BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. ORDER/BM/DS/2022-23/17319-17329]

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

In respect of:

Noticee	Name
1	Rameshbhai Vanghjibhai Shah (PAN: AEFPS1779B)
2	Dhirajbhai V Sanghvi HUF (PAN: AAEHD6469E)
3	Vishu Enterprise (PAN: ABUPV9902H)
4	Sagar Sanghvi (PAN: BTAPS0001H)
5	Ashik Sanghvi (PAN: ATJPS9279F)
6	Sajjan Kumar Nanwal (PAN: ABJPN3315R)
7	Sunitadevi Nanwal (PAN: ABUPN3315R)
8	Govindkumar Varma (PAN: ABUPV9901E)
9	Babubhai Desai (PAN: AKSPD2671E)
10	Sanghvi Fincap Limited (PAN: AACCS7458K)
11	MTL Share & Stock Brokers Limited (PAN: AABCM1406A)

In the matter of
Trading in four scrips viz. Nakoda Textiles India Limited, Gayatri Projects Limited, Nandan Exim Limited and Trimurthi Drugs & Pharmaceuticals Limited

(Noticees 1 to 13 are individually known by their respective name or Noticee no. and collectively referred to as the "Noticees")

BACKGROUND:

1) Securities and Exchange Board of India (hereinafter being referred to as "SEBI") had passed Adjudication Order No. EAD-2/DSR/VVK/33-42/2014 dated January

28, 2014 against Noticees 1 to 10 imposing consolidated penalty of Rs.5,00,00,000/- (Rupees Five Crore only) under Section 15HA of the Securities and Exchange Board of India Act, 1992 (hereinafter being referred to as "**SEBI Act**") for violation of provisions of regulations 3(a), (b), (c) and (d) and 4(1), 4(2)(a), (e) and (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**") read with section 12A(a), (b) and (c) of SEBI Act. The Noticees appealed to the Hon'ble SAT against the order passed by SEBI AO imposing consolidated monetary penalty of Rupees 5 crore.

2) Hon'ble Securities Appellate Tribunal (SAT), vide Order dated February 15, 2016, in appeals no. 81 to 90 of 2014, while setting aside the Adjudication Order dated January 28, 2014 remanded the case to Adjudicating Officer. The Hon'ble SAT inter-alia observed that:
"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 the matter to the file of the learned adjudicating officer to be adjudicated afresh after taking on record fresh replies to the show cause notice from the appellants; and in according 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."

3) Miscellaneous application no.s 284 to 293 of 2016 in Appeal No.s 81 to 90 of 2014 were filed before the Hon'ble SAT for extension of time to pass final orders in the matter. Accordingly, while disposing of the said Miscellaneous Applications, vide order dated December 09, 2016, the Hon'ble SAT was extended the time for passing orders by further 8 months.

4) Further, the Hon'ble SAT, vide its order dated April 06, 2016, in Appeal No. 231 of 2014, while setting aside the adjudication order dated May 09, 2014, remanded the case to the Adjudicating Officer for passing fresh order on merits and in accordance with law against the Appellant viz. MTL Share & Stock Brokers Limited (hereinafter referred to as MTL / Noticee 11) for the alleged violation of the provisions of Regulation 7 read with Clause A(1), A(2), A(3), A(4) and A(5) of the code of conduct as specified under schedule II of the SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 (hereinafter referred to as the "**Broker Regulations**").

5) The Hon'ble SAT, interalia, observed that "*In view of the fact that in the case of the client of the Appellant namely, Mr Dhirajlal V Sanghvi HUF Vs. SEBI, the Tribunal in Appeal No. 87 of 2014 has set aside the order of the Adjudicating Officer against the said client Mr. Dhirajlal V Sanghvi HUF and remanded the matter for fresh decision on merits and in accordance with law, the counsel for the parties state that the impugned order in the present appeal may also be quashed and set aside and restored to the file of the Adjudicating Officer for passing fresh order on merits and in accordance with law. Accordingly, the impugned order dated May 09, 2014 is set aside and restored to the file of AO for passing fresh order on merits and in accordance with law*."

