made in Order dated 29.6.18 with regard to the said allegation.*

xxvi. ***Dhirajlal*** *: In any event, as per the Table in the para, the profit/loss made during the investigation period has been shown as Rs. (12,11,927/-) and Rs.42,32,766/- on NSE and BSE respectively. Admittedly, as per SCN, we had suffered losses while trading in NSE. Same itself destroys the allegations of executing manipulative/fraudulent trades as alleged. Further, same demonstrates that the trades were carried out by us in the ordinary course wherein we were making both profits as well as losses. Further, it is submitted that the calculation of the profit earned does not take into the account the components viz., STT, brokerage, holding cost, and other miscellaneous expenses.* ***Sagar*** *: That the calculation of the profit earned does not take into the account the components viz., STT, brokerage, holding cost, and other miscellaneous expenses. As per the statement of Appellant's total sale and purchases of the equity shares of Kaaveri during the financial year clearly establishes that the profit incurred by me was only Rs. 14,54,992 /-. Further, it clearly establishes that the trading was genuine and was not with any fraudulent intentions.* ***Ashik*** *: In any event, as per the Table in the para, the profit/loss made during the investigation period has been shown as Rs. (28,340/-) and Rs.3,93,529/-on NSE and BSE respectively. Admittedly, as per SCN, I had suffered losses while trading in NSE. Same itself destroys the allegations of executing manipulative/fraudulent trades as alleged. Further, same demonstrates that the trades were carried out by me in the ordinary course wherein I making both profits as well as losses. Further, it is submitted that the calculation of the profit earned does not take into the account the components viz., STT, brokerage, holding cost, and other miscellaneous expenses.*

15. A hearing was held on December 08, 2020 in respect of Noticee 6, 7, and 8 wherein Shri Vinay Chauhan and Shri K C Jacob appeared as the authorized representatives (ARs) of the above Noticees. As requested during the course of the hearing, the entire orderlog of the scrip of Kavveri in BSE and NSE pertaining to the investigation period was shared with the ARs vide email dated December 08, 2020. The said orderlogs formed part of the SCN vide Annexure 8. Further, vide email dated December 09, 2020, the ARs of the said Noticees submitted that they are not able to access the annexures 8 to 15 of the SCN provided to them. Accordingly, the said annexures was provided to the authorized person (Mr. Mohan Shirke) of the above Noticees in a CD on

December 10, 2020. Further, the annexures were provided in CD to Noticee 2 to 5 on December 19, 2020 and additional time was granted to the said Noticees to make submissions. A hearing was conducted in respect of Noticee 2 to 5 on January 20, 2021 wherein the following authorized representatives (ARs) viz. Mr. Hitesh Yadav and Mr. Shourya Tanay, advocates appeared for the above Noticees and reiterated the submissions made by the said Noticees vide respective letters dated December 11, 2020 (Sunita), December 10, 2020 (Sajjan), December 10, 2020 (Vishu) and December 05, 2020 (Govind). No further opportunity of hearing was requested by the ARs.

16. Noticee 2 made additional submissions in the matter vide its letter dated December 28, 2020 (received through email dated January 25, 2021 from the email id - vishuenterprise11@gmail.com). Noticee 3, 4 and 5 made additional submissions in the matter vide their letters dated January 21, 2021, February 11, 2021 and February 21, 2021 respectively (received through emails dated January 30, 2021, February 13, 2021 and February 27, 2021 respectively from the email id - sajjan_kumar36@yahoo.com). Noticee 6, 7, and 8 made additional submissions in the matter vide their letters dated December 19, 2020, December 22, 2020 and December 22, 2020 respectively (received through emails dated December 21 and 25, 2020 from the email id - sanghvifincap@gmail.com). The main contentions made therein are summarized as follows –

i. *At the outset, we thank you for the patient hearing given to our representatives in the captioned matter. During the course of hearing, you had kindly permitted our representatives to file further submissions in the matter.*

ii. *We are making the following further submissions in the matter for your consideration. We repeat, reiterate and confirm the submissions made vide our earlier replies. Needless to state, these submissions are in addition to and in continuation of our said reply.*

<u>Allegations in the Show Cause Notice ("SCN")</u>

iii. *In the SCN, it has been alleged:*

i. That we were connected to other persons/entities (as stated in the Notice); and *ii. That we have executed synchronized trades and reversal tradeswith other persons/entities, alleged to be connected to us.*

iv. *Based on the aforesaid, we are alleged to have contributed to the creation of artificial volumes in the scrip of Kavveri Telecom Products Limited ("Kavveri") resulting in violation of the provisions of Regulations 3(a), (b), (c), (d) and 4(1), 4(2)(a) and (g) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ("PFUTP Regulations").*

v. *The allegations in the Notice:*

   i. *are completely contrary to factual position on record;*

   ii. *are based on mere surmises and conjectures and half-baked data;*

   iii. *are offshoot of erroneous calculations of percentages etc. pertaining to the alleged trades;*

   iv. *ignore the findings with regard to the Company as contained in the Investigation Report (in terms of positive corporate announcements made & healthy financial results disclosed by the Company)*

   v. *fail to objectively and dispassionately consider the attending facts and circumstances surrounding the alleged trading, especially that the scrip was already liquid and the price had already been progressively increasing, prior to the Investigation period*

vi. *Sweeping allegations have been made in the air, completely ignoring the fact that scrip being already liquid (and was progressively getting liquid consequent to the string of positive corporate announcements made by the Company at the relevant time), therefore, there was no need for anyone, including the alleged Sanghvi group, to create artificial volumes. Admittedly, there is deafening silence in the Notice with regard to motive on the part of the Noticee (or the alleged Sanghvi Group) to create artificial volumes. Significantly, it is also not the case, that the Noticee (or the alleged Sanghvi Group) had any connection with the company or its promoters/directors, directly or indirectly.*

Observations/Findings in the Investigation Report ("IR"):

vii. *Before dealing with the allegations, following undisputed observations in the IR, which will have bearing on the allegations in the Notice, may be noted:*

   (a) ***BSE Observations*** *-The trading among the group was not synchronized. No specific pattern of circular/reversal trading was observed. (Refer -Para 1-BSE Observations- b & c of IR). This is exceedingly significant, since based on the analysis of the same trading data, BSE's findings are at complete loggerheads with the allegations in the Notice.*

   (b) ***Financial Results*** *-It is observed that the company was generating income and earned profit for year ended March 2009, March 2010 and March 2011.* ***(Refer -Para 7 of IR)***

   (c) ***Corporate Announcements*** *–The company has made announcements relating to allotment of shares to employees under ESOS, Board meetings, unaudited quarterly results, EGM for preferential allotment to promoters of the company, business contracts, prizes and awards, AGM declaration of dividend during the period of investigation. The corporate announcements made during the period had been fulfilled.* ***(Refer -Para 8 of IR)***

(d) ***__Trading by suspected entities__****- No circular trading was observed at the NSE/BSE(Refer -Para 12 of IR)*

(e) *"….the reversal transactions among the group entities are not substantial part of the total trading amongst themselves……"**(Refer - Para 14.1 of IR)***

(f) ***Dhirajlal** : There was no off-market transfer of shares among the Sanghvi Group entities as per the records of NSDL and CDSL during the investigation period. **(Refer -Para 16 of IR)***

viii. Curiously, the Notice does not even remotely advert to any of the said observations or indicate as to whether such observations were objectively and open-mindedly considered, while levelling the allegations in the Notice.

__Connection with other persons/entities__

ix. Based on the alleged innocuous connections with other persons/entities, we cannot be converted into a group and alleged to be involved with other persons/entities or insinuated to be conniving/colluding with them for the purposes of creating artificial volumes in the scrip.

x. Merely because there is some connection with others, one cannot automatically jump to the inference of connivance or collusion with others. Conversion of "connection" into "collusion" requires substantiating material /circumstances and speculative guesswork cannot be the basis for the same. With regard to the alleged connection, following be noted:

i. There were no fund transactions between us and the other persons alleged to be connected to us in the Notice. Even there is no such allegation in the Notice.

ii. There were no off market transfer of shares between us and the other persons alleged to be connected to us in the Notice. Same has also been confirmed in the Investigation Report.

iii. The other persons alleged to be connected to us had no role in our trading decisions (including in terms of choice of the scrip, timing of placing of orders, quantum of trading, price at which the trades are to be carried out etc.) and vice versa. Even there is no allegation to this effect in the Notice.

iv. It is not the case that we have in any manner, either directly or indirectly, sponsored the funds/shares to other persons, alleged to be connected to us, for the purposes of trading in the scrip or vice versa.

xi. Tenuous connection alone is not enough. There has to be something more to substantiate connivance/collusion, which is absolutely missing in this case. On the contrary, there are overwhelming facts and circumstances, which indicate that there was no connivance/collusion.

__Trading in the scrip__

xii. *We have been in the business of investment in the market since considerable period of time. We are regular trader and investor of the capital market and have been trading and investing in various securities, in the ordinary course of business since a considerable period of time. We have been regularly trading in various scrips in healthy quantums in the ordinary course. We have always traded independently.*

xiii. *At the relevant time, Kaveri scrip was attractive for the purposes of trading. Significantly, it may be noted that we had traded in the scrip of Kavveri pre-investigation period, during investigation and post investigation period. It is not the case that our trading was limited to the alleged investigation period alone. Further, during the Investigation Period, our trading was not confined to the alleged Kavveri scrip but was widespread. We had similarly traded in several other scrips during the relevant time. Our trades done in the scrip of Kavveri were exceedingly insignificant vis a vis our total trading.*

xiv. ***Dhirajlal** : It may be noted that the alleged synchronized trades constitute mere 2.04 % of total market volumes during the Investigation period and the alleged reversal trades constitute around mere 0.25 % of total market volumes during the Investigation period. **Sagar** : It may be noted that the alleged synchronized trades constitute mere 1.51% of total market volumes during the Investigation period and the alleged reversal trades constitute around mere 0.04 % of total market volumes during the Investigation period. **Sajjan** : It may be noted that the alleged synchronized trades constitute mere 0.44 % of total market volumes during the Investigation period. **Sunita** : It may be noted that the alleged synchronized trades constitute mere 0.51% of total market volumes during the Investigation Period. **Govind** : It may be noted that the alleged synchronized trades constitute mere 0.51% of total market volumes during the Investigation Period.*

<u>Material errors in the SCN relating to Trading Data</u>

xv. *The percentages with regard to trading data as set out in the SCN suffer from patent calculation errors, wherein the percentages have been erroneously inflated. For instance:*

xvi. *At Para 14 of the SCN, percentages of Noticees alleged 'Synchronized volumes to Noticees Total Volumes' on NSE, have been set out. In the Table,the said total percentage of all the Noticees is calculated at 58.41%. Similarly, in the Table, percentages of Noticees alleged 'Synchronized volumes to Market Volumes' have been set out. In the Table, the said total percentage of all the Noticees is calculated at 12.16%. The Table as set out in Para 14 is extracted herein below:*

Name of the entity	***No of Sync Trades***	***Synchronized Qty***	***Sum LTP Diff***	***% client's volume to client's total volume***	***% of Client's sync volume to market Volume***
Sajjan	*31*	*75,630*	*3.55*	*70.68*	*0.47*
Govind	*119*	*2,62,030*	*1.45*	*70.44*	*1.62*
Sunita	*48*	*1,34,685*	*1.4*	*60.36*	*0.83*
Babubhai	*22*	*63,763*	*0.1*	*59.48*	*0.39*
Antala	*264*	*5,28,567*	*4.15*	*47.35*	*3.26*
Sagar	*109*	*1,63,652*	*11.4*	*45.29*	*1.01*
Dhirajlal	*168*	*4,10,673*	*7.15*	*29.35*	*2.53*
Ashik	*17*	*42,144*	*3.55*	*25.04*	*0.26*
Vishu	*129*	*2,90,877*	*8.2*	*20.11*	*1.79*
Total	***907***	***19,72,021***	***40.95***	***58.41***	***12.16***

Further, based on the said calculations, it has been concluded that "From the above, it is observed that 58.41% of the trading amongst the Noticees was synchronized which accounts for 12.16% of the market volume on NSE. The entity wise synchronized -trades are in the range of 20% to 71% of their individual traded volume."

xvii. *The whole calculation of alleged percentage of 'Synchronized volumes to Noticees Total Volumes'& 'Synchronized volumes to Market Volumes' is incorrect and conveys misleading impression. The correct calculation, based on the data available in the SCN itself, is as follows :*

Name of the entity	***No of Sync Trades***	***Synchronized Qty***	***Sum LTP Diff***	***Total Trading Volume of client***	***% Sync trades to clients total volume***	***% of Client's sync volume to market Volume***
Sajjan	*31*	*75,630*	*3.55*	*2,12,174*	*35.64*	*0.23*
Govind	*119*	*2,62,030*	*1.45*	*7,47,130*	*35.07*	*0.80*
Sunita	*48*	*1,34,685*	*1.4*	*4,11,877*	*32.70*	*0.41*
Babubhai	*22*	*63,763*	*0.1*	*2,17,620*	*29.30*	*0.19*
Antala	*264*	*5,28,567*	*4.15*	*24,08,762*	*21.94*	*1.62*
Sagar	*109*	*1,63,652*	*11.4*	*7,48,469*	*21.86*	*0.50*
Dhirajlal	*168*	*4,10,673*	*7.15*	*26,26,081*	*15.63*	*1.26*
Ashik	*17*	*42,144*	*3.55*	*3,56,661*	*11.81*	*0.13*
Vishu	*129*	*2,90,877*	*8.2*	*28,67,947*	*10.14*	*0.9*
Total	***907***	***19,72,021***	***40.95***	***1,05,96,721***	***18.6***	***6.04***

Thus, only 18.6 % of the trading amongst the Noticees was synchronized, as alleged, which accounts for only 6.04 % of the market volume on NSE. Further, the entity wise synchronized trades are only in the range of 10.14 % to 35.64 % of their individual traded volume.

Note :

(i) *Total volume (B+S) of each of the Noticees, on NSE & BSE, is set out in Table 7, which have been used for calculating the total volume of each of the client on respective exchange.*

(ii) *Total market volume has been worked out on the basis of Tables at Para 8 & 9 of the SCN.*

xviii. *At Para 16 of the SCN percentages of Noticees alleged 'Synchronized volumes to Noticees Total Volumes', on BSE, have been set out. In the Table the said total percentage of all the Noticees is calculated at 53%. Similarly, in the Table percentages of Noticees alleged 'Synchronized volumes to Market Volumes' have been set out. In the Table the said total percentage of all the Noticees is calculated at 9.32 %. The Table as set out in Para 16 is extracted hereinbelow:*

Name of the entity	***No of Sync Trades***	***Synchronized Qty***	***Sum LTP Diff***	***% client's volume to client's total volume***	***% of Client's sync volume to market Volume***
Sajjan	*23*	*71,023*	*0.7*	*59.91*	*0.41*
Govind	*62*	*1,94,547*	*7.3*	*56.01*	*1.13*
Babubhai	*18*	*50,407*	*-0.3*	*45.41*	*0.29*
Antala	*168*	*5,63,789*	*-17.65*	*42.77*	*3.28*
Sagar	*52*	*1,30,219*	*-3.05*	*36.07*	*0.76*
Sunita	*9*	*35,050*	*0.5*	*26.58*	*0.2*

Ashik	*17*	*43,448*	*0.5*	*24.41*	*0.25*
Dhirajlal	*74*	*2,70,514*	*-0.2*	*23.04*	*1.57*
Vishu	*85*	*2,43,546*	*16.15*	*16.56*	*1.42*
Total	***508***	***16,02,541***	***4.45***	***53***	***9.32***

Further, based on the said calculations, it has been concluded that "From the above, it is observed that 53% of the trading amongst the group was synchronized which accounts for 9.32% of the market volume on BSE. The entity wise synchronized -trades are in the range of 16% to 60% of their individual traded volume."

xix. *The whole calculation of percentage of 'Synchronized volumes to Noticees Total Volumes'& 'Synchronized volumes to Market Volumes' is incorrect and conveys misleading impression. The correct calculation, based on the data available in the SCN itself, is as follows:*

Name of the entity	***No of Sync Trades***	***Synchronized Qty***	***Sum LTP Diff***	***Total Trading Volume***	***% Sync trades to clients total volume***	***% of Client's sync volume to market Volume***
Sajjan	*23*	*71,023*	*0.7*	*2,15,545*	*32.95*	*0.21*
Govind	*62*	*1,94,547*	*7.3*	*6,89,146*	*28.23*	*0.56*
Babubhai	*18*	*50,407*	*-0.3*	*2,15,502*	*23.39*	*0.14*
Antala	*168*	*5,63,789*	*-17.65*	*24,07,522*	*23.41*	*1.64*
Sagar	*52*	*1,30,219*	*-3.05*	*7,16,658*	*18.17*	*0.37*
Sunita	*9*	*35,050*	*0.5*	*3,06,323*	*11.44*	*0.10*
Ashik	*17*	*43,448*	*0.5*	*3,35,997*	*12.93*	*0.12*
Dhirajlal	*74*	*2,70,514*	*-0.2*	*23,70,494*	*11.41*	*0.78*
Vishu	*85*	*2,43,546*	*16.15*	*30,00,414*	*8.11*	*0.71*
Total	***508***	***16,02,541***	***4.45***	***10,257,601***	***15.62***	***4.63***

Thus, only 15.62 % of the trading amongst the Noticees was synchronized, as alleged ,which accounts for only 4.63 % of the market volume on BSE. Further, the entity wise synchronized -trades are only in the range of 8.11 % to 32.95 % of their individual traded volume.