6) Pursuant to the directions of the Hon'ble SAT, vide letter dated September 22, 2016, certain additional documents viz. a copy of the Investigation Report along with additional data mentioned below was provided to Noticees 1 to 10.

   (a) Details of trades executed by Sanghvi Group among themselves.

   (b)Details of the synchronized trades executed by the Noticees in the four scrips during the investigation period.

   (c)Trade log / Order log in the four scrips for the investigation period July 01, 2009 to July 19, 2010.

7) After conducting fresh proceedings in terms of Hon'ble SAT Orders, SEBI passed Adjudication Order No. EAD-2/AO/DSR/RG/675-685/2017 dated July 31, 2017 against Noticees 1 to 11 imposing total penalties of Rs. 2,62,60,000/-.

8) The aforesaid order was appealed by the Noticees before Hon'ble SAT citing that proper connection has not been established in the order, before proving the charge of acting jointly by the appellants to manipulate price and volume. Vide Order dated March 14, 2018, in appeals no. 273, 274, 292, 293, 294, 297, 303, 305, 306, 311 and 315 of 2017 Hon'ble SAT set aside the Adjudication Order dated July 31, 2017 and restored the case to the file of Adjudicating Officer. The Hon'ble SAT inter-alia observed that:

   "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.

“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.”

APPOINTMENT OF ADJUDICATING OFFICER

9) Pursuant to aforementioned order of Hon’ble SAT, Shri K Sarvanan, General Manager was appointed as Adjudicating Officer on March 28, 2018 to enquire into and adjudge under Section 15HA and Section 15HB, the aforementioned violations against Noticees. Pursuant to his transfer, Shri Parag Basu, Chief General Manager was appointed as Adjudicating Officer vide Order dated July 14, 2021. Thereafter, pursuant to his transfer, the undersigned was appointed as Adjudicating Officer vide Order dated March 11, 2022. As the matter has been remanded by the Hon'ble SAT for passing of fresh order, the common show cause notice dated May 15, 2013 (hereinafter referred to as the SCN) issued to the 10 Noticees and the allegations levelled against them stand for the purpose of the present proceeding. Similarly, the SCN dated May 15, 2013 issued to MTL and the allegations levelled against it in the said SCN stand for the purpose of the present proceedings. Also, additional documents mentioned in paragraph 6 above provided to Noticees 1 to 10 vide letter dated September 22, 2016 pursuant to directions of Hon’ble SAT, vide its order dated April 06, 2016 constitute material available on record for the purpose of the present proceedings.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

10) A common SCN with reference no. EAD-2/RGA/11600/2013 dated May 15, 2013 was issued to Noticees 1 to 10 to show cause as to why an enquiry should not be held against them in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry

and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**Adjudication Rules**") read with section 15-I of the SEBI Act and penalty be not imposed under section 15HA of SEBI Act for the alleged violation of the provisions of SEBI Act and PFUTP Regulations.

11) Another SCN with reference no. EAD-2/RGA/11601/2013 dated May 15, 2013 was issued to Noticee 11 to show cause as to why an enquiry should not be held against them in terms of Rule 4 of the Adjudication Rules read with section 15-I of the SEBI Act and penalty be not imposed under section 15HB of SEBI Act for the alleged violation of the provisions of SEBI Act and Broker Regulations.

12) The observations made under the investigation and the allegations levelled against the Noticees in the SCN are mentioned hereunder.

a) It was noted that the four scrips, viz. Nakoda Textiles India Limited (hereinafter referred to as "**NTIL**"), Gayatri Projects Limited (hereinafter referred to as "**GPL**"), Nandan Exim Limited (hereinafter referred to as "**NEL**") and Trimurthi Drugs & Pharmaceuticals Limited (hereinafter referred to as "**TDPL**") were listed at the Bombay Stock Exchange Limited (hereinafter referred to as "**BSE**") during the period from July 01, 2009 to January 19, 2010 (hereinafter referred to as "**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 NTIL, GPL, NEL and TDPL. 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.

b) It was observed that Noticees 1 to 10 were connected to each other based on the below mentioned connections.