<u>Note:</u>

(i) Total volume (B+S) of each of the Noticees, on NSE & BSE, is set out in Table 7, which have been used for calculating the total volume of each of the client on respective exchange.

(ii) Total market volume has been worked out on the basis of Tables at Para 8 & 9 of the SCN.

xx. *At Table in Para 17 of the SCN, percentage of 'Reversal quantity to Market Volume', on NSE has been set out. In the Table the said total percentage of all the Noticees is calculated at 0.54 %. The Table as set out in Para 17 is extracted hereinbelow:*

Client Name (1)	***Client Name (2)***	***Qty. client 2 (Sell) to 1 (Buy)***	***Qty. client 1 (Sell) to 2 (Buy)***	***%0f Reversal Qty. to mkt vol.***	***Sum of Reversal Qty.***	***No. of Reversal trades***	***No. of days of Reversal trades***
Dhirajlal	*Antala*	*80.401*	*16,489*	*0.09*	*15,291*	*98*	*13*
Dhirajlal	*Sunita*	*2,708*	*207*	*0.001*	*207*	*4*	*1*
Dhirajlal	*Govind*	*4,200*	*3,915*	*0*	*3,915*	*4*	*1*

Dhirajlal	*Vishu*	*53,576*	*19,528*	*0.08*	*12,857*	*119*	*13*
Antala	*Govind*	*1,104*	*3,000*	*0.01*	*1,104*	*26*	*1*
Antala	*Vishu*	*1,18,694*	*1,09,728*	*0.3*	*47,983*	*292*	*30*
Antala	*Ashik*	*5,500*	*999*	*0.01*	*999*	*6*	*1*
Antala	*Sagar*	*1*	*1,000*	*0*	*1*	*2*	*1*
Govind	*Ashik*	*3,000*	*28*	*0*	*28*	*2*	*1*
Govind	*Sagar*	*1,900*	*1,500*	*0.01*	*1.500*	*3*	*1*
Vishu	*Ashik*	*4,000*	*468*	*0*	*468*	*7*	*1*
Vishu	*Sagar*	*4,000*	*4,400*	*0.03*	*4,000*	*8*	*1*
Total		***2,79,084***	***1,61,262***	***0.54***	***88,353***	***571***	***65***

xxi. *The whole calculation of percentage of 'Reversal quantity to Market Volume', is incorrect and conveys misleading impression. The correct calculation, based on the data available in the SCN itself, is as follows:*

Client Name (1)	***Client Name (2)***	***Qty. client 2 (Sell) to 1 (Buy)***	***Qty. client 1 (Sell) to 2 (Buy)***	***%0f Reversal Qty. to mkt vol.***	***Sum of Reversal Qty.***	***No. of Reversal trades***	***No. of days of Reversal trades***
Dhirajlal	*Antala*	*80,401*	*16,489*	*0.05*	*16,489*	*98*	*13*
Dhirajlal	*Sunita*	*2,708*	*207*	*0.00*	*207*	*4*	*1*
Dhirajlal	*Govind*	*4,200*	*3,915*	*0.01*	*3,915*	*4*	*1*
Dhirajlal	*Vishu*	*53,576*	*19,528*	*0.05*	*19,528*	*119*	*13*
Antala	*Govind*	*1,104*	*3,000*	*0.00*	*1,104*	*26*	*1*
Antala	*Vishu*	*1,18,694*	*1,09,728*	*0.33*	*1,09,728*	*292*	*30*
Antala	*Ashik*	*5,500*	*999*	*0.01*	*999*	*6*	*1*
Antala	*Sagar*	*1*	*1,000*	*0*	*1*	*2*	*1*
Govind	*Ashik*	*3,000*	*28*	*0*	*28*	*2*	*1*
Govind	*Sagar*	*1,900*	*1,500*	*0.01*	*1500*	*3*	*1*
Vishu	*Ashik*	*4,000*	*468*	*0.00*	*468*	*7*	*1*
Vishu	*Sagar*	*4,000*	*4,400*	*0.01*	*4,000*	*8*	*1*
Total		***2,79,084***	***1,61,262***	***0.47***	***1,57,967***	***571***	***65***

Note :

i. *Total market volume has been worked out on the basis of Tables at Para 8 & 9 of the SCN.*

ii. *The sum of reversal quantity has been worked out on the basis of Tables at Para 17.*

xxii. *Similarly, at Table in Para 18 of the SCN, percentage of 'Reversal quantity to Market Volume', on BSE has been set out. In the Table the said total percentage of all the Noticees is calculated at 0.32%. The Table as set out in Para 18 is extracted hereinbelow:*

Client Name (1)	**Client Name (2)**	**Qty. client 2 (Sell) to 1 (Buy)**	**Qty. client 1 (Sell) to 2 (Buy)**	**%of Reversal Qty. to mkt vol.**	**Sum of Reversal Qty.**	**No. of Reversal trades**	**No. of days of Reversal trades**
Dhirajlal	Antala	27,053	11,700	0.05	8,037	35	6
Dhirajlal	Govind	3,426	1,950	0.01	1,950	2	1
Dhirajlal	Vishu	35,788	58,907	0.09	14,532	40	10
Antala	Govind	2,000	9,156	0.01	2,000	11	1

Antala	Vishu	72,377	26,237	0.11	18,856	57	13
Antala	Ashik	6,501	7,449	0.03	4,451	15	3
Antala	Sagar	3,000	2457	0.01	2,457	6	1
Sajjan	Vishu	334	334	0.00	334	4	1
Govind	Sagar	3,988	2000	0.01	2,000	2	1
Vishu	Ashik	1,744	311	0.00	311	6	1
Vishu	Sagar	5,348	300	0.00	300	16	1
Total		**1,61,589**	**1,21,467**	**0.32**	**55,228**	**194**	**39**

xxiii. *The whole calculation of percentages of 'Reversal quantity to Market Volume', is incorrect and conveys misleading impression. The correct calculation, based on the data available in the SCN itself, is as follows:*

Client Name (1)	Client Name (2)	Qty. client 2 (Sell) to 1 (Buy)	Qty. client 1 (Sell) to 2 (Buy)	% of Reversal Qty. to mkt vol.	Sum of Reversal Qty.	No. of Reversal trades	No. of days of Reversal trades
Dhirajlal	Antala	27,053	11,700	0.03	11,700	35	6
Dhirajlal	Govind	3,426	1,950	0.01	1,950	2	1
Dhirajlal	Vishu	35,788	58,907	0.10	35,788	40	10
Antala	Govind	2,000	9,156	0.01	2,000	11	1
Antala	Vishu	72,377	26,237	0.08	26,237	57	13
Antala	Ashik	6,501	7,449	0.01	6,501	15	3
Antala	Sagar	3,000	2457	0.01	2,457	6	1
Sajjan	Vishu	334	334	0.00	334	4	1
Govind	Sagar	3,988	2000	0.01	2,000	2	1
Vishu	Ashik	1,744	311	0.00	311	6	1
Vishu	Sagar	5,348	300	0.00	300	16	1
Total		**1,61,589**	**1,21,467**	**0.26**	**89578**	**194**	**39**

Note:

i. *Total market volume has been worked out on the basis of Tables at Para 8 & 9 of the SCN.*

ii. *The sum of reversal quantity has been worked out on the basis of Tables at Para 18.*

xxiv. *In view of the aforesaid, the allegation at Para 19 that "From above analysis of synchronized and reversal trades, it is observed that the Noticees by entering into such trades have contributed around 9% to 12 % of the market volume at BSE and NSE………and therefore the Noticees are alleged to have created artificial volume in the scrip of the company", is totally misplaced, in as much as the whole basis of the allegation i.e. the percentages etc., are totally erroneous and are highly inflated. Said flaw is fatal to the allegations in the Notice.*

Deviance from standard format

xxv. *It is submitted that in the present SCN, while setting out the details of alleged execution of synchronized trades SEBI has deviated from its usual and standard format. Typically, the standard format followed by SEBI while alleging the charges of synchronized trades are as follows:-*

Scrip Name	*Trade Date*	*Exchange*	*Trade Time*	*Trade Qty*	*Trade Price*	*Buy Member*	*Buy Client*	*Sell Order number*	*Buy order number*	*Sell order time*	*Buy Order Time*	*Sell Order Qty*	*Buy Order Qty*	*Sell Order Price*	*Buy Order Price*

**(Source SEBI Order dated 12.12.2003Ketan V. Parekh Order)*

xxvi. *However, the said details are not present in the SCN or in the Annexures to the SCN. In the present SCN, while alleging the charge of synchronised trading SEBI had given the details of trades in the following format:*

Date	*Scrip Name*	*Buy Client Name*	*Sell Client Name*	*Sum of LTP difference*	*Sum of LTP difference in %*	*Number of Trades*	*Synchronised Qty*	*% of Client Synchronised Volume to Market Volume*	*% of Client Synchronised Volume to Client Volume*	*Number of Buy Orders*	*Number of Sell Orders*

xxvii. *It is submitted that matching of price, quantity and time are the three criterions of the synchronized trades. When the trade details are given in the aforesaid format as in the present case it not possible for any Noticee to identify whether the trades executed by him/her were synchronised by in absence of following details following:*

a. *Whether the price of the shares so traded were exactly the same ?*

b. *Whether the quantity of the shares so traded were exactly the same ?*

c. *The time gap between buy order time and sell order time.*

xxviii. *In view of the aforesaid, it is evident that while setting out the details of alleged execution of synchronized trades SEBI has deviated from its usual and standard format due to which we are unable to identify whether the alleged trades are actually synchronized.*

xxix. ***Dhirajlal*** *: It is submitted that there is a complete mismatch between the quantity of alleged synchronized trade given in Para 14 of the SCN with quantity of alleged synchronized given in Annexure VI of the Investigation Report. As per Para 14 of the SCN the alleged synchronized quantity executed by us is 4,10,673 shares. However, as per Annexure 6 of the Investigation Report the alleged synchronized quantity with Antala is 19,72,021 shares (see page of 375 of Investigation Report). The said dichotomy is fatal to the allegations levelled in the Notice.*

xxx. ***Vishu*** *: It is submitted that as per Para 14 of the SCN, the alleged quantity synchronized on NSE are 2,90,877 shares, however, in the Annexure VI, the details of our synchronized trades have not been provided by SEBI. Thus, in the absence of details viz., quantity of the trades, counter-parties, price, time, etc. we are severely incapacitated to provide effective reply. In absence of material information adverse inference of executing synchronized trades cannot be drawn against us. Further, in the NSE Trade Log (part of Annexure 7 of the SCN) there is only one Buy Order or one Sell Order number for all the Buy Orders/Sell Orders. The same would be evident from the first page of NSE Trade Log.*

xxxi. ***Sajjan*** *: It is submitted that as per Para 14 of the SCN, the alleged quantity synchronized on NSE are 75,630 shares, however, in the Annexure VI, the details of my synchronized trades have not been provided by SEBI. Thus, in the absence of details viz., quantity of the trades, counter-parties, price, time, etc. I am severely* *incapacitated to provide effective reply. In absence of material information adverse inference of executing synchronized trades cannot be drawn against me. Further, in the NSE Trade Log (part of Annexure 7 of the SCN) there is only one Buy Order or one Sell Order number for all the Buy Orders/Sell Orders. The same would be evident from the first page of NSE Trade Log.*

xxxii. ***Sunita** : It is submitted that as per Para 14 of the SCN, the alleged quantity synchronized on NSE are 1,34,685 shares, however, in the Annexure VI, the details of my synchronized trades have not been provided by SEBI. Thus, in the absence of details viz., quantity of the trades, counter-parties, price, time, etc. I am severely incapacitated to provide effective reply. In absence of material information adverse inference of executing synchronized trades cannot be drawn against me. Further, in the NSE Trade Log (part of Annexure 7 of the SCN) there is only one Buy Order or one Sell Order number for all the Buy Orders/Sell Orders. The same would be evident from the first page of NSE Trade Log.*

xxxiii. ***Govind** : It is submitted that in the Annexure VI, the details of my synchronized trades have not been provided by SEBI. Thus, in the absence of details viz., quantity of the trades, counter-parties, price, time, etc. I am severely incapacitated to provide effective reply. In absence of material information adverse inference of executing synchronized trades cannot be drawn against me. Further, in the NSE Trade Log (part of Annexure 7 of the SCN) there is only one Buy Order or one Sell Order number for all the Buy Orders/Sell Orders. The same would be evident from the first page of NSE Trade Log.*

Half-baked Data provided in support of allegation of execution of Synchronized/ Reversal trades

Synchronized trades on NSE - Annexure VI to the IR

xxxiv. ***Ashik** : It is submitted that the alleged synchronized trades at NSE, i.e. as per Annexure VI of the Investigation Report is only between Antala and Dhirajlal Sanghvi HUF. Admittedly, the trades executed by me during the relevant time are not provided in the said Annexure. Therefore, it cannot be alleged that I had executed synchronized trades at NSE during the relevant period. **Sagar** : In support of allegation of execution of synchronized trades on NSE, Annexure VI to the IR has been provided. It is submitted that the alleged synchronized trades at NSE, i.e. as per Annexure VI of the Investigation Report is only between Antala and DhirajlalSanghviHUF. Admittedly, the trades executed by me during the relevant time are not provided in the said Annexure. Therefore, it cannot be alleged that I had executed synchronized trades at NSE during the relevant period.*

xxxv. ***Dhirajlal** : In support of allegation of execution of synchronized trades on NSE, **Annexure VI to the IR** has been provided.*

xxxvi. ***Dhirajlal** : The data in the said Annexure is totally unintelligible. Inexplicably, the data therein is : (a) totally jumbled up; (b) not date-wise; (c) same dates are getting reflected again and again (For instance 26.8.10 , 5.10.10 – dates are coming again and again in the data), raising grave concerns and doubts about the credibility of data, rendering it unworthy of reliance .*

xxxvii. ***Dhirajlal** : Surprisingly, in the said data(on illustrative basis):*

(i) *the details of Buy /Sell Order numbers are missing;*

(ii) the details of time at which the Buy /Sell Orders have been placed are missing;
(iii) the details of the Buy Order /Sell Order Quantities are missing;
(iv) the allegation of execution of synchronized trades is restricted to Antala Real Broking. There is no allegation of synchronization qua other persons/entities alleged to be connected to us.

xxxviii. ***Dhirajlal and Sagar**: Further, in the NSE Trade Log (part of Annexure 7 of the SCN) there is only one Buy Order or one Sell Order number for all the Buy Orders/Sell Orders. The same would be evident from the first page of NSE Trade Log. The copy of the screenshot of the first page of NSE Trade Log is enclosed as **Annexure "A"***

xxxix. ***Dhirajlal** : Without prejudice to the aforesaid it is submitted that the alleged synchronized trades at NSE, i.e. as per Annexure VI of the Investigation Report is only with one Noticee and not with other 7 Noticees.*

Synchronized trades on BSE - Annexure VII to the IR

xl. *In support of allegation of execution of synchronized trades on BSE Annexure VII to the IR has been provided.*

xli. ***Ashik and Sagar** : The data in the said Annexure is totally unintelligible. In the said Annexure no details i.e. (i) date of the trade (ii) time of the trade (iii) name of the counter party to my alleged synchronized trades are given: raising grave concerns and doubts about the credibility of data, rendering it unworthy of reliance.*

xlii. *The data in the said Annexure is also totally unintelligible. Surprisingly, in the said data(on illustrative basis):*

- *the details of names of Selling entity are missing;*
- *the details of dates on which the purported synchronized trades have been executed are missing*
- *the details of Buy /Sell Order number are missing;*
- *the details of time at which the Buy /Sell Orders have been placed are missing*
- *the details of the Buy /Sell Quantity are missing;*
- *the dates and the names of the counter-parties to my alleged synchronized trades are not given making it extremely difficult for me to analyze the details as which trade executed by me is alleged to be synchronized and who were the counter parties which are allegedly connected to me.*

Reversal trades on NSE - Annexure VIII to the IR

xliii. ***Dhirajlal, Sagar Ashik, Vishu, Sunita and Govind** : In support of allegation of execution of reversal trades on NSE, **Annexure VIII to the IR** has been provided. **Sajjan** : It is submitted that there is no allegation of execution of reversal trades by me on NSE.*

xliv. *The data in the said Annexure is totally unintelligible. Surprisingly, in the said data (on illustrative basis):*

(i) the details of Buy /Sell Order number are missing;
(ii) the details of time at which the Buy /Sell Orders have been placed are missing;
(iii) the details of the Buy /Sell Quantity for which the orders were placed are missing;
(iv) details of total trades of our Counter Party to the alleged reversal trades on a given day is missing.
*(v) **Sagar** : The number of alleged reversal trades are more than the alleged reversal quantity. **Dhirajlal** : The number of alleged reversal trades are more than the alleged reversal quantity. For example on 15.06.2010 the alleged reversal trades are 21 and the alleged reversal quantity is 12 shares. Further, on 07.09.2010 the alleged reversal trades are 7 and the alleged reversal quantity is 1 share. **Vishu** : The number of alleged reversal trades are more than the alleged reversal quantity. For example on 06.08.2010 the alleged reversal trades are 3 and the alleged reversal quantity is 2 shares. Further, on 26.10.2010 the alleged reversal trades are 13 and the alleged reversal quantity is 1 share. Certain dates are repetitive and coming again and again the Annexure, for instance 22.07.2010.*

Reversal trades on BSE - Annexure IX to the IR

xlv. ***Sunita and Govind** : It is submitted that there is no allegation of execution of reversal trades by me on BSE. Others : In support of allegation of execution of reversal trades on BSE, Annexure IX to the IR has been provided. The data in the said Annexure is totally unintelligible. Surprisingly, in the said data (on illustrative basis) :*

i. the details of Buy /Sell Order number are missing;
ii. the details of time at which the Buy /Sell Orders have been placed are missing;
iii. the details of the Buy /Sell Quantity for which the orders were placed are missing;
iv. details of total trades of our Counter Party to the alleged reversal trades on a given day is missing.
*v. **Dhirajlal** : The number of alleged reversal trades are more than the alleged reversal quantity. For example on 01.06.2010 the alleged reversal trades are 3 and the alleged reversal quantity is 1 share. Further, on 17.08.2010 the alleged reversal trades are 8 and the alleged reversal quantity is 1 share. **Sagar** : same dates are getting reflected again and again (For instance 15.07.2010, 29.07.2010 and 24.08.2010– dates are coming again and again in the data). **Sajjan** : The same date is coming again and again in the SCN. For e.g. 15.11.2010.*

xlvi. *Based on the aforesaid sketchy and incomplete details provided in support of allegations of execution of synchronized/reversal trades, it is well-nigh impossible for us to correlate the said data with the purported Order Log and Trade Log, in order to determine its correctness and veracity. Same has put us in a serious* *handicap, since in the absence of crucial particulars (as set out hereinbefore), we have to assume, the data as contained in the Annexures (which are summarization from Trade Log/Order Log) as gospel, which is fraught with enormous risk. Especially, given the fact that the Notice suffers from various factual errors , as stated herein before, in context of trading data analysis.*

xlvii. It is well settled that the authority has to provide complete material relied upon by it in support of the allegations against a noticee, in proper and intelligible form, so as to enable the noticee to contest the allegations. Same is flowing from the well settled principles of fairness and principles of natural justice. In the present matter, the said requirement has been seriously compromised, as half-baked and incomplete data has been provided, defeating the whole purpose of providing the data. Shockingly, in a complete reversal of roles, it is expected of us, as Noticees, to fish/dig out the relevant data from the morass of Trade/Order Log running into countless innumerable pages and to speculatively identify the trades which have been relied on by the Investigating officer, in order to level allegations against us in the Notice. Same is complete mockery of the whole process. In the absence of proper providing of data in support of the allegations, the charges in the Notice cannot sustain and the allegations needs to be dropped.

xlviii. Without prejudice to the aforesaid, following be noted with regard to the alleged execution of synchronized /reversal trades.