Table - 1

Sr. No.	Name	Address	Phone	Email	Connections
1	Rameshbhai Vanghjibhai Shah	19, Pancharatna Society, Ta. Vishnagar, Mahesana, Gujarat	9925358326; 7926565266; 9825317172	-	Common Phone number with Noticees 6, 9 and 10; Relative of Noticees 2, 4 and 10 (as per entities' reply)
2	Dhirajbhai V Sanghvi HUF	No. A-14, Tirthbhumi Apartments, Nr. Lal Garden Ellisbridge, Ahmedabad, Gujarat - 380006	9825317172	sanghvifincap @gmail.com	Common address with Noticees 4 and 5; father of Noticees 4 and 5; Common directorship with Noticee 6 in Noticee 10; common phone number with Noticees 3, 4, 5 and 9.
3	Vishu Enterprise	D 176, Padmavati Society, Naroda, Ahmedabad, Gujarat - 382333	9825317172; 7926565266	sanghvifincap @gmail.com	Common address with Noticees 6, 7, 8; Common Phone no. with Sr. No. 2, 4, 5 and 9; Common email address with 2, 4 and 5
4	Sagar Sanghvi	No. A-14, Tirthbhumi Apartments, Nr. Lal Garden Ellisbridge, Ahmedabad, Gujarat - 380006	9979150828	sanghvifincap @gmail.com	Power of attorney to Noticee 6 ; Son of Karta of Noticee 2; Common address with Noticee 2 and 5
5	Ashik Sanghvi	No. A-14, Tirthbhumi Apartments, Nr. Lal Garden Ellisbridge, Ahmedabad, Gujarat - 380006	9825317172	sanghvifincap @gmail.com	Common address with Noticees 2 and 4; Son of Karta of Noticee 2; Common Phone no. with

Sr. No.	Name	Address	Phone	Email	Connections
6	Sajjan Kumar Nanwal	D 176, Padmavati Society, Naroda, Ahmedabad, Gujarat - 382333	9376017172; 7926565266; 9825317172	Sajjan_kumar36@yahoo.com	Common directorship with Karta of Noticee 2 in Noticee 10; Power of attorney of Noticee 4; Off market transactions with Noticees 2, 5, 7, 10; Husband of Noticee 7
7	Sunitadevi Nanwal	D 176, Padmavati Society, Naroda, Ahmedabad, Gujarat - 382333	9825317172	-	Wife of Noticee 6; Common address with Noticee 6, 7 and 8; common phone no. with 1, 2, 3, 5, 6, 8 and 9
8	Govindkumar Varma	D 176, Padmavati Society, Naroda, Ahmedabad, Gujarat - 382333	9825317172; 7926565266	-	Brother of Noticee 6; Common address with 3, 6, 7; common phone number with Noticees 2, 3, 5, 6, 9
9	Babubhai Desai	Rabari Vasahat, Nava Vadaj, Ahmedabad, Gujarat – 380016	9825317172; 7926565266	-	Common Phone number with Noticees 6, 8 and 10; Indirect associate of Noticees 2, 4 and 10 (as per entities' reply)
10	Sanghvi Fincap Limited	B-54 Dhaval Avenue, Behind Associated Petrol Pump, C G Road, Ahmedabad, Gujarat - 380006	7926565266	-	Noticee 10 and karta of Noticee 2 are directors; Same phone number with 3, 6, 8, 9.Indirect associates with 9 (as per its reply).

c) In view of their connections, for the sake of brevity, Noticees 1 to 10 were referred to as "**Sanghvi Group**" by the Investigation.

d) It was alleged that Sanghvi group contributed significantly in the increase in the price of NTIL, GPL, NEL and TDPL. The price volume data and price movementfor the 4 scrips for the period before, during and after the investigation period is given below:

Table – 2 – Price Volume Analysis - **NTIL**

Particulars / Period		Open	High	Low	Close	Avg. no. of (shares) traded daily during the period
Before Investigation period 01/06/2009 – 30/06/2009	Price	33.70	44.35	29.00	39.75	77620
	Volume	144641	144641	30631	41311	
During Investigation Period 01/07/2009 – 19/01/2010	Price	43.70	93.20	33.30	59.50	164588
	Volume	50882	1030781	32187	645210	
After investigation period 20/01/2010 – 19/02/2010	Price	60.90	60.90	11.56*	11.91*	273316
	Volume	565326	1080118	66972	141496	

Table – 3 – Price Volume Analysis - **GPL**

Particulars / Period		Open	High	Low	Close	Avg. no. of (shares) traded daily during the period
Before Investigation period 01/06/2009 – 30/06/2009	Price	175.25	197.60	186.00	183.65	91831
	Volume	14878	323037	323037	120833	
During Investigation Period 01/07/2009 – 19/01/2010	Price	183.50	469.40	156.10	412.55	67610
	Volume	32052	238208	9692	148586	
After investigation period 20/01/2010 – 19/02/2010	Price	417	472.10	316.25	392.45	44461
	Volume	91694	91694	5084	17135	

Table – 4 – Price Volume Analysis - **NEL**

Particulars / Period		Open	High	Low	Close	Avg. no. of (shares) traded daily during the period
Before Investigation period 01/06/2009 – 30/06/2009	Price	2.02	2.56	1.60	1.91	354957
	Volume	494555	1281339	48325	341159	
During Investigation Period 01/07/2009 – 19/01/2010	Price	2	3.23	1.45	2.63	660742
	Volume	141835	5978473	50889	1245648	
After investigation period	Price	3.15	3.15	2.14	2.32	295097

20/01/2010 – 19/02/2010		Volume	614216	733230	46501	206804	

Table – 5 – Price Volume Analysis - **TDPL**

Particulars	**Period**		**Open**	**High**	**Low**	**Close**	**Avg. no. of (shares) traded daily during the period**
Before Investigation period	**01/06/2009 – 30/06/2009**	Price	18.75	39.35	18.00	30.05	58569
		Volume	30505	138877	2652	6244	
During Investigation Period	**01/07/2009 – 19/01/2010**	Price	31.55	52.90	4.91*	6.32*	117096
		Volume	22176	1151139	1361	153199	
After investigation period	**20/01/2010 – 19/02/2010**	Price	6.50	7.18	4.98	5.94	276520
		Volume	151445	2507137	7311	50691	

e) Following is the scrip-wise trading summary of Sanghvi Group entities during the investigation period.

Table - 6

Scrip Name	**Market Volume**	**Group Purchase**	**% to Market**	**Group Sales**	**% to Market**	**Trade within Group**	**% to Market**	**Sycn Volume**	**% to Market**
NTIL	22548566	8712500	38.64	9193826	40.77	5683458	25.21	2527969	11.21
GPL	9262632	2048890	22.12	2003272	21.63	837767	9.04	300776	3.25
NEL	90521616	18134907	20.03	15993188	17.67	5434188	6.00	122648	0.14
TDPL	16042702	9572564	59.67	7671610	47.82	4586366	28.59	678704	4.23

f) From the tables above, it was observed that Sanghvi Group allegedly contributed significantly (between 17.67% to 59.67%) to the market volume during the investigation period. Of these trades, more than 25% of the market volume in NTIL and more than 28% of the market volume in TDPL is due to trades among the entities belonging to Sanghvi group. The alleged synchronized trades of the group in NTIL contributed to as much as 11.21% of the market volume in the scrip. Scrip wise details of synchronized trades were provided to the Noticees vide letter dated September 22, 2016.