<u>Allegation: Execution of Synchronized trades</u>

xlix. In so far as allegation of execution of synchronized trades is concerned following be noted:

<u>Synchronized trades on NSE</u> - <u>Annexure VI to the IR</u>

*l. **Dhirajlal** : As per **Annexure VI to the IR**, which pertains to trades on NSE, the allegation of execution of synchronized trades is restricted to Antala Real Broking. There is no allegation of synchronization qua other persons/entities alleged to be connected to us. **Sagar and Ashik** : As per Annexure VI to the IR, which pertains to trades on NSE, it is submitted that the alleged synchronized trades at NSE, i.e. as per Annexure VI of the Investigation Report is only between Antala and Dhirajlal Sanghvi HUF. Admittedly, the trades executed by me during the relevant time are not provided in the said Annexure. Therefore, it cannot be alleged that I had executed synchronized trades at NSE during the relevant period. **Vishu**, **Sajjan, Sunita and Govind** : As per Annexure VI to the IR, which pertains to trades on NSE, the details of synchronized trades have not been provided*

*li. **Dhirajlal** : Further, the alleged synchronized trades are very minuscule vis a vis our total trade on a given day. For example, our total trades on 04.06.2010 at NSE is around 29 trades (as per the Trade Log) and as per Annexure 6 there is only one synchronized trade executed by us on 04.06. 2010. Similarly, our total trades on 03.09.2010 at NSE is around 32 trades (as per the Trade Log) and as per Annexure 6 there are only three synchronized trade executed by us on 03.09. 2010.*

lii. ***Dhirajlal** : That from the perusal of Trade log and Annexure VI it is evident that Antala was a major trader in the scrip during the Investigation Period. Therefore, probability of our trades matching with Antala would be higher and in that context if our few trades have partly matched with their trade, it cannot be alleged that we had executed synchronised trades with them.*

Synchronized trades on BSE - *Annexure VII to the IR*

liii. *As per **Annexure VII to the IR**, which pertains to the alleged synchronized trades on BSE , it is submitted that as stated herein before the data in the said Annexure is totally unintelligible. Therefore, we are severely incapacitated and handicapped in dealing with the allegations in the said Annexure.*

Allegation regarding Reversal trades

liv. *In so far as allegation of execution of reversal trades is concerned following be noted:*

Reversal trades on NSE - *Annexure VIII to the IR*

lv. ***Dhirajlal** : As per **Annexure VIII to the IR** , which pertains to trades on NSE , the allegation of execution of reversal trades is restricted to following entities viz Antala Real Broking & Impex Pvt Ltd, Vishu Enterprises, Sunita Devi (1 trade) & Govind Kumar (1 trade). **Sagar and Ashik** : As per Annexure VIII to the IR , which pertains to trades on NSE , the allegation of execution of reversal trades is restricted to following entities viz Antala Real Broking & Impex Pvt Ltd, Vishu Enterprises & Govind Kumar. **Vishu** : As per Annexure VIII to the IR , which pertains to trades on NSE, the allegation of execution of reversal trades is restricted to following entities viz Antala Real Broking & Impex Pvt Ltd, Dhirajlal Sanghvi HUF, Ashik Sanghvi, Sagar Sanghvi. **Sajjan** : In so far as allegation of execution of reversal trades on NSE (Annexure VIII to the IR) is concerned, it is submitted that the said allegation does not pertain to me.*

lvi. *(Except Sajjan) : Admittedly the quantum of shares involved in the alleged reversals is exceedingly insignificant, demonstrating that the alleged reversals were mere happenstance and not by design. Notably, in most of the instances cited shares involved are in three digit figures or less and the dates of the alleged trades is widely scattered and there is no pattern.*

lvii. *(Except Sajjan) : Admittedly, it is not the allegation that the alleged reversal trades were synchronized.*

lviii. *(Except Sajjan) : Here it may be appreciated that reversal trades occur when identical buy/sell orders are entered at the same time with same number. As per the SEBI data there is nothing to show that buy and sell orders were placed at same time. Further, as per SEBI data, in none of the alleged reversal our buy/sell order was same as that of the buy/sell order of the counter parties to our trade. In the absence of the same the allegation of reversal trades cannot sustain.*

Reversal trades on BSE - *Annexure IX to the IR* lix. ***Sunita and Govind*** *: In so far as allegation of execution of reversal trades on BSE (Annexure XI to the IR) is concerned, it is submitted that the said allegation does not pertain to me.*

lx. ***Dhirajlal and Sagar****: As per* ***Annexure IX to the IR*** *(which pertains to trades on BSE), the allegation of execution of reversal trades is restricted to following entities viz Antala Real Broking & Impex Pvt Ltd, Vishu Enterprises, Govind Kumar.* ***Ashik*** *: As per Annexure IX to the IR (which pertains to trades on BSE), the allegation of execution of reversal trades is restricted to following entities viz Antala Real Broking & Impex Pvt Ltd and Vishu Enterprises.* ***Sajjan*** *: As per Annexure IX to the IR (which pertains to trades on BSE), the allegation of execution of reversal trades is restricted to only Vishu Enterprises.* ***Vishu*** *: As per Annexure IX to the IR (which pertains to trades on BSE), the allegation of execution of reversal trades is restricted to following entities viz Antala Real Broking & Impex Pvt Ltd, Dhirajlal Sanghvi HUF, Sagar Sanghvi, Ashik Sanghvi, and Sajjan Kumar Nanwal.* ***Sajjan*** *: As per Annexure IX to the IR (which pertains to trades on BSE), the allegation of execution of reversal trades is restricted to only Vishu Enterprises.*

lxi. *(Except Sunita and Govind) : Admittedly the quantum of shares involved in the alleged reversals is exceedingly insignificant, demonstrating that the alleged reversals were mere happenstance and not by design. Notably, in most of the instances cited shares involved are in three digit figures or less and the dates of the alleged trades is widely scattered and there is no pattern.*

lxii. *(Except Sunita and Govind) : Admittedly, it is not the allegation that the alleged reversal trades were synchronized.*

lxiii. *(Except Sunita and Govind) : Here it may be appreciated that reversal trades occurs when identical buy/sell orders are entered at the same time with same number. As per the SEBI data there is nothing to show that buy and sell orders were placed at same time. Further, as per SEBI data, in none of the alleged reversal our buy/sell order was same as that of the buy/sell order of the counter parties to our trade. In the absence of the same the allegation of reversal trades cannot sustain.*

<u>Synchronised /Reversal trades – when illegal and factors to be taken into account.</u>

lxiv. *With regard to synchronized/reversal trades, your attention is invited to the following observations of the Hon'ble Courts:*

<u>Ketan Parekh vs SEBI – SAT Appeal No 2 of 2004 (Order dated 14.7.2006)</u>

" 21……… Merely because a trade was crossed on the floor of the stock exchange with the buyer and seller entering the price at which they intended to buy and sell respectively, the transaction does not become illegal. A synchronised transaction even on the trading screen between genuine parties who intend to transfer beneficial interest in the trading stock and who undertake the transaction only for that purpose and not for rigging the market is not illegal and cannot violate the regulations. As already observed 'synchronisation' or a negotiated deal ipso facto is not illegal. <u>A synchronised transaction will, however, be illegal or violative of the Regulations if it is</u> ***<u>executed with a viewto manipulate</u>*** *<u>the market or if it</u>* ***<u>results in circular trading</u>*** *<u>or is</u>* ***<u>dubious in nature</u>*** *<u>and is</u>* ***<u>executed with a view</u>*** *<u>to avoid regulatory detection or does not involve change of beneficial ownership or is</u>* ***<u>executed to create false volumesresulting in upsetting the market equilibrium</u>****<u>. Any transaction</u>* ***<u>executed with the intention</u>*** *<u>to defeat the</u>*

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)

SEBI vs Kishore Ajmera {(2016) 6 SCC 368}

" 22. 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****.*

26. ……….. The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned. Prosecution Under Section 24 of the Act for violation of the provisions of any of the Regulations, of course, has to be on the basis of proof beyond reasonable doubt. ***The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors.*** *"* (emphasis supplied)

lxv. *From the aforesaid observations, it is clear that execution of synchronized trades is not per se illegal. Intention of the parties executing the same has to be seen. The said intention can be inter alia gathered from various attending circumstances/factors surrounding the trading. Viewed in this context, it is crystal clear that the allegations levelled in the SCN, betray holistic appreciation of various attending circumstances/factors surrounding the trading. For instance, following crucial and critical aspects, which go to the root of the matter, have been glossed over:*

i. *Our trading track-record in the securities market, wherein we had been trading in various scrips, including the scrip of Kaveri in healthy quantums. Our trading quantums in the scrip of Kaveri are totally compatible with our normal trading in various scrips . Further, we had traded in the scrip of Kaveri, prior to Investigation period , during the Investigation period and post the Investigation period. It is not the case that we had traded only during the Investigation period.*

ii. The Company in question, as also borne out by the disclosures made by it to the stock exchanges at the relevant time, was a robust company with healthy and sound financials. Further, the Company had been consistently making various positive corporate announcements, much prior to the Investigation period and also continued to make the positive corporate announcements during the Investigation period and even thereafter also. Factum of making of corporate announcements by the Company and the positive financial results, is also borne out by the findings in the IR. The positive corporate announcements made by the Company were infact responsible for the increased trading , liquidity and positive movement in the price during the relevant period.

iii. It is not the case that price and volumes in the scrip started increasing only during the investigation period. Record will bear out that, even prior to the investigation period, both the price and volumes in the scrip were in the upward mode and had substantially increased. The scrip was reasonably liquid. In fact the, alleged progressive increase in the price and volumes in the scrip during the investigation period was not something unusual or abnormal. In fact, the same was in consonance with the immediate past movement of the price and volumes in the scrip and was nothing, but natural progression.

iv. There are no inter se fund transactions amongst the alleged group entities. Even there is no allegation to this effect in the Notice.

v. There are no inter se off market transfer of shares amongst the alleged group entities. Even there is no allegation to this effect in the Notice.

vi. No motive has been attributed for creating alleged artificial volumes in the scrip, which was reasonably liquid at the relevant time.

vii. Conditions prevailing in the market at the relevant time, in so far as the trading in the scrip of the Company is concerned, were favorable. The sentiment was positive, since the Company was performing well and same was also reflected in the positive corporate announcements made by the company. The scrip was attractive.

viii. No allegation, that the Noticee did not have any financial bandwidth to trade in the quantums in which the Noticee has traded.

ix. No allegation that trading by the Noticee in the scrip was incompatible with the trading by the Noticee in other scrips.

x. No allegation that the Noticee (or the alleged group entities) are in any manner connected to the Promoters of the Company or the Company itself.

xi. No allegation that there was any circular trading amongst the alleged group entities. In fact, the IR confirms that there was no circular trading amongst the alleged group entities.

xii. Given the quantum of trading of the Noticee, stray execution of alleged synchronized trades was by chance and not by design.

xiii. IR confirms that the alleged reversal trades were not substantial and were thus miniscule –which also demonstrates that the same were by chance and not by design and had nothing to do with the alleged creation of artificial volumes.

xiv. Based on the analysis of the same trading data, BSE has concluded that "The trading among the group was not synchronized. No specific pattern *of circular/reversal trading was observed". The said finding also supports and fortifies our stand. In all fairness, due weightage has to be given to the said finding also.*

lxvi. It may also be appreciated that:

i. *The examination of the quality of evidence in support of the charge and the balancing of possibilities for and against the person charged has to be done keeping in forefront the presumption of innocence or honesty of the person charged till proved guilty.*

ii. *Mere suspicions, conjectures and hypothesis cannot take the place of evidence as provided in the Indian Evidence Act. In all fairness, serious allegations of PFUTP violations cannot be levelled on the basis of mere surmises and conjectures as has been done in the instant case.*

iii. *SEBI has failed to discharge the burden of proof or the standard of proof incumbent upon it to sustain the grave and serious allegations, having far reaching adverse civil consequences.*

lxvii. It is reiterated that all our trading was bonafide and since we have not violated any of the provisions of the SEBI Act or PFUTP Regulations as alleged, we are not liable for any penalty as contemplated under section 15HA. While considering our submissions it may be noted that we have not made any unfair gains or gained any unfair advantage and we have also not caused loss to investors or anybody.

Prayer

lxviii. From the facts as set out hereinbefore, it is evident that no case is made out against us and we have unfairly been roped in and embroiled in the proceedings. In light of the submissions made, it is prayed that the charges in the SCN be dropped and no penalty be imposed.

17. Noticee 1 (Antala) and Noticee 9 (Babubhai) vide their letters dated December 11, 2020 (sent through email dated December 14, 2020) had inter alia submitted that Annexures 8 to 16 to the SCN were not provided to them. Vide letter dated December 15, 2020 the Annexures 8 to 16 were sent to the above Noticees in a CD. However, the same could not be delivered at the addresses of Noticee 1 and 9. The letter sent to Noticee 9 was attempted to be delivered at his address through SEBI-Western Regional Office, however the same was returned back with the noting : "*We could not deliver the CD as some other person residing at the address. Further, person staying there refused to accept the documents*". Subsequently, also vide email dated December 30, 2020 to Noticee 9, he was advised to confirm his current postal address and also to inform the AO in case of any change in his address of communication. However, no reply was received from Noticee 9. Further, email dated

December 24, 2020 was sent to Noticee 1 at its email id – antalarealbroking@gmail.com asking it to confirm its current postal addres so that annexures requested by it could be resent to it. However, no response was received from it. Thereafter, vide email dated December 30, 2020, Noticee 1 was once again revert back to the request vide aforesaid email dated December 24, 2020 for confirming its postal address, however no response was received from it. Vide letter dated June 22, 2021, CD containing the annexures 1 to 16 were once again sent to Noticee 1 (address 1 : 4, B/h Krishna Nagar Bus stand, Nr. Shree Ratan Complex, Nava Vadaj, Ahmedabad – 380013; address 2 : 6, Shree Ratna Complex, Akhbar nagar Road, Nava vadaj, Ahmedabad – 380013) and Noticee 9 (address 1 : 4, B/h Krishna Nagar Bus stand, Nr. Shree Ratan Complex, Nava Vadaj, Ahmedabad – 380013). These addresses were provided by the Noticees themselves (Babubhai's email dated September 26, 2020 and June 23, 2021; Antala's email dated September 09, 2020) during the adjudication proceedings, however the same returned undelivered with the noting – "The entity could not be located in the address". In view of the above, I note that Noticee 1 and 9 have not been transparent in providing their actual communication address during the adjudication proceedings. Thereafter, vide emails dated June 22, 2021, Noticee 1 and 9 were once again provided the Annexures 8 to 16 to the SCN. Further, the Noticees were granted opportunity of personal hearing on June 29, 2021. Vide email dated June 24, 2021, Noticee 1 and 9, now after a prolonged silence, requested for adjournment of the hearing scheduled on June 29, 2021 and stated that they need time of 15 days for the hearing in the matter and accordingly requested for a new date of hearing. Vide email dated June 25, 2021, the said Noticees were granted a final opportunity of hearing on July 15, 2021. I note that Noticee 1 and 9 did not appear for the hearing on July 15, 2021. Vide emails dated July 29, 2021 Noticee 1 and 9 (received from the same email id - antalarealbroking@gmail.com) made additional reply in the matter. No request for hearing was made by the above Noticees. I note that the additional submissions made by Noticee 1 and 9 are similar to the additional submissions made by Noticee 2 to 8 as elaborated in previous paragraph no. 16.

18. In view of several discrepancies in the data/SCN pointed out by the Noticees, vide letter dated December 06, 2021, certain changes in the SCN as follows were communicated to the Noticees.

a. The tradelog for NSE (Annexure 7 of the SCN) is being replaced with enclosed Annexure 7-a (in CD).

b. In paragraph 13 of the SCN, the following table (the details of synchronised-trades entered by the Noticees on NSE) shall replace the earlier table –

Gross Buy Qty of suspected entities	Gross Sell Qty of suspected entities	Gross Total	Total traded qty among the suspected entities	Synchronized traded qty by suspected entities	Sync Trades as % of total traded qty among the suspected entities	sync Trades as % of Total market volume	Sum of LTP at Sync Trades (Rs.)
53,00,722	52,93,999	1,05,94,721	33,76,156	19,41,150	57.46	11.97	41.65

c. In paragraph 14 of the SCN, the following table (the entity wise synchronised-trade details of the Noticees within the group on NSE) and detailed description shall replace the earlier table and details –

Name of the entity	No of Sync trades as a buyer	Synchronised Qty as a buyer	Sum of LTP Diff as a buyer (In Rs.)	Sum of % of Synchronized Vol. to Client's Buy Vol.	% of Synchronized Vol. to Mkt. Vol.
Antala	268	5,31,337	4.25	47.60	3.27
Ashik	14	36,484	4.1	21.68	0.23
Babubhai	22	62,078	-0.2	57.91	0.38
Dhirajlal	161	3,91,254	7.2	27.96	2.41
Govind	119	2,60,940	1.5	70.15	1.61
Sagar	112	1,68,265	11.45	46.56	1.04
Sajjankumar	31	73,980	4.3	69.14	0.46
Sunita	41	1,31,484	1.4	58.93	0.81
Vishu	126	2,85,328	7.65	19.73	1.76
Grand Total	**894**	**19,41,150**	**41.65**	**36.62%**	**11.97**

From above, it is observed that 57.46% of the trading amongst the Noticees was synchronized which accounts for 11.97% of the market volume on NSE. The entity wise synchronised-trades as buyer are in the range of 19.73% to 70.15% of their individual buy volume.

d. In paragraph 14 of the SCN, Annexure 9 of the SCN is being replaced with the enclosed Annexure 9-a.

e. In paragraph 16 of the SCN, the following table (the entity wise synchronised-trade details of the Noticees within the Group on BSE) shall replace the earlier table–

Name of entity	No of Sync trades as a buyer	Synchronised Qty as a buyer	Sum of LTP Diff as a buyer (In Rs.)	Sum of % of Synchronized Vol. to Client's Buy Vol.	% of Synchronized Vol. to Mkt. Vol.
Sajjan	23	71,023	0.7	59.91	0.41
Govind	62	1,94,547	7.3	56.01	1.13
Babubhai	18	50,407	-0.3	45.41	0.29
Antala	168	5,63,787	-17.65	42.77	3.28
Sagar	52	1,30,219	-3.05	36.07	0.76
Sunita	9	35,050	0.5	26.58	0.2
Ashik	17	43,448	0.5	24.41	0.25
Dhirajlal	74	2,70,514	-0.2	23.04	1.57
Vishu	85	2,43,546	16.65	16.56	1.42
Total	**508**	**1602541**	**4.45**	**30.75**	**9.32**

f. In paragraph 16 of the SCN, Annexure 10 of the SCN is being replaced with the enclosed Annexure 10-a.

g. In paragraph 17 of the SCN, the following table (the details of reversal trades executed by the Noticees within the Group on NSE) shall replace the earlier table–

Client Name (1)	Client Name (2)	Qty. client 2 (Sell) to 1 (Buy)	Qty. client 1 (Sell) to 2 (Buy)	% of Reversal Qty. to mkt vol.	Sum of Reversal Qty.	Sum of no. trades between entities on the days on which reversal has happened	No. of days of Reversal trades
Dhirajlal	Antala	80,401	16,489	0.09	15,291	98	13
Dhirajlal	Sunita	2,708	207	0.001	207	4	1
Dhirajlal	Govind	4,200	3,915	0	3,915	4	1
Dhirajlal	Vishu	53,576	19,528	0.08	12,857	119	13
Antala	Govind	1,104	3,000	0.01	1,104	26	1
Antala	Vishu	1,18,694	1,09,728	0.3	47,983	292	30
Antala	Ashik	5,500	999	0.01	999	6	1
Antala	Sagar	1	1,000	0	1	2	1
Govind	Ashik	3,000	28	0	28	2	1
Govind	Sagar	1,900	1,500	0.01	1,500	3	1
Vishu	Ashik	4,000	468	0	468	7	1
Vishu	Sagar	4,000	4,400	0.03	4,000	8	1
Total		**2,79,084**	**1,61,262**	**0.54**	**88,353**	**571**	**65**

h. Annexure 11 of the SCN (the summarized data of reversal trades on a daywise basis on NSE) is being replaced with the enclosed Annexure 11-a.

i. In paragraph 18 of the SCN, the following table (the details of reversal trades executed by the Noticees within the Group on BSE) shall replace the earlier table–

Client Name (1)	**Client Name (2)**	**Qty. client 2 (Sell) to 1 (Buy)**	**Qty. client 1 (Sell) to 2 (Buy)**	**% of Reversal Qty. to mkt vol.**	**Sum of Reversal Qty.**	**Sum of no. of trades between entities on the days on which reversal has happened**	**No. of days of Reversal trades**
Dhirajlal	Antala	27,053	11,700	0.05	8,037	35	6
Dhirajlal	Govind	3,426	1,950	0.01	1,950	2	1
Dhirajlal	Vishu	35,788	58,907	0.09	14,532	40	10
Antala	Govind	2,000	9,156	0.01	2,000	11	1
Antala	Vishu	72,377	26,237	0.11	18,856	57	13
Antala	Ashik	6,501	7,449	0.03	4,451	15	3
Antala	Sagar	3,000	2,457	0.01	2,457	6	1
Sajjan	Vishu	334	1,000	0.00	334	4	1
Govind	Sagar	3,988	2,000	0.01	2,000	2	1
Vishu	Ashik	1,774	311	0.00	311	6	1
Vishu	Sagar	5,348	300	0.00	300	16	1
Total		**1,61,589**	**1,21,467**	**0.32**	**55,228**	**194**	**39**

j. Annexure 12 of the SCN (the summarized data of reversal trades on a daywise basis on BSE) is being replaced with the enclosed Annexure 12-a.

19. The Noticees were advised to submit their reply/comments latest by December 20, 2021. However, no reply was received from the Noticees. Further, the letter sent to Noticee 1 and 9 returned undelivered from their addresses. Accordingly, vide email dated December 21, 2021, the scanned copy of letter dated December 06, 2021 along with its annexures (except annexure 7a- tradelog from NSE) was sent to Noticee 1 and 9. Further, Noticee 1 and 9 were intimated that Annexure 7a could not be attached in email due to size constraints, and the same could be collected from the Office of the AO on or before December 28, 2021. Vide email dated February 08, 2022, the Noticees were granted final opportunity to submit their reply, if any, latest by February 11, 2022. Vide emails dated February 11, 2022, Noticees 2 to 8 requested to be granted additional two weeks of time to file their reply. In response, vide emails dated February

11, 2022, the request of the Noticees seeking two weeks of time to submit reply was acceded.

20. Noticee 6 (Dhirajlal) vide letter dated February 23, 2022 (sent vide email dated February 23, 2022) made submissions and inter alia requested for an opportunity of personal hearing. Accordingly, Noticees 6 to 8 (i.e. Dhirajlal, Sagar and Ashik) were granted an opportunity of personal hearing on February 28, 2022. However, the said Noticees failed to appear for the hearing scheduled on February 28, 2022. In this regard, Noticee 6 was contacted through telephone, during which Noticee 6 requested for adjournment of the hearing and requested for another date of hearing. As per the request of the Noticee 6 to 8, they were granted another opportunity of hearing on March 07, 2022. Vide email dated March 03, 2022, Sagar and Ashik also made submissions wherein the main contentions were identical to the Dhirajlal's reply dated February 23, 2022. Noticee 1 (Antala) vide letter dated February 26, 2022 also filed its response to the letter dated December 06, 2021, which was also similar to the aforesaid reply dated February 23, 2022 of Noticee 6 (Dhirajlal). The main contentions made in the aforesaid replies of Noticee 1, 6, 7 and 8 are summarized as follows –

i. SCN was issued to the Noticees on February 27, 2015 for which the replies were made in July 23, 2015 and August 14, 2015. Subsequently Order was passed on June 29, 2018. Aggreived by the said Order, they had challenged the same before Hon'ble SAT, wherein vide Order dated February 19, 2020, the matter was remanded to the AO. They were issued a second SCN in the matter on June 10, 2020. In this regard, they had filed their replies on November 22, 2020, December 08, 2020 and on December 15, 2020 they were provided the annexures in a CD. They filed additional submissions in December, 2020. Vide letter dated December 06, 2021, Noticees were informed that that the Second SCN issued on June 10, 2020 suffers from errors and data needs to be replaced with new data in certain Paragraphs of the said Second SCN viz. Paras 13, 14, 16,17,18 and certain Annexures.

ii. It was submitted that data cannot keep changing with every Notice/letter and they being subjected to replying multiple times to the revised notices.

iii. Further changes in the Second SCN, pertaining to the data, raises serious question marks about the sanctity and integrity of the data relied upon in the SCN, which, frequently keeps changing, every time they file reply in the matter.

iv. The reasons for the continuous changes being made in the multiple SCNs have not been indicated.

v. When matter was remanded back to AO, instead of supplying the data and continuing the proceedings from that stage, illegally fresh show cause notice in the form of Second SCN was issued in complete breach of Hon'ble Tribunal's directions. Admittedly, the directions issued by Hon'ble Tribunal were very limited and restricted viz. to decide the matters afresh after supplying the relevant material (trade logs, order logs, investigation report, etc). Issuance of fresh show cause notice was not envisaged in the directions issued by Hon'ble Tribunal.

vi. It was submitted that both viz. Second SCN and the present letter dated 6.12.21 -which has modified the Second SCN, have been issued in total breach of directions of the Hon'ble Tribunal and are therefore illegal and the same could not have been issued and the same be withdrawn.

vii. It was submitted that with regard to the observations in contained in Para 2 (a), Para 2 (b), Para 2 (c), Para 2 (e), Para 2 (g), Para 2 (h), Para 2 (i) and 2 (j) of the letter dated December 06, 2021 they repeat, reiterate and confirm the submissions made vide their earlier replies.

viii. Further, with regards to charts containing synchronized trading details of the Noticees at NSE (Annexure 9-a) and BSE (Annexure 10- a), nothing has been spelled out as to:

1. which are the alleged synchronized trade which got executed within a time gap of one minute during the Investigation Period;

2. details of pending buy/sell orders when the impugned buy/sell orders were placed by me;

3. the price at which the pending buy/sale orders were placed;

ix. Further, Noticee 1, 6, 7 and 8 on an illustrative basis explained the synchronized trades on few dates and inter alia submitted that the alleged few synchronized trades was a sheer coincidence as opposed to being executed intentionally or by designedly.

21. Subsequently, a personal hearing was conducted in respect of Noticee 6 to 8 on March 07, 2022, wherein Mr. Vinay Chauhan and Mr. K C Jacob, authorized representatives (AR) appeared of the aforesaid Noticees.The AR reiterated the submissions made earlier by the Noticees (Dhirajlal Sanghvi HUF, Sagar D Sanghvi, and Ashik D Sanghvi) which are available on record. The AR request for opportunity to make post hearing submissions and in this regard, time till March 11, 2022 was granted. The hearing in the matter was concluded. Vide email dated March 14, 2022, Dhirajlal requested for extension of time to make post hearing submisions. In this regard, vide email dated March 14, 2022, the said Noticee ws granted time till March 17, 2022 to make its submissions. Thereafter, vide letter dated March 19, 2022 sent vide email dated March 21, 2022, Dhirajlal made post hearing submissions. The main contentions made therein are summarized as follows –

i. We repeat, reiterate, and confirm the submissions made vide our earlier replies/submissionsdated 23.7.15, 2.12.20,19.12.20, 23.2.22 etc in the matter.

ii. We reiterate that our trading was totally independent of trading by others in the market, including the alleged connected entities and they being counter parties to our trades was totally incidental and not by design.

iii. Reliance is placed on the judgement of Hon'ble Tribunal in the matter of Mr. Babubhai Desai. V SEBI (SAT Appeal No 81 -Order dated 2014) with regard to trading in other scrips.

iv. The data provided vide letter dated 06.12.2021 is at variance with the data contained in the Investigation Report. For instance, in the SCN dated June 10, 2020 at Para 14 wherein details pertaining to alleged synchronised trades were provided, the column in the Table stated "Synchronised Qty". Same has been now, in the letter dated 6.12.21, altered to "Synchronised Qty as a buyer". There is not even a whisper of explanation as to reason for the said alteration in the data.

v. Certain submissions regarding synchronized trades made vide reply dated February 23, 2022 were reiterated.

vi. Additionally, it may be appreciated that SEBI cannot in the name of providing data, dump the whole order log and trade log, running into thousands of pages pertaining to trades carried out by all the investors in the market and claim that the data has been provided in compliance with the directions of the Hon'ble Tribunal.

vii. Reliance was placed on the judgement of Hon'ble Supreme Court in the matter of Canara Bank v. Debasis Das (2003) 4 SCC 557.

viii. Noticee on an illustrative basis explained the synchronized trades on few dates (04.06.2010, 08.07.2010, and 10.08.2010), and inter alia submitted that there were multiple counterparties to their trades, and further allegation of synchronized trade volume was insignificant compared to their trading volume on those days.

ix. It was submitted that the alleged profit calculation was totally flawed. SEBI has reckoned all the trading which was in the nature of square-off trades for the purpose of profit calculation .Admittedly, only the trades which are in the nature of synchronised trades or reversal trades are the tainted trades as per the Notice. Therefore, the profits (if any) arising out of square off trades -which are not in the in the nature of synchronised trades or reversal trades, cannot be reckoned for the purpose of calculation of alleged unfair profits. Undisputedly, square-off trading is legally permissible and there is no embargo on the same. Therefore the whole calculation is erroneous, since it, inter alia fails to segregate the tainted trades from the untainted trades and sweepingly includes, virtually, all the trades executed by us during the relevant investigation period.

x. They had been trying to submit the calculation of profits/loss incurred by us while trading in the scrip of Kavveri during the Investigation Period. However, since the data pertains to quite an old period i.e. 2010, it is taking more time than anticipated because it is difficult and time consuming for their Auditors/ Accounts Department to access the old records and data. Based on data given in the SCNs we submit the following calculation for your kind consideration.

xi. Based on the alleged synchronised trades(as now quantified in the letter dated 6.12.21), taking the Weighted Average Buy Price and Weighted Average Sell Price as per the SCN, the alleged profit would be as follows:

(in Rs)

	Quantity of alleged synchronised trades	Wt. Avg Buy Price (in Rs)	Wt. Avg Sell Price (in Rs)	Difference in Buy & Sell Price (in Rs)	Alleged Profit/loss (in Rs)
NSE	3,91,254	127.90	126.92	(-0.98)	-3,83,282.92
BSE	2,70,514	125.68	129.29	3.61	9,76,555.54

Note:

(i) Alleged synchronised quantity NSE- Refer Para 2(c) of SEBI Letter dated 6.12.21

(ii) Alleged synchronised quantity BSE- Refer Para 2(e) of SEBI Letter dated 6.12.21

(iii) Weighted Average Buy Price and Weighted Average Sell Price are taken from the Table at Para 28 & 29 of the SCN dated 10.6.20- since , at this distance of time(i.e. around 12 years) we do not have the data relating to price etc.

CONSIDERATION OF ISSUES AND FINDINGS

22. The issues that arise for consideration in the present case are:

(a) Whether the Noticees were connected with other members of the group as alleged?

(b) Whether Noticee 1 and 2 viz. M/s Antala Real Broking & Impex Private Limited and M/s Vishu Enterprises through its proprietor Shri Vishwanath Hetram Varma have violated the provisions of Regulation 3(a), (b), (c), (d) and 4(1), 4(2)(a), (b), (e) and (g) of PFUTP Regulations by executing Synchronised and Reversal trades with other Noticees of the group thereby contributed in creation of artificial volume and by indulging in price rise by entering buy/ sell orders at a higher price than the last traded price and by entering buy/ sell order at a New high price and first trade of the day than the existing market price, in the scrip?

(c) Whether the Noticee 3 to 9 viz. Shri Sajjankumar Nanwal, Ms Sunitadevi Sajjan Nanwal, Shri Govind Kumar Varma, M/s Dhirajlal Sanghvi HUF, Shri Sagar Dhirubhai Sanghvi, Shri Ashik Dhirajlal Sanghvi and Shri Babubhai Desai have violated the provisions of Regulation 3(a), (b), (c), (d) and 4(1), 4(2)(a) and (g) of PFUTP Regulations by executing Synchronised and Reversal trades with other Noticees of the group and, thereby, contributed in creation of artificial volume?

(b) Do the violations, if any, on the part of the Noticees attract monetary penalty under sections 15HA respectively of SEBI Act?

(a) If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in section 15J of SEBI Act?

23. Before moving forward, it will be appropriate to refer to the relevant provisions of PFUTP regulation which reads as under:

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

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

(b) dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or

cause fluctuations in the price of such security for wrongful gain or avoidance of loss;

…..

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

…..

(g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;

……..

24. Before moving forward, I note that Noticees have raised the preliminary issue with regard to the supply of documents. I note that the Noticees in their initial replies have contended that they have not been provided with the Order log for the scrip of Kavveri (Annexure 8 to the SCN). Noticees 6 to 8 had contended that they had also not received Annexures 8 to 15. In this regard, I note that the entire Annexures 1 to 17 to the SCN were provided to the Noticees along with the SCN in a CD. At the request of the said Noticees 6 to 8, they were once again provided with Annexures 8 to 15 in a CD on December 09, 2020. Similarly, Noticees 2 to 5 were provided with the Annexures 8 to 16 in a CD on December 19, 2020. Noticees 1 and 9 were also provided with Annexures 8 to 16 vide emails dated June 22, 2021. Subsequently, additional submissions to the SCN have been made by the Noticees. I also note that the Noticees have contended that the tradelog from NSE has the same value for all the buy/sell order numbers. The Noticees have also contended that (i) the data in the tradelog does not provide the details of Buy Order Quantity / Sell Order Quantity, (ii) the data does not provide the details of pending buy/sell orders at the relevant time when the impugned buy/sell orders were placed by them and also the price at which the pending sale orders were placed, and, (iii) No segregation of data pertaining to their trades and the data pertaining to their counter parties specifically has been done. Noticees have submitted that data made available is half baked and it severely incapacitates them to deal with the

allegations and hence no reliance can be placed on the said data in order to draw adverse inferences against them for alleged Synchronised Trades and Reversal Trades. In this regard, considering the disputes raised by the Noticees, I note that the tradelog from NSE was provided afresh to the Noticees vide letter dated December 06, 2021. Further, I note that the tradelogs from BSE and NSE contain all the relevant fields related to buy/sell order time, trade time, buy/sell quantities etc, thus the data is not half-baked as wrongly argued by the Noticees. Therefore, I find no merits in the above contentions of the Noticee.

25. Noticees have contended that there has been inordinate and unexplained delay of 10 years on part of SEBI in issuing the SCN. In this regard, I note that a Show Cause Notice dated February 27, 2015 was issued to the Noticees by the erstwhile Adjudicating Officer, and after perusal of the facts and evidences, the Adjudicating Officer had passed two separate orders dated June 29, 2018 imposing individual penalties on the 9 Noticees in the matter. The said orders were challenged before the Hon'ble SAT by the Noticees and vide order dated February 19, 2020 Hon'ble SAT, set aside the aforesaid orders of the Adjudicating Officer and remitted the matter back to the Adjudicating Officer to decide the matters afresh after supplying the relevant material, namely, trade logs, order logs, investigation report, etc. Further, in compliance order dated February 19, 2020 of Hon'ble SAT, all the relevant material including the complete trade log, order log, investigation report etc were provided to the Noticees as annexures to the SCN. Consequently, the present adjudication proceedings have ensued. Thus, I note that the matter has been ongoing and there is no delay in the present adjudication proceedings. I also note that Noticees were provided sufficient opportunities at their request, as described previously, for submitting reply and personal hearing in the matter. Further, I would like to rely upon the judgement of Hon'ble SAT in the case of *Ravi Mohan & Ors. vs. SEBI* (SAT Appeal No. 97 of 2014, DoD 16/12/2015) wherein it was held that : -

“....................Based on decision of this Tribunal in case of HB Stockholdings Ltd. vs. SEBI (Appeal no.114 of 2012 decided on 27.08.2013) it is contended on behalf of the appellants that in view of the delay of more than 8 years in issuing the show cause notice, the impugned order is liable to be quashed and set aside. There is no merit in this contention, because, this Tribunal while setting aside the decision of SEBI on merits has clearly held in para 20 of the order, that delay itself may not be fatal in each and every case. Moreover, the Apex Court in case of Collector of Central Excise, New Delhi vs. Bhagsons Paint Industry (India) reported in 2003 (158) ELT 129 (S.C) has held that if there no statutory bar for adjudicating the matter beyond a particular date, the Tribunal cannot set aside the adjudication order merely on the ground that the adjudication order is passed after a lapse of several years from the date of issuing notice..................”

Further, I note that the Noticees are aware of the present proceedings as SCNs were issued in 2015 itself. The Noticees have also not mentioned how they are prejudiced despite being aware of the actions initiated against them by SEBI. Also, I note that though the Noticees contend delay on the part of SEBI, however they fail to offer replies / attend hearings despite opportunities being given to them. The conduct of the Noticees and their contention that the proceedings are delayed do not go well with each other.

26. I note that the Noticees have contended that issuance of show cause notice post remand of the matter by the Hon’ble SAT was illegal and the same be withdrawn. In this regard, I note that the second show cause notice has been issued carrying along with it all the annexures including the entire investigations report with annexures in pursuance to the directions of the Hon’ble SAT. The SCN and the investigations report are in tandem with each other. Later on when certain discrepancies were pointed out the same were rectified. Thus, I note that care has been taken to ensure the SCN along with all the annexures relied upon are supplied to the Noticees in compliance with the principles of natural

justice. In this regard, I note that in the earlier and the present show cause notice, all the data and allegations are the same, and no fresh charges has been levied aginst the Noticees. In this regard, I rely on the order of the Hon'ble SAT in the matter of *Vasudev Ramchandra Kamat vs SEBI* (Appeal No. 287 of 2020, Order dated January 19, 2021), wherein the Hon'ble SAT has held that – "*6. The learned counsel for the appellant contended that when a show cause notice had earlier been issued, there was no occasion for the AO to issue a fresh show cause notice on December 4, 2019 and thus contented that the issuance of the second show cause notice is illegal and therefore the entire proceedings should be quashed. In this regard, we are of the opinion that when the Tribunal set asides the order of the AO and remits the matter to the AO to decide the matter afresh, the AO is required to proceed on the basis of the material available on the record pursuant to the show cause notice which had already been issued. There is no requirement to issue another show cause notice. However, in the instant case, by issuance of a fresh show cause notice, the proceedings are not vitiated in as much as we find that in the fresh show cause notice the earlier charge was reiterated and no fresh charges are levied against the appellant. Consequently, we treat this show cause notice as only a notice of intimation to the appellant fixing the date for hearing in the matter.*"

27. The Noticees have also contended that the SCN was modified vide the letter dated December 06, 2021 issued to them. It was contended that the reasons for the continous changes have not been indicated. The Noticees have contended that they had to file multiple replies due to such change of data. In this regard, I note that the letter dated December 06, 2021 was issued to the Noticees as the Noticees only had pointed out several errors/discrepancies in the data in the SCN (paragraphs 13, 14, 16, 17 and 18 of the SCN) and the annexures including the tradelog of NSE. In order to address the said discrepancies, letter dated December 06, 2021 providing the correct figures along with annexures was issued to the Noticees. Further, the Noticees were provided opportunity to file replies and for hearing subsequently. Thus, on the

one hand the Noticees have contended certain discrepancies in the data and when attempted to rectify the same, the Noticees argue on multiple replies to be filed. I note that for want of supplying complete data only the Hon'ble SAT has remanded the matter back to the AO. Therefore, in the above background and more so in light of the arguments of the Noticees on the data, keeping the principles of natural justice in mind, it is necessary to supply correct data to the Noticees. Thus, I note that there is no merits in the arguments.

28. Having decided the preliminary issues raised by the Noticees, now I proceed to deal with the merits of the matter.

29. Investigation observed that a group of clients, who were connected to each other, were the major clients dealing in the scrip during the investigation period. The basis of connection was observed as follows:

Table - 1

Sr. No.	Name	Address	Phone	Email	Connections
1	Dhirajlal V Sanghvi HUF (Dhirajlal)	No A-14 Tirthbhumi Apartments Near LalGarden Ellisbridge Ahmedabad Gujrat India 380006	9825317172 079-26565266	Sanghvifincap@gmail.com	Common address with Sr. No. 2,3 and father of Ashik & Sagar Sanghvi; Director in Sanghvi Fincap Ltd (common with Sr. No. 4); Common Phone No. with Sr. No. 3,4,5,6,7,8.
2	Sagar D Sanghvi (Sagar)	No A-14 Tirthbhumi Apartments Near Lal Garden Ellisbridge Ahmedabad Gujrat India 380007	9979150828	Sanghvifincap@gmail.com	Son of Dhirajlal Sanghvi Common address with 1 and 3, common email id. Authorised Sajjankumar Nanwal (sr.no 4) to trade a/c with HSBC and mentioned as cousin in the authorisation letter.
3	Ashik D Sanghvi (Ashik)	No A-14 Tirthbhumi Apartments Near Lal Garden Ellisbridge Ahmedabad Gujrat India 380008	9825317172	Sanghvifincap@gmail.com	Common address with Sr. No. 1, 2;Son of Dhirajlal Sanghvi; common phone No. with Sr. No. 1,3,4,5,6 7,8
4	Sajjankumar Nanwal (Sajjan)	D 176,Padmavati Society,Naroda, Ahmedabad Gujarat India 382330	9376017172, 079-26565266	Sajjan_kumar36@yahoo.com	Authorised person of Sagar Sanghvi, Common directorship with Sr. No. 1 in Sanghvi Fincap, Ltd, common address with sr.no 5,6,7. and common emailid with Sr.no 5,6,7. Accountant of Babubhai Desai sr.no 8 and common phone No. with Sr. No. 1,3,4,5,6 7,8

5	Sunitadevi Sajjan Nanwal (Sunita)	D 176,Padmavati Society,Naroda, Ahmedabad Gujarat India 382331	9825317172 079-26565266	Sajjan_kumar36@yahoo.com	Wife of Sajjan Nanwal, common address with 5,6,7, common phone No. with Sr. No. 1,3,45,6,,7,8
6	Govindkumar Varma (Govind)	D 176,Padmavati Society,Naroda, Ahmedabad Gujarat India 382332		sajjan_kumar36@yahoo.com	Brother of Sr. No. 4; Common address with Sr. No. 4, 5,7; common email Id with sr.no 4,5, &7. and common phone No. with Sr. No. 1,3,4,5,6 7,8
7	Vishu Enterprise through VishwanathVarma	D 176,Padmavati Society,Naroda, Ahmedabad Gujarat India 382333	9825317172	Sajjna_kumar36@yahoo.com	Common address with Sr. No. 4,5,6; Common Phone No. with Sr. No. 1,3, 4, 5,6 &8 common mail id I with Sr. No 4,5,& 6
8	Babubhai Desai (Babubhai)	Rabari Vasahat,Nava Vadaj,Ahmedabad, Ahmedabad Gujarat India 380016	9825317172, 079-26565266		Sajjankumar is accountant. common phone No. of Sr. No. 1,3,4,5,6&7.
9	Antala Real Broking & Impex Pvt Ltd (Antala)	D79, Azad medanRoad Near Shiv mandir, Kubern nagar, Ahmedabad, Gujarat 382340	9824098422 9925358326	antalarealbroking@gmail.com	Babubhai Desai(sr.no 8) is the director of the company.

30. It is noted from the replies of Noticees in respect of the alleged connection/ relation among Noticees group, that,

(a) Noticee 2 (Vishu) has submitted that it was only related to Sajjan, Sunita, and Govind. Further, it has submitted that Sajjan was its accountant and hence his phone number and email id had been provided as operational convenience. I also note from Annexure 6 of the SCN which contains the account opening form of Vishu (Religare Securities Ltd) and Govind (Prabhudas Liladher Pvt Ltd) that both the PAN card of Mr. Vishwanath Hetram Varma (proprietor of Vishu) and Govind mentions the father's name as Hetram Khemaram Varma.

(b) Noticee 3 (Sajjan) has submitted that he was the accountant of Dhirajlal and also looking after the accounts of his entire family. Further, he was admittedly director in Sanghvi Fincap Ltd. Sajjan has submitted that he had mentioned his mobile number in the account opening form of Babubhai to access his account in the back office of the broker. Sajjan has also submitted that Sunita and Govind were his family members.

(c) Noticee 4 (Sunita) has submitted that Sajjan and Govind were her family members. Further, she had used the phone number of Sajjan for operational convenience.

(d) Noticee 5 (Govind) has submitted that Sajjan and Sunita were his family members.

(e) Noticee 6 (Dhirajlal) has submitted that Sagar and Ashik are family members of Dhirajlal Sanghvi. Further, I note that Sajjan was admittedly director in Sanghvi Fincap Ltd, wherein Dhirajlal Sanghvi was also director. Further, it was submitted that Sajjan was their accountant.

(f) Noticee 7 (Sagar) has submitted that Dhirajlal Sanghvi and Ashik are family members.

(g) Noticee 8 (Ashik) has submitted that Dhirajlal Sanghvi and Sagar are family members. Further, it was submitted that Sajjan was his accountant and his phone number was given for operational convenience.

(h) Noticee 1(Antala) has submitted that Babubhai was their director.

(i) Noticee 9 (Babubhai) has submitted that Sajjan was his accountant and he had given Sajjan's phone number in the account opening form for operational convenience.

From the above replies, I note that admission of connection among certain Noticees is forthcoming. I also note that the connections are not merely based on common address, phone number, email id and are even beyond them.

31. I note that the Noticees have stated that they are not part of any group and their trading is independent and out of their own funds. Further, I observe from the replies of the Noticees that they have not denied the basis of connection such as common address, common telephone numbers and the other relations appearing in the SCN. However, they have stated different objects/ purpose of the common address, common telephone numbers, etc. The Noticees have

contended that they were trading independently without acting in concert with anybody. It was also argued that there is no legal embargo on related persons not to trade in the same scrip. I note that it cannot be ruled out that related persons cannot manipulate. Noticees have contended that there is no allegation of fund transfer and off market transfer etc with other Noticees and that there is nothing to demonstrate any meeting of minds or collusion etc. The Noticees have placed reliance on the following orders of Hon'ble SAT – *Mr. Babubhai Desai vs Securities and Exchange Board of India* (SAT Order dated 15.02.2016, Appeal No. 81 of 2014), *HB Stockholdings Limited vs Securities and Exchange Board of India* (SAT Order dated 27.08.2013 Appeal No. 114 of 2012) and *Smitaben N. Shah vs. Securities and Exchange Board of India* (SAT Order dated 30.07.2010 Appeal No. 37 of 2010) to contend that based on tenuous and farfetched connection they cannot be clubbed as a group. I note that Noticees are connected as per the table above. Based on the replies of the Noticees I note that Sajjan, Sunita, Vishu and Govind are admittedly related. Dhirajlal, Sagar and Ashik are admittedly related. Sajjan is admittedly the accountant of Sanghvi family and shares common directorship in Sanghvi Fincap Ltd with Dhirajlal Sanghvi. Sajjan is admittedly the accountant of Babubhai. Thus, I note that all these Noticees are known to each other. I also note that the connections are not merely based on common address, phone number, email id and are even beyond them. Further, I note that the Noticee 3 – Sajjan is the authorized person of Noticee 7 – Sagar to trade account with HSBC and as per the investigation report, he has been mentioned as cousin in the authorization letter. I also note that the Noticee 9 – Babubhai is the director of one of the group members - Antala. I note that with regard to the connection of Noticce 9 (Babubhai), Noticees have relied on the judgement of Hon'ble SAT in the case of *Babubhai Desai vs Securities and Exchange Board of India* (Order dated 15.02.2016, Appeal No. 81 of 2014) wherein it was *inter alia* held that mere common landline number or that of the accountant of the appellants would not by itself convert certain entities into a group or concert who could have jointly traded in a design. From the facts of the present case i.e. in the scrip of Kavveri, I note that apart from Noticee 3 (Sajjan) being the accountant of Noticee 9 (Babubhai) and having common mobile no. (9825317172) and common landline no. (079-26565266), the trading pattern of Babubhai shows that he had traded exceptionally cohesively with the group. Babubhai had traded extensively within the group, and further significant portion of his trading was synchronised with the other members of the group. In NSE, Babubhai purchased 1,07,200 shares out of which 87,208 shares was from within the group (i.e. 81.35% of his total purchase); Babubhai sold 1,10,420 shares out of which 79,205 shares was to within group (i.e. 71.73% of his total sell). Similarly, in BSE, Babubhai purchased 1,11,002 shares out of which 92,684 shares was from within the group (i.e. 83.50% of his total purchase); Babubhai sold 1,04,500 shares out of which 95,026 was to within group (i.e. 90.93% of his total sell). Further, I note that, in NSE, 57.91% of his total buy volume was through synchronized trades with the group, and in BSE 45.41% of his total buy volume was through synchronized trades with the group. Thus, I note that the trading pattern of Babubhai is too incriminating in view of which his connection with the group cannot be ignored. I note that apart from connections as brought out in the IR, the trading pattern of the Noticees further stand to support the manipulative intent also. In view of same, I find that the submissions of the Noticees are not tenable and I rely on the Hon'ble SAT Judgment in the matter of *Nabera group namely Sparkline Mercantile Co. Pvt. Ltd. Vs SEBI*, order dated 16.01.2012 wherein it was held that:

"It is an admitted position that it is difficult to get direct evidence with regard to synchronization of trades for the purpose of upsetting the market equilibrium or to manipulate the market. It is only on the basis of circumstantial evidence that such a connection can be proved. Looking at the details provided in the investigation report, the show cause notice and the findings recorded by the adjudicating officer, we are convinced that the adjudicating officer has brought enough material on record in support of the conclusion that the entities mentioned in the tables above are connected entities and traded among themselves with prior arrangement resulting in creation of artificial volume and distorting the market equilibrium. A large number of trades were executed among the group entities within a minute of placing the order. This cannot happen without prior meeting of minds among the connected entities. From the details of the trades

executed and having regard to the trading system, we do not think that such large number of trades could match between the same parties unless the trading system was being abused. Therefore, we have no hesitation in upholding the findings recorded by the adjudicating officer in the impugned order."

32. Apart from the connections shown in table above, I note that the Noticees have traded extensively with each other i.e. 63.69% of their total purchase quantity and 63.77% of their sale quantity on NSE was with each other; similarly, 58.02% of their total purchase quantity and 59.91% of their sale quantity on BSE was with each other. Further, the Noticees have also indulged in synchronized trades and reversal of trades with each other. It is pertinent to note that the Hon'ble Supreme Court of India in its Judgment in the matter of *Securities and Exchange Board of India Versus Kishore R. Ajmera* in Civil Appeal No. 2818 of 2008 decided on February 23, 2016 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."*

33. In view of the above, I conclude that the Noticees are connected to each other.

34. The next issue for consideration is whether the Noticee 1 and 2 have violated the Provisions of Regulation 3 (a), (b), (c), (d) and 4(1), 4(2) (a), (b), (e) and (g) of PFUTP Regulations, by executing synchronised and reversal trades with other Noticees of the connected group with other Noticees of the group thereby contributed in creation of artificial volume and by indulging in price rise by entering buy/ sell orders at a higher price than the last traded price and by entering buy/ sell order at a New high price and first trade of the day than the existing market price, in the scrip, and further whether Noticee 3 to 9 have violated the provisions of Regulation 3(a), (b), (c), (d) and 4(1), 4(2)(a) and (g)

of PFUTP Regulations by executing Synchronised and Reversal trades with other Noticees of the group and, thereby, contributed in creation of artificial volume.

35. It is observed from the order log and the trade log that the Noticees along with other group entities have altogether purchased 53,00,722 shares of the company which accounted for 32.68% of total market volume and sold 52,93,999 shares which accounted for 32.64% of total market volume on NSE. Further, the Noticees along with other group entities have traded for 33,76,156 shares on NSE among themselves, which was 63.69% of their total purchase quantity and 63.77% of their sale quantity on NSE. Similarly, Noticees along with other group entities have altogether purchased 52,11,071 shares of the company which accounted for 30.32% of total market volume and sold 50,46,530 shares which accounted for 29.36% of total market volume on BSE. Further, the Noticees along with other group entities have traded for 30,23,465 shares on BSE among themselves, which was 58.02% of their total purchase quantity and 59.91% of their sale quantity on BSE. The Noticees have contended that their individual trading volume was insignificant percentage of the market volume. In this regard, I note that the contribution to the market volume has to be considered as a group. In this regard, reliance is placed on the judgement of the Hon'ble SAT in the matter of *Giriraj Kumar Gupta HUF Vs. SEBI* (Order dated February 25, 2020) –

"9. Though, we note that the appellants have raised the issue of delay, the same is not argued by the learned counsel. Hence we do not propose to go into the issue and deal with only the merit of the matter. Having heard the learned counsel for the parties, we are of the considered view that the impugned transactions, in the facts and circumstances of the matter, would fall in the realm of violations of PFUTP Regulations. Individual argument that each entity's trade is miniscule and only on a few days alone etc. is not sufficient to rebut the findings in the impugned order."

36. I observe from the replies of the Noticees that they have *inter alia* stated that the company had healthy financials and there were several positive corporate announcements made by the company. In this respect, I note that the investigation report has already examined the impact of some of the corporate announcements made by the company on the price and volume of the scrip. Further, some of the corporate announcements supplied by the Noticees pertain to post IP. I also note that the Noticees along with other group entities had collectively contributed to around 30% of the total buy and sell volume in the scrip during the IP. Such a high volume of trading by the Noticees along with other group entities in the scrip cannot be justified only on the basis of the performance and announcements made by the company. The Noticees have contended that it is not the case that the volume in the scrip increased subsequent to their trading. As noted earlier, the average volume of shares traded in the scrip of Kavveri during the IP increased to 1,13,833 shares from 76,302 shares in the immediate 3 – month period before the start of IP. The average volume of shares traded decreased to 1,00,062 in the immediate quarter after the IP. Thus, I do not find merits in the contention of the Noticees that the volume in the scrip prior to the IP has been overlooked. I note that the Noticees have contended that they were trading in the scrip prior to the investigation period and post the investigation period. In this regard, I note that there was heightened activity in the scrip during the investigation period, which cannot be brushed aside. Morever, the pattern of trading during the IP by the Noticees establishes manipulative intent.

37. I note that the Noticees have contended that they have been trading in various other scrips also and in this regard they have provided their trading data across all scrips. On perusal of the said data, I note that the trading by the Noticees is multiple times higher in certain scrips (running into trading volume of lakhs of shares) as compared to trading volume in other scrips. For e.g. the trading data

across scrips submitted by Noticee 5 (Govind) during the period April 01, 2009 to March 31, 2013 is as follows –

GOVIND KUMAR VARMA						
Trade Stock Summary For The Period From 01-04-2009 to 31-03-2013						
Particulars	**Inwards**			**Outwards**		
	Quantity	*Rate*	Value	Quantity	*Rate*	Value
Amar	21470 equity	*111.41*	2391874.45	21470 equity	*107.94*	2317484.80
ARCHIDPLAY	78330 equity	*35.62*	2789878.20	78330 equity	*35.54*	2783629.26
ARSSINFRA	1000 equity	*720.15*	720153.50	1000 equity	*824.93*	824933.99
BHARTI TELI	10000 equity	*309.45*	3094475.55	10000 equity	*299.68*	2996814.50
DLF	15000 equity	*315.25*	4728683.55	15000 equity	*308.57*	4628586.30
Gayatri	110997 equity	*363.88*	40389837.43	111855 equity	*361.58*	40444346.75
Gokul	1830 equity	*75.83*	138768.90	1830 equity	*77.97*	142685.60
Gujarat Toolroom	12000 equity	*9.99*	119880.00	12000 equity	*9.95*	119400.00
Hdil	26000 equity	*341.14*	8869754.10	26000 equity	*329.13*	8557254.60
IBRALEST	15000 equity	*168.29*	2524417.00	15000 equity	*157.18*	2357710.94
Indowind	330017 equity	*49.89*	16462918.49	330017 equity	*50.18*	16559534.84
Kaveri	1030256 equity	*115.12*	118604714.74	1030256 equity	*114.96*	118442888.61
Krbl	4500 equity	*218.33*	982502.73	4500 equity	*247.50*	1113770.72
Lgs	195825 equity	*74.07*	14504149.50	195825 equity	*74.20*	14529312.60
Nakoda	1137406 equity	*39.60*	45039317.97	1170156 equity	*41.25*	48270290.42
Nandan Exim	2270534 equity	*2.45*	5557921.04	2270534 equity	*2.41*	5469272.81
NHDCLTD	500 equity	*446.06*	223027.60	500 equity	*475.91*	237955.30
Nimbus	500 equity	*6.27*	3135.00	500 equity	*6.39*	3195.00
Pfl Infotech	700 equity	*9.27*	6489.00	13840 equity	*8.77*	121430.00
Raymond	6000 equity	*229.41*	1376454.55	6000 equity	*239.72*	1438336.05
Real	11550 equity	*112.48*	1299151.00	11550 equity	*108.13*	1248929.50
Ril	11000 equity	*1007.52*	11082687.26	11000 equity	*983.06*	10813656.80
Sanguine	25000 equity	*3.26*	81500.00	64500 equity	*3.36*	216694.57
Sbi	13000 equity	*1969.08*	25598044.24	13000 equity	*1922.22*	24988916.85
Secunderabad	4000 equity	*29.64*	118570.00	4000 equity	*26.02*	104080.00
S R Industries	5000 equity	*7.40*	37000.00	5000 equity	*6.91*	34550.00
Subuthi	26546 equity	*159.99*	4247157.97	26546 equity	*138.65*	3680586.05
Sujana	1404545 equity	*10.39*	14593763.76	1404545 equity	*10.32*	14499950.03
Surana Telecm	7000 equity	*38.78*	271480.00	7000 equity	*38.81*	271704.50
TATA MOTORS	10000 equity	*815.62*	8156200.25	10000 equity	*794.44*	7944382.09
THANGAMAYIL	11000 equity	*78.38*	862217.60	11000 equity	*70.68*	777485.51
Trimurthi	2189427 equity	*7.15*	15665109.51	2189427 equity	*7.08*	15493211.28
Zandupharm	1000 equity	*5918.89*	5918887.90	1000 equity	*5481.37*	5481367.05

38. From the above, I note that trading activity of Noticee 5 in Kavveri is significantly higher than in other scrips. Further, the trading of Noticee 5 in certain other scrips like Nakoda, Nandan Exim, Gayatri and Trimurthi is also disproportionately higher and SEBI has carried out the investigation against the Noticees (except Antala) in the said scrips and has alleged manipulation by the Noticees in those scrips. Similar pattern of disproportionate trading in few select scrips is also observed in the case of other Noticees as per the data submitted by them. Thus, I note that the trading by the Noticees in Kavveri does not appear to be in the normal course as argued by them.

39. It was observed from trade-log and order-log that the Noticees along with other members of the group had entered into synchronised trades during the investigation period. The details of total number of synchronised trades entered by the Noticees along with other members of the group on NSE are given below:

Table – 2

Gross Buy Qty of suspected entities	Gross Sell Qty of suspected entities	Gross Total	Total traded qty among the suspected entities	Synchronized traded qty by suspected entities	Sync Trades as % of total traded qty among the suspected entities	sync Trades as % of Total market volume	Sum of LTP at Sync Trades (Rs.)
53,00,722	52,93,999	1,05,94,721	33,76,156	19,41,150	57.46	11.97	41.65

40. I note that the Noticees have raised a dispute regarding the calculation of the (i) percentage of client's synchronized trades to client's total volume and (ii) percentage of client's synchronized volume to market volume. In this regard, I note that the same was addressed and the entity wise synchronised trade details of the Noticees along with members of the group on NSE and BSE was provided to the Noticees vide letter dated December 06, 2021.

41. In this regard, I note the entity wise synchronised trade details of the Noticees along with members of the group on NSE are given in tabular form as under:

Table – 3

Name of the entity	No of Sync trades as a buyer	Synchronised Qty as a buyer	Sum of LTP Diff as a buyer (In Rs.)	Sum of % of Synchronized Vol. to Client's Buy Vol.	% of Synchronized Vol. to Mkt. Vol.
Antala	268	5,31,337	4.25	47.60	3.27
Ashik	14	36,484	4.1	21.68	0.23
Babubhai	22	62,078	-0.2	57.91	0.38
Dhirajlal	161	3,91,254	7.2	27.96	2.41
Govind	119	2,60,940	1.5	70.15	1.61
Sagar	112	1,68,265	11.45	46.56	1.04
Sajjankumar	31	73,980	4.3	69.14	0.46
Sunita	41	1,31,484	1.4	58.93	0.81
Vishu	126	2,85,328	7.65	19.73	1.76
Grand Total	**894**	**19,41,150**	**41.65**	**36.62%**	**11.97**

Total market volume in NSE during IP is 1,62,21,168 shares

It is observed from the above tables 2 and 3 that, 57.46% of the trading amongst the group was synchronized which accounts for 11.97% of the market volume in NSE. The entity wise synchronized trades are in the range of 19.73% to 70.15% of their individual buy volume.

42. The details of total number of Synchronised trades entered by the Noticees along with other group members on BSE are given below:

Table - 4

Gross Buy Qty of Noticees	Gross Sell Qty of Noticees	Gross Total	Total traded qty among the Noticees	Synchronized traded qty by Noticees	Sync Trades as % of total traded qty among the Noticees	sync Trades as % of Total market volume	Sum of LTP at Sync Trades (Rs.)
52,11,071	50,46,530	102,57,601	30,23,465	16,02,541	53.00	9.32	4.45

43. Entity wise synchronised trades details on BSE are as under:

Table – 5

Name of entity	No of Sync trades as a buyer	Synchronised Qty as a buyer	Sum of LTP Diff as a buyer (In Rs.)	Sum of % of Synchronized Vol. to Client's Buy Vol.	% of Synchronized Vol. to Mkt. Vol.
Sajjan	23	71,023	0.7	59.91	0.41
Govind	62	1,94,547	7.3	56.01	1.13
Babubhai	18	50,407	-0.3	45.41	0.29
Antala	168	5,63,787	-17.65	42.77	3.28

Sagar	52	1,30,219	-3.05	36.07	0.76
Sunita	9	35,050	0.5	26.58	0.2
Ashik	17	43,448	0.5	24.41	0.25
Dhirajlal	74	2,70,514	-0.2	23.04	1.57
Vishu	85	2,43,546	16.65	16.56	1.42
Total	**508**	**1,6,02,541**	**4.45**	**30.75**	**9.32**

Total market volume in BSE during IP is 1,71,88,791 shares

It is observed from the above tables 4 and 5 that, 53% of the trading amongst the Noticees group was synchronized which accounts for 9.32% of the market volume in BSE. The entity wise synchronized trades are in the range of 8.12% to 32.95% of their individual traded volume.

44. I note that the Noticees have conteded that in a complete role reversal, it is expected of them to fish/dig out the relevant data from the morass of Trade/Order Log running into countless innumerable pages and to speculatively identify the trades which have been relied upon to make allegations. In this regard, I note that the datewise and Noticeewise synchronized trades have been provided as Annexure 9a and 10a. Further, the entire tradelog and order log in soft copy form in CD and in the usual standard format (i.e. excel format) was shared with the Noticees. I note that Noticees have cited discrepancies in the data which was addressed. Thus, I find no merit in the said contentions of the Noticees. I note that for the first time the Noticees have raised the issue and contended that SEBI has deviated from its usual and standard format while setting out the details of alleged execution of synchronized trades. In this regard, I note that there is no usual and standard format as argued by the Noticees. Further, I note that the summarized data of **date-wise** synchronized trades done by the Noticees and the Noticee wise synchronised-trades on NSE and BSE have been provided to the Noticees as Annexure 9a and 10a respectively vide letter dated December 06, 2021. It is pertinent to note that during IP the Noticees have indulged in 894 synchronized trades for 19,41,150 shares in NSE and in 508 synchronized trades for

16,02,541 shares in BSE. The Noticees have contended that in the present case it is not possible to identify whether the trades executed by them were synchronized in the absence of the following details – a) whether the price of the shares so traded were exactly the same?, b) Whether the quantity of the shares so traded were exactly the same ?, c) The time gap between buy order time and sell order time. The date-wise and entity pair wise summarized data was provided to the Noticees as annexures. In this regard, I note that as per the directions of the Hon'ble SAT, entire trade log of the scrip from BSE and NSE has been shared with the Noticees which contains the details of the time, quantity and price of the orders for each trade. Thus, I find no merits in the above contention of the Noticees.

45. I note that Noticees have pointed out discrepancies with regard to the synchronized quantity as alleged in the SCN and the details of synchronized trades as per Annexure VI of the Investigation Report. Further, the Noticees have pointed out that the dates and names of the counterparties to the alleged synchronised trades are not given in Annexure VII of the Investigation Report. I note that the same was addressed and in this regard, the details of synchronized trading alleged to have been done by the Noticees has been provided to the Noticees vide letter dated December 06, 2021 and the relevant annexures therein (Annexures 9a and 10a).

46. I note from the replies of the Noticees that for the first time it has been contended that the trade log suffer from the following discrepancies – i) One buy order / sell order number is mentioned for all the buy/sell orders, ii) Buy / sell order quantity are missing, iii) details of pending buy/sell orders at the relevant time are not given, and iv) no segregation of data pertaining to the trades by the Noticees and data pertaining to the counterparties. In this regard, I note that the tradelog from NSE has been shared with the Noticees as Annexure 7a vide letter dated December 06, 2021 which contained the unique buy/sell order numbers for each

order. Further, I note that the order quantities and order time are available in the order log and trade log. The entire order log and trade log as available on records has been shared with the Noticees. Further, with regards to the contention of the Noticees that there is no segregation of data pertaining to the trades by the Noticees and data pertaining to the counterparties, I note that the tradelog is not supposed to have any such segregation. Thus, I find no merits in the contentions of the Noticees.

47. Noticees have contended that in the IR, the BSE observations mention that there was no synchronized trading among the group and no specific pattern of circular/reversal trading was observed. In this regard, I note that SEBI's investigations after establishing the connection in the group has brought out instances of synchronized trading by the Noticees in both BSE and NSE. The present proceedings are based on the investigations report, copy of which was duly shared with all the Noticees. Further, the datewise details of synchronized trades between Noticees were also shared with the Noticees as Annexures 9a and 10a, along with the tradelogs. The Noticees have not disputed the trades as such. Also one of the Noticees i.e. Dhirajlal has only recalculated the profit or loss arising out of the trades. Thus, the contentions of the Noticees have no basis or merits.

48. Noticees have contended that with regard to the synchronized trading provided in the SCN, the column of "Synchronized Qty" in the tables have been altered to altered to "Synchronised Qty as a buyer" vide the letter dated December 06, 2021. In this regard, I note that the said caption was to bring more clarity to the data provided and the data remains the same. Therefore, I find the contention to have no merits.

49. I note that Noticees have pointed out specific instances of trades on certain dates and inter alia contended that synchronized trades were stray orders and is a sheer coincidence as opposed to being executed intentionally or designedly.

For e.g. Noticee 6 - Dhirajlal has stated that 1 trade executed on 04.06.2010 got synchronized with Antala. It was contended that on the said day it had bought 13,153 shares and sold 25,429 shares out of which the quantity alleged as synchronized is only 3,516 shares and in so far the balance shares there is no allegation of synchronization of trades. Further, it was submitted by Dhirajlal that as per the Trade log on 04.06.2010 in the scrip of Kavveri, there were 12 counter parties to its trades and existence of multiple counter parties to its trades itself indicates that there was no intent to execute any synchronized trades with Antala. In this regard, I note from the trade log, that Dhirajlal had placed a buy order for 4,000 shares at 10:59:23 hrs at the price of Rs. 104.50, while Antala had placed sell order for 4,000 shares at 10:59:06 hrs at the price of Rs. 104.50 which resulted in trade getting executed for 3516 shares between Dhirajlal and Antala. The balance of 484 shares got executed between Dhirajlal and Vishu who had placed a sell order for 484 shares at 10:59:22 hrs at the price of Rs. 104.25. Thus, it is observed that there was synchronization of 3,516 shares between Dhirajlal and Antala as both orders were placed within 1 minute of each other. In similar fashion, the Noticees have executed significant number of synchronized trades in the scrip during IP. Therefore, I do not find merits in the above contentions of the Noticees.

50. I note from above that the Noticees have denied the allegation of synchronized trading levelled against them in the SCN. However, I also note that the synchronized trading volume given in the tables 2 and 4 show that more than half of the trading between the group members was synchronised. Had there been no synchronization of trades; the trades would not have matched repeatedly on a number of occasions across many days. The fact that such transactions took place repeatedly over a period of time reinstates the fraudulent nature of such trades. For the very same reason, I also find no merit in the contention of the Noticees that their trades were executed through screen based

mechanism of the stock exchange wherein they were not aware of the counterparties.

51. Noticees have contended that even prior to the investigation period, both the price and volumes in the scrip were in the upward mode and had substantially increased. It was further submitted that the alleged progressive increase in the price and volumes in the scrip during the investigation period was not something unusual or abnormal. In this regard, I note that during the IP the Noticees were trading extensively within themselves (i.e. in NSE, 63.69% of their total buy and 63.77% of their total sell was within group, and in BSE, 59.91% of their total buy and 58.02% of their total sell was within group). Further, the Noticees were synchronizing their trades with other group members (i.e. in NSE, 58.41% of the traded quantity among themselves was synchronized and in BSE 53.00% of the traded quantity among themselves was synchronized). Such kind of trading activity indulged by the Noticees during the IP cannot be termed as normal.

52. Hence, I find that the submissions of the Noticees are not tenable and that they have created artificial volume in the scrip of the company at BSE and NSE by acting in concert with each other. Thus, I note that they have created an artificial demand in the scrip and gave false or misleading appearance of trading in the securities market with respect to the scrip. In this respect, I place reliance on the ratio given in the judgment of Hon'ble Supreme Court of India in the matter of *SEBI Versus Kishore R. Ajmera* in Civil Appeal No. 2818 of 2008 decided on February 23, 2016 wherein it was held that:

"22*. 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.*

…….

26. It has been vehemently argued before us that on a screen based trading the identity of the 2nd party be it the client or the broker is not known to the first party/client or broker. According to us, knowledge of who the 2nd party/ client or the broker is, is not relevant at all. While the screen based trading system keeps the identity of the parties anonymous it will be too naive to rest the final conclusions on said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned. Prosecution under Section 24 of the Act for violation of the provisions of any of the Regulations, of course, has to be on the basis of proof beyond reasonable doubt. The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. The fact that the broker himself has initiated the sale of a particular quantity of the scrip on any particular day and at the end of the day approximately equal number of the same scrip has come back to him; that trading has gone on without settlement of accounts i.e. without any payment and the volume of trading in the illiquid scrips, all, should raise a serious doubt in a reasonable man as to whether the trades are genuine. The failure of the brokers/sub-brokers to alert themselves to this minimum requirement and their persistence in trading in the particular scrip either over a long period of time or in respect of huge volumes thereof, in our considered view, would not only disclose negligence and lack of due care and caution but would also demonstrate a deliberate intention to indulge in trading beyond the forbidden limits thereby attracting the provisions of the FUTP Regulations. The difference between violation of the Code of Conduct Regulations and the FUTP Regulations would depend on the extent of the persistence on the part of the broker in indulging with transactions of the kind that has occurred in the present cases. Upto an extent such conduct on the part of the brokers/sub-brokers can be attributed to negligence occasioned by lack of due care and caution. Beyond the same, persistent trading would show a deliberate intention to play the market. The dividing line has to be drawn on the basis of the volume of the transactions and the period of time that the same were indulged in. In the present cases it is clear from all these surrounding facts and circumstances that there has been transgressions by the respondents beyond the permissible dividing line between negligence and deliberate intention."

53. I also place reliance on the ratio decided in *Hon'ble SAT Judgment* in the matter of *Nabera group namely Sparkline Mercantile Co. Pvt. Ltd. Vs SEBI* decided on 16.01.2012 (See Supra). I also note that the Hon'ble SAT in *Ketan Parekh Vs. Securities and Exchange Board of India (Appeal No. 2 of 2004),* held that:

"*A synchronized transaction will, however, be illegal or violative of the Regulations if it is executed with a view to manipulate the market or if it results in circular trading or is dubious in nature and is executed with a view to avoid regulatory detection or does not involve change of beneficial ownership or is executed to create false volumes resulting in upsetting the market equilibrium. 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."*

54. It was also alleged in the SCN that the Noticees had indulged in reversal trades in the scrip during the investigation period. The details of reversal trades executed by the Noticees 1, 2, 4, 5, 6, 7 and 8 (viz. Antala, Vishu, Sunita, Govind, Dhirajlal, Sagar and Ashik) and other members of the group on NSE are given below:

Table – 6

Client Name (1)	Client Name (2)	Qty. client 2 (Sell) to 1 (Buy)	Qty. client 1 (Sell) to 2 (Buy)	% of Reversal Qty. to mkt vol.	Sum of Reversal Qty.	Sum of no. trades between entities on the days on which reversal has happened	No. of days of Reversal trades
Dhirajlal	Antala	80,401	16,489	0.09	15,291	98	13
Dhirajlal	Sunita	2,708	207	0.001	207	4	1
Dhirajlal	Govind	4,200	3,915	0	3,915	4	1
Dhirajlal	Vishu	53,576	19,528	0.08	12,857	119	13
Antala	Govind	1,104	3,000	0.01	1,104	26	1
Antala	Vishu	1,18,694	1,09,728	0.3	47,983	292	30
Antala	Ashik	5,500	999	0.01	999	6	1
Antala	Sagar	1	1,000	0	1	2	1
Govind	Ashik	3,000	28	0	28	2	1
Govind	Sagar	1,900	1,500	0.01	1,500	3	1
Vishu	Ashik	4,000	468	0	468	7	1
Vishu	Sagar	4,000	4,400	0.03	4,000	8	1
Total		**2,79,084**	**1,61,262**	**0.54**	**88,353**	**571**	**65**

55. The details of reversal trades executed by the Noticees 1, 2, 3, 5, 6, 7, and 8 (viz. Antala, Vishu, Sajjan, Govind, Dhirajlal, Sagar and Ashik) and other members of the group on BSE are given below:

Table – 7

Client Name (1)	Client Name (2)	Qty. client 2 (Sell) to 1 (Buy)	Qty. client 1 (Sell) to 2 (Buy)	% of Reversal Qty. to mkt vol.	Sum of Reversal Qty.	Sum of no. of trades between entities on the days on which reversal has happened	No. of days of Reversal trades
Dhirajlal	Antala	27,053	11,700	0.05	8,037	35	6
Dhirajlal	Govind	3,426	1,950	0.01	1,950	2	1
Dhirajlal	Vishu	35,788	58,907	0.09	14,532	40	10

Antala	Govind	2,000	9,156	0.01	2,000	11	1
Antala	Vishu	72,377	26,237	0.11	18,856	57	13
Antala	Ashik	6,501	7,449	0.03	4,451	15	3
Antala	Sagar	3,000	2,457	0.01	2,457	6	1
Sajjan	Vishu	334	1,000	0.00	334	4	1
Govind	Sagar	3,988	2,000	0.01	2,000	2	1
Vishu	Ashik	1,774	311	0.00	311	6	1
Vishu	Sagar	5,348	300	0.00	300	16	1
Total		**1,61,589**	**1,21,467**	**0.32**	**55,228**	**194**	**39**

56. I note that for the first time the Noticees have submitted that the most vital particulars which are required to be set out with regard to reversal trading are Order Number, Order Quantity, Order Time, Counter Party Order Number, Counter Party Order Quantity, Counter Party Order Time, Reversed Quantity, Total trades of Counter Party on a given day etc., however, in the Trade Log, the crucial details regarding the same as stated hereinabove are missing or suffer from discrepancies. In this regard, I note that the Date-wise summarized data of reversal trades done by the Noticees and the Noticees wise reversal trade on NSE have been provided as Annexure 11a vide letter dated December 06, 2021. Similarly, the summarized data of reversal trades done by the Noticees and the Noticees wise reversal trade on BSE are have been provided as Annexure 12a vide letter dated December 06, 2021. Further, I note that the buy/sell order numbers along with order quantities have been provided in the trade log and order log. The order quantities and order time are available in the order log and trade log. The entire order log and trade log as available on records has been shared with the Noticees. Thus, I find no merits in the contentions of the Noticees.

57. I note that the Noticees have also contended that in case of online trading it is not possible to trade amongst each other when the trades are from different brokers. In this regard, I note that the same is not necessarily so and that reversal of trades can occur between parties while trading through different brokers. Thus, I find the said contentions to be untenable. Further, Noticees have contended that reversal trades occur when identical buy/sell orders are

entered at the same time with same number and as per the SEBI data there is nothing to show that buy and sell orders were placed at same time. In this regard, I note that for trades to be considered as reversal trades between two entities it is not mandatory that the buy and sell order should be identical and to be entered at the same time. Thus, I find the said contention to be without merits.

58. I note that Noticees have pointed out discrepancies with regard to the reversal trades as alleged in the Annexures VII and VIII of the Investigation Report. I note that the same was addressed and in this regard, the details of reversal trades alleged to have been done by the Noticees has been provided to the Noticees vide letter dated December 06, 2021 and the relevant annexures therein (Annexures 11a and 12a).

59. Further, I note that the Noticees have contended that there has been error in calculation and that the reversal volume on NSE was 1,57,967 shares instead of 88,353 shares, and on BSE the same was 89,578 shares instead of 55,228 shares. However, the same is not correct as borne out from the details regarding reversal provided in Annexure 11a and 12a provided to the Noticees. Further, the Noticees have also stated that the percentage of reversal quantity to market volume on NSE was 0.47% instead of 0.54%, and on BSE it was 0.26% instead of 0.32%. However, I note that the Noticees have not considered the correct figure for the market volume in their calculations; the market volume of scrip in NSE and BSE during IP being 1,62,21,168 shares and 1,71,88,791 shares respectively.

60. The Noticees have further submitted that the percentage of the reversal trades quantity to market volume on both the exchanges was less than 1% which is exceedingly insignificant. Regarding reversal of trades on a daywise basis, I note that the total trade quantity for 88,353 shares got matched on NSE in respect of the members of the group including the Noticees 1, 2 and 4 to 8 (viz.

Antala, Vishu, Sunita, Govind, Dhirajlal, Sagar and Ashik). Similarly, trades for 55,228 shares were matched in respect of the members of the group including the Noticees 1 to 3 and 5 to 8 (viz. Antala, Vishu, Sajjan, Govind, Dhirajlal, Sagar and Ashik). In view of the same, I find that the Noticees 1 to 8 (viz. Antala, Vishu, Sajjan, Sunita, Govind, Dhirajlal, Sagar and Ashik) have entered into reversal trades in scrip of the company. I note that the investigation report states that reversal transactions among the group entities is not a substantial part of the total trading amongst themselves. However, these trades have to be looked in conjunction with the synchronized trades done by the Noticees. The same also shows the manipulative intent of the Noticees. Further, in case of *Galaxy Broking Ltd V SEBI (Appeal No.3 of 2010)* dated January 29, 2010 Hon'ble SAT had held that:

"It is a clear instance of reverse trades which cannot happen on the trading system unless the client and the brokers are in league with each other. This is not a solitary instance. There are several such trades executed by the appellant".

61. The Noticees have referred to the judgement of the Hon'ble SAT in the matter of Labhu Gohil and Ors v. SEBI (Order dated January 29, 2020) and contended that the scrip was progressively doing well during the investigation period with substantial increase in both prices and volumes, no connection with the promoters of the Company or with the Company itself has been attributed to them, there is no evidence of any fund transfer between the Noticees, and there is nothing to indicate any manipulative/collusive effort. In this regard, I note that the Noticees have traded extensively amongst themselves and have indulged in synchronised and reversal trades. Counterparty connection is *sine qua non,* which is there in the present matter involving PFUTP violations. Corporate Announcements have also been considered in the investigation report.

62. In view of the foregoing, I am of the view that the allegation against the Noticees that they had contributed in creation of artificial volume by executing synchronized / reversal trades or both with other members of the group is

established. I also observe that it was stated in the SCN that the Noticees had entered into self trades during the investigation period, however, I note from the investigation report that no adverse inference has been drawn from these trades. Further, the SCN does not allege creation of artificial volume by the Noticees through self trades.

63. The next issue for consideration is whether the Noticee1 -Antala and Noticee 2 –Vishu through its proprietor Shri Vishwanath Hetram Varma had indulged in price rise by entering buy/ sell orders at a higher price than the last traded price. It was further alleged in the SCN that the aforesaid Noticees indulged in price rise by entering buy/ sell order at a new high price and first trade of the day.

64. I note from investigation report that there were 135 trades with NHP contribution of Rs. 66.3 in BSE and 219 trades with NHP contribution of Rs. 69.9 in NSE by the entire market during the investigation period. The cumulative NHP made by the Noticees along with other members of the group are given in the table below:-

Table - 8

Client Name	BSE				NSE			
	Qty	No. of Trades	NHP (Rs.)	% of total mkt NHP	Qty	No. of Trades	NHP (Rs.)	% of total mkt NHP
Vishu	477	8	39.50	59.58	1323	9	17.55	25.11
Antala	168	3	16.65	25.11	788	7	13.55	19.37
Dhirajlal	111	2	0.1	0.16	0	0	0	0
Govind	0	0	0	0	4872	2	0.80	1.14
Total	**756**	**13**	**56.25**	**84.85**	**6983**	**18**	**31.90**	**45.62**

65. I note from above that the Noticees along with other members of the group had contributed a cumulative NHP of Rs. 56.25 (84.85%) in BSE by 13 trades and Rs.31.90 (45.62%) in NSE by 18 trades. I observe that the Noticee1 -Antala had contributed Rs 16.65 (25.11%) by entering 3 trades for 168 shares of total market NHP in BSE and Rs13.55 (19.37%) by entering 7 trades for 788 shares of total market NHP in NSE while the Noticee 2 -Vishu had contributed Rs 39.50

(59.58%) by entering 8 trades for 477 of total market NHP in BSE and Rs17.55 (25.11%) by entering 9 trades for 1323 shares of total market NHP in NSE.

66. It was further alleged in the SCN that Noticee 1 –Antala and Noticee 2 –Vishu through its proprieter Shri Vishwanath Hetram Varma had indulged in price rise by entering buy / sell orders at a higher price that the last traded price (LTP). I note that the Noticees group has contributed a cumulative LTP of Rs. 3191.45 (41.13%) in BSE and Rs. 2917.10 (35.80%) in NSE towards market positive LTP. Out of which, the Noticee1 -Antala and Noticee 2 -Vishu contributed 20.74% and 15.14% of total market positive contribution in BSE respectively and 18.11% and 11.49% of total market positive contribution in NSE respectively. The market positive LTP is Rs. 7758.85 on BSE and Rs. 8148.70 on NSE.

(a) The details of alleged LTP trades and its effect through the trading of the Noticees group at NSE is as given below:

Table - 9

Name	All trades			LTP Diff. >0			LTP Diff. < 0			LTP Diff. =0	
	Net LTP	**Sum Qty**	**No. of Trade**	**LTP Impact**	**Qty traded**	**No of Trades**	**LTP Impact**	**Qty Traded**	**No. of Trades**	**Qty Traded**	**No. trades**
Antala	1189.10	11,16,239	7,455	1,475.95	3,43,688	3,024	-286.85	4,21,653	1,153	3,50,898	3,278
Vishu	430.30	14,46,292	9,163	936.35	3,42,265	1,857	-506.05	4,16,969	1,898	6,87,058	5,408
Sagar	81.05	3,61,359	810	117.70	1,12,065	275	-36.65	1,33,673	155	1,15,621	380
Ashik	19.65	1,68,328	380	37.75	36,097	73	-18.10	59,437	71	72,794	236
Govind	13.30	3,71,979	308	29	1,31,558	92	-15.70	1,49,932	63	89,639	153
Babubhai	3	1,07,200	108	4.50	38,253	20	-8.10	35,718	16	33,229	72
Sunita	9.55	2,23,127	167	12.25	83,018	34	-2.7	49,211	20	90,898	113
Sajjan	8.6	1,07,000	62	11.20	55,267	25	-2.6	31,750	12	19,983	25
Dhirajlal	-135.90	13,99,198	4,026	291.80	2,41,661	560	-427.70	4,38,501	1,605	7,19,036	1,861
Total LTP	**1,612.65**	**53,00,722**	**22,480**	**2,917.1**	**13,83,872**	**5,960**	**-1304.45**	**7,36,844**	**4,993**	**21,79,156**	**1,526**
Market LTP	**17**	**1,62,26,947**	**1,31,067**	**8,148.7**	**38,08,364**	**6,631**	**-8131.7**	**43,11,960**	**28,452**	**81,05,773**	**75,983**

(b) The LTP effect of the trading of the Noticees group at BSE is as given below:

Table - 10

Name	All trades			LTP Diff. >0			LTP Diff. < 0			LTP Diff. =0	
	Net LTP	Sum Qty	No. of Trade	LTP Impact	Qty traded	No of Trades	LTP Impact	Qty Traded	No. of Trades	Qty Traded	No. trades
Antala	1,316.6	13,18,108	6,929	1,609.2	4,02,125	3,369	-292.60	4,97,091	1,052	4,18,892	2,508
Vishu	661.8	14,70,960	9,237	1,174.7	3,58,876	2,403	-512.9	4,11,376	2,127	7,00,708	4,707
Sagar	33.05	3,61,047	399	68.2	1,01,531	240	-35.15	1,30,398	151	1,29,118	308
Ashik	15.45	1,78,018	491	40.5	60,154	111	-25.05	34,536	77	83,328	303
Govind	28.9	3,47,351	280	36.15	1,26,524	123	-7.25	1,32,519	52	88,308	105
Babubhai	4.75	1,11,002	75	7.8	49,518	30	-3.05	41,139	22	20,345	23
Sunita	4.7	1,31,842	69	7.55	31,215	23	-2.85	42,962	21	57,665	25
Sajjan	5.85	1,18,550	67	10.05	69,068	27	-4.2	30,521	16	18,961	24
Dhirajlal	-90.75	11,74,193	2,977	237.30	2,24,151	527	-328.05	3,59,141	1,268	5,90,901	1,182
Total LTP	**1,980.35**	**52,11,071**	**20,826**	**3,191.45**	**4,23,162**	**6,853**	**-1,211.1**	**16,79,683**	**4,787**	**21,08,226**	**9,186**
Market LTP	**19.35**	**1,71,88,791**	**1,09,498**	**7,758.85**	**41,09,968**	**25,489**	**-7,739.5**	**46,36,020**	**27,289**	**84,42,803**	**56,720**

(c) The positive LTP analysis of the LTP contribution of the Noticees group at the NSE and BSE is as under:

Table - 11

	BSE			NSE		
Name	Positive LTP	% of Total Market Positive LTP	Net LTP	Positive LTP	% of Total Market Positive LTP	Net LTP
Antala	1609.20	20.74%	1316.60	1475.95	18.11%	1189.10
Vishu	1174.70	15.14%	661.80	936.35	11.49%	430.30
Dhirajlal	237.30	3.06%	-90.75	291.80	3.58%	-135.90
Sagar	68.20	0.88%	33.05	117.70	1.44%	81.05
Ashik	40.50	0.52%	15.45	37.75	0.46%	19.65
Govind	36.15	0.47%	28.90	29.00	0.36%	13.30
Sajjan	10.05	0.13%	5.85	11.20	0.14%	8.60
Babubhai	7.80	0.10%	4.75	5.10	0.06%	3.00
Sunita	7.55	0.10%	4.70	12.25	0.15%	9.55
Total	**3191.45**	**41.13%**	**1980.35**	**2917.10**	**35.80%**	**1618.65**

67. Noticee 1 - Antala and Noticee 2 – Vishu have contended that they deny that they have contributed to market positive LTP, as alleged in the SCN. Further, they have submitted that they were trading in ordinary course and orders at higher price than the LTP were placed in the ordinary course dehors sinister intent or design. Further it was submitted that their orders were a mixed bag viz. at LTP or below LTP or higher than LTP and that if an entity intends to contribute to positive LTP, then all its trades will be executed above LTP, which is not the present case. In this regard, I note that it may not be possible all the time to

ensure all trades, without an exception, would result in LTP contribution. Thus, I find the argument to be theoretical. Also, here, I note that Noticee 1 –Antala had individually contributed to positive LTP of Rs. 1609.20 in the scrip during IP on BSE(20.74% of total positive LTP in scrip) and Rs. 1475.95 in the scrip during IP on NSE (18.11% of total positive LTP in scrip). Noticee 2 –Vishu had individually contributed to positive LTP of Rs. 1174.70 in the scrip during IP on BSE (15.14% of total positive LTP in scrip) and Rs. 936.35 in the scrip during IP on NSE (11.49% of total positive LTP in scrip), which cannot be termed as insignificant. Moreover, the group as a whole had contributed to 41.13% of the total positive LTP in the scrip during the IP on BSE and 35.80% of the total positive LTP in the scrip during the IP on NSE.

68. The above submissions of the Noticees are not tenable in terms of the ratio cited in Judgment of Hon'ble Supreme Court of India in the matter of *Securities and Exchange Board of India Versus Kishore R. Ajmera* in Civil Appeal No. 2818 of 2008 decided on February 23, 2016 (Supra). Further, the submissions of the Noticees are not tenable in terms of ratio cited in Hon'ble SAT Order in the matter of *Shailesh Jain Vs. SEBI* decided on 01.05.2012:

"...The appellant's role has been one of conscious indulgence in manipulation of the trade in a crude and preplanned manner. The very fact that the appellant has placed orders above the last traded price when sell orders were available in the market at a lower price shows the intention behind the trade..."

69. Here, it is also important to refer to the observations made by the Hon'ble SAT in its order dated March 21, 2014 in *Saumil Bhavnagari Vs. SEBI* wherein it was held as under:

"... but by purchasing shares at the higher price in LTP in most of the trades, the noticee had given a wrong impression about the liquidity of the scrip in the market. It must not be forgotten that every trade establishes the price of the scrip and the noticee's trading at higher than LTP resulted in the price of the scrip going up and were done with a view to set the price at a desired level and thereby influencing the innocent/gullible investors.

By purchasing at a higher price in most of his trades, the noticee had given the wrong impression about the price of the scrip in the market. It is an accepted state of affairs that in cases of manipulation of the volume and / or price of a particular scrip, it is usually an arduous task to obtain direct evidence. However, the analysis of the trade and order logs as undertaken hereinabove, establishes the malafide intention of the appellant."

70. Further, it was also alleged in the SCN that Vishu and Antala had contributed Rs 202.7 and Rs 162.15 in BSE and Rs154.75 and Rs 78.20 in NSE respectively in price rise by first trades. It was observed that there were 100 first trades of the Noticees group out of which 89 trades have been executed by Noticee 1 - Antala and Noticee 2 –Vishu in BSE. Similarly, out of 87 first trades of the group on NSE, 76 trades have been executed by Noticee 1 -Antala and Noticee 2 – Vishu. The details of first trades executed by the Noticees at the BSE and NSE are given below:

Table - 12

Clients Name	BSE			NSE		
	No. of First Trades	Traded Qty	Sum LTP Diff	No. of First Trades	Traded Qty	Sum of LTP Diff
Vishu	57	14,859	202.7	59	17842	154.75
Antala	32	8,047	162.15	17	1862	78.20
Dhirajlal	5	5,376	10.8	7	15265	10.85
Sajjan	0	0	0	1	3000	1
Govind	0	0	0	1	850	0
Ashik	2	15	6.45	2	11	11.75
Babubhai	1	5,000	1.65	0	0	0
Sagar	3	14,000	2.65	0	0	0
TOTAL	100	47297	386.40	87	38830	256.55

71. Antala and Vishu have contended that the number of alleged first trades by them was an insignificant percentage to be considered for creating any impact on the price and volume of shares to be traded. In this regard, I note that the IP which extended for the period from June 01, 2010 to December 31, 2010 had 151 trading days. Accordingly, the no. of instances/days of first trades by Antala and Vishu in BSE (89 first trades) and NSE (76 first trades) is found to be significantly high.

72. Further, in this respect, I note that the Noticee 2 -Vishu had entered 57 first trades for 14,859 shares on BSE and the sum LTP difference was Rs 202.7 on BSE. Further, it had entered 59 first trades for 17,842 shares on NSE and the sum LTP difference was Rs 154.75 on NSE. I also note that the Noticee 1 -Antala had entered 32 first trades for 8,047 share on BSE and the sum LTP difference was Rs 162.15 on BSE. Noticee 1 –Antala had also entered 17 first trades for 1,862 shares on NSE and the sum LTP difference was Rs 78.20 on NSE. In view of the same, I conclude that the Noticee 1 and Noticee 2 were indulging in price rise of the scrip by entering such first trades higher than previous price/ close price.

73. In view of the above reasons and relying on the various citations of Hon'ble Supreme Court of India and Hon'ble SAT, I am of the view that it is established without doubt that the Noticee 1-Antala and Noticee 2 -Vishu through its proprietor Mr. Vishwanath Hetram Varma had indulged in price rise by entering buy/ sell orders at a higher price than the last traded price and by entering buy/ sell order at a New high price and first trade of the day then existing market price, in the scrip of the company. It has earlier been established that the Noticees contributed in creation of artificial volume by executing synchonised and reversal trades with other members of the group.

74. In view of the above, I conclude that Noticee 1 and 2 viz. M/s Antala Real Broking & Impex Private Limited and M/s Vishu Enterprises through its proprietor Shri Vishwanath Hetram Varma have violated the provisions of Regulation 3(a), (b), (c), (d) and 4(1), 4(2)(a), (b), (e) and (g) of PFUTP Regulations by executing Synchronised and Reversal trades with other Noticees of the group thereby contributed in creation of artificial volume and by indulging in price rise by entering buy/ sell orders at a higher price than the last traded price and by entering buy/ sell order at a New high price and first trade of the day than the existing market price, in the scrip.

75. Further, I conclude that Noticee 3 to 9 viz. Shri Sajjankumar Nanwal, Ms Sunitadevi Sajjan Nanwal, Shri Govind Kumar Varma, M/s Dhirajlal Sanghvi HUF, Shri Sagar Dhirubhai Sanghvi, Shri Ashik Dhirajlal Sanghvi and Shri Babubhai Desai have violated the provisions of Regulation 3(a), (b), (c), (d) and 4(1), 4(2)(a) and (g) of PFUTP Regulations by executing Synchronised and Reversal trades with other Noticees of the group and, thereby, contributed in creation of artificial volume.

76. I also note that it was stated in the SCN that SEBI had initiated adjudication proceedings in respect of Noticees (except Antala) in the scrips of Nakoda Textiles India Limited, Gayatri Projects Limited, Nandan Exim Limited and Trimurthi Drugs and Pharmaceuticals Limited and the Adjudicating Officer vide order dated January 28, 2014 had imposed penalty of Rs 5 Crore on the above Noticees for violation of section 12A(a), (b) and (c) of the SEBI Act,1992 read with Regulation 3(a), (b), (c) and (d) and 4(1), (2)(a) of PFUTP Regulations. Hence, it was alleged in the SCN that the Noticees had repeatedly violated SEBI Act and PFUTP Regulations. I observe that the said order of the Adjudicating Officer was challenged in the Hon'ble SAT by the above Noticees. The Hon'ble SAT, vide order dated February 15, 2016, had set aside the said adjudication order dated January 28, 2014 and remanded the case to the Adjudicating Officer to be adjudicated afresh. In view of the same, the adjudication proceedings were initiated afresh and the Adjudicating Officer passed order dated July 31, 2017 in the matter and imposed penalty on the Noticees.

77. Appeals were preferred before Hon'ble SAT by the above Noticees against the aforesaid order dated July 31, 2017, and vide Order dated March 14, 2018, Hon'ble SAT has given the following directions –

"2. In view of the grievance made by the appellants except appellant in Appeal No. 303 of 2017 (Master Capital Services Ltd. v/s SEBI), counsel for SEBI on instruction states that SEBI is willing to give inspection/ copies of the documents referred to in the show

cause notices as more particularly set out in the minutes dated May 30, 2017 (at Pg. No. 210 in Appeal No. 315 of 2017), and pass fresh order after giving an opportunity of hearing to the appellants.

3. In these circumstances, order dated July 31, 2017 impugned in all these appeals is quashed and set aside and restored to the file of AO for passing fresh order on merits and in accordance with law."

78. From the above, I note that the matter has been remanded back. I note that the matter has not been decided on merits and the Noticees (except Antala) have not been exonerated either. I note that no further adjudication order in the matter has been passed by the other AO. In view of the above, I note that the manipulative trades carried out by the Noticees (except Antala) in the scrip of Kavveri are not an isolated instance but are of repetitions as alleged by SEBI's investigations in the scrips of Nakoda Textiles India Limited, Gayatri Projects Limited, Nandan Exim Limited and Trimurthi Drugs and Pharmaceuticals Limited. Thus, the trading conduct of the Noticees (except Antala) is not blemishless. In view of the above, the argument of the Noticees tha they have absolutely clean track record has no basis.

79. The above violations of the PFUTP Regulations makes the Noticees liable to penalty under the provisions of Section 15HA of the SEBI Act, which reads as under:

SEBI Act, 1992

Penalty for fraudulent and unfair trade practices.

15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

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

*"**Factors to be taken into account by the adjudicating officer.***

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

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

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

(c) the repetitive nature of the default.

Explanation.—For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E,clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section."

81. From the foregoing, it has been established that the Noticees have committed the following trading violations:

S. No.	Name	Violation
1	Antala	Synchronised and reversal trades, and Price rise by LTP, New High Price and first trade of the day
2	Vishu	Synchronised and reversal trades, and Price rise by LTP, New High Price and first trade of the day
3	Sajjan	Synchronised and reversal trades
4	Sunita	Synchronised and reversal trades
5	Govind	Synchronised and reversal trades
6	Dhirajlal	Synchronised and reversal trades
7	Sagar	Synchronised and reversal trades
8	Ashik	Synchronised and reversal trades
9	Babubhai	Synchronised trades

The trade data with respect to the Noticees have been dealt with elaborately in the order and the same have not been repeated here.

82. I also note that there has been allegation of manipulative trades carried out by the Noticees (except Antala) in the scrips of Nakoda Textiles India Limited, Gayatri Projects Limited, Nandan Exim Limited and Trimurthi Drugs and Pharmaceuticals Limited. I find from the material on record that the loss caused to an investor or group of investors as a result of the said defaults cannot be quantified. As per the investigation report, the Noticees along with other members of the group have made the following profit / loss during the investigation period in the scrip of Kavveri.

83. In this regard, for the first time the Noticee 6 viz. Dhirajlal has made certain submissions regarding the profit calculation as follows. Noticee 6 has submitted that they have not made any unfair profits and that the profit calculations as set out in the SCN is flawed. It was further submitted that SEBI has reckoned all the trading which was in the nature of square-off trades for the purpose of profit calculation. Further, it was submitted that only the trades which are in the nature of synchronised trades or reversal trades are the tainted trades as per the SCN. It was submitted that profits arising out of trades which are not in the nature of synchronised trades or reversal trades, cannot be reckoned for the purpose of calculation of alleged unfair profits. It was contended that the whole calculation is erroneous, since it inter alia fails to segregate the tainted trades from the untainted trades. I note that the said submissions merit consideration. Noticee 6 has submitted that based on the alleged synchronised trades as quantified in the letter dated December 06, 2021 provided to them, it has suffered a loss of Rs. 3.83 lacs on NSE and a profit of of Rs. 9.76 lacs on BSE. It was however submitted that they were constrained to take the weighted average buy and sell prices as provided in the SCN (which was for entire IP) as they do not have data relating to price etc. In this regard, I also find merit in the said constraint cited by the Noticee regarding the relevant correct buy and sell prices to be considered for calculation of profit/loss. In view of the

arguments made by the Noticee 6 (Dhirajlal) for the first time in regard to the profits alleged to have been made, I do not intend to consider the profit figures for all Noticees as given in the IR as the same argument may hold good for other Notices too, though no specific arguments have been made by them.

ORDER

84. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by the Noticee and also the factors mentioned in Section 15J of the SEBI Act and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, I hereby impose the below mentioned penalty on the Noticees :

Noticee No.	Name of the Noticee	Violations	Penal Provision	Penalty
1	M/s Antala Real Broking & Impex Private Ltd.	A. Noticees 1 to 9 : Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) and (g) of PFUTP Regulations, and B. Noticees 1 and 2 Regulations 4 (2) (b) and (e) of PFUTP Regulations	Section 15HA of SEBI Act, 1992	A. Rs. 10,00,000 /- (Rupees Ten Lac only) to be payable jointly and severally by Noticees no. 1 to 9 B. Rs. 2,00,000 /- (Rupees Two Lac only) to be payable jointly and severally by Noticees 1 and 2
2	M/s Vishu Enterprises (proprietor - Shri Vishwanath Hetram Varma)			
3	Shri Sajjankumar Nanwal			
4	Ms Sunitadevi Sajjan Nanwal			
5	Shri Govind Kumar Varma			
6	M/s Dhirajlal Sanghvi HUF			
7	Shri Sagar Dhirubhai Sanghvi			
8	Shri Ashik Dhirajlal Sanghvi			
9	Shri Babubhai Desai			

85. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticees.

86. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai, OR through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → Orders → Orders of AO → PAY NOW

87. The aforesaid Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid to “The Division Chief (Enforcement Department 1 DRA-2), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C – 4 A, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.”. The Noticee shall also provide the following details while forwarding DD / payment information:

- Name and PAN of the Noticee(s)
- Name of the case / matter
- Purpose of Payment – Payment of penalty under AO proceedings
- Bank Name and Account Number
- Transaction Number

88. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

89. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticees and also to the Securities and Exchange Board of India.

Date: March 23, 2022 **K SARAVANAN**

Place: Mumbai **ADJUDICATING OFFICER**