Synchronized Trades

g) Total synchronized trades, i.e. where the buy and sell order quantity and rate were identical and orders for these transactions were placed within time gap of one minute, during the period of investigation for all the 4 scrips were analysed and following was observed:

Table - 7

Scrip Name	**Market Volume**	**Sync Trade Volume**	**Sync Trade volume within group**	**% to Market**	**Sync Trade LTP within Group**
NTIL	22548566	3541121	2527969	11.21	3.65
GPL	9262632	959073	122648	0.14	0
NEL	90521616	2427811	678704	4.23	8.27
TDPL	16042702	1537744	300776	3.25	2.6

h) The above table indicates that the alleged synchronized trades executed by the Sanghvi Group ranged from 0.14% to 11.21% in the four scrips. Among these, in the scrip NTIL, the Sanghvi Group has contributed to significant volume (i.e.11.21% of the total market volume). The net last traded price (hereinafter referred to as "LTP") contribution due to such synchronized trades by Sanghvi Group was highest in TDPL i.e. 8.27 while it was zero in NEL.

Self-Trades

i) Following are the details of the self-trades executed by the Noticees wherein the same client appeared on both buy and sell side of the trades:

Table - 8

Scrip Name	NTIL		GPL		Trimurthi		Nandan	
Client Name	**Volume**	**No. of trades**	**Volume**	**No. of trades**	**Volume**	**No. of trades**	**Volume**	**No. of trades**
Notice 2 (Dhirajlal V Sanghvi HUF)	2699	12	244	5	5949	10	18816	2
Noticee 5 (Ashik Sanghvi)	0	0	0	0	166	2	0	0
Noticee 3 (Vishu Enterprise)	2725	14	93	4	1575	3	9150	1
Noticee 1 (Rameshbhai V Shah)	337	9	147	10	3329	14	0	0

j) Details of day wise self-trades of each entity and percentage to market volume were given to the Noticees as annexures to the SCN. It was also observed that alleged self-trades for Noticee 2 were placed through broker terminal (terminal no. 3800090422001001) of Noticee 11 (share broker). The orders for alleged self-trades of Noticees 1 and 3 were placed through internet.

<u>LTP Contribution</u>

k) The details of trades by Sanghvi Group entities as buyer, which resulted into LTP influence are tabulated in the table below:

<u>Table - 9</u>

Scrip Name	Total No. of Trades	Group Total Trades	% to Market	Group No. of Trades with -ve LTP	Market -ve Trades	% to Market	Group No. of Trades with LTP	Market LTP trades	% to Market	Group No of trades with zero LTP	Market zero LTP trades	% to Market
NTIL	86962	16134	18.55	2735	19506	14.02	4989	18617	26.80	8410	48839	17.22
NEL	33390	4554	13.64	941	5117	18.39	783	5978	13.10	2830	21354	13.25
TDPL	16475	11183	67.88	2079	3473	59.86	2260	2972	76.04	6844	10030	68.24

GPL	84779	17486	20.63	4248	22763	18.66	6970	22206	31.39	6268	39810	15.74

l) Thus, the no. of trades of Sanghvi Group, which allegedly contributed to positive LTP when compared to no. of market trades contributing to positive LTP in the four scrips ranged from 13.10% to 76.04%. Comparison of actual LTP contribution of Sanghvi Group entities to total market contribution in the four scrips is tabulated below:

Table – 10

Scrip Name	Group Total -ve LTP Contri	Market -ve LTP Contri	% of Group -ve contri to Market -ve LTP	Group Total +ve LTP Contri	Market +ve LTP Contri	% of Group +ve contri to Market +ve LTP	Market Net LTP	Group Net LTP
NTIL	-664.55	-4487.95	14.81	2139.6	4503.75	47.51	15.8	1475.05
NEL	-14.54	-106.99	13.59	14.78	92.84	15.92	-14.15	0.24
TDPL	-329.73	-698.66	47.19	538.34	673.43	79.94	-25.23	208.61
GPL	-2110.5	-15654.3	13.48	6999.6	15883.6	44.07	229.3	4889.1

m) As seen from the above table, the Sanghvi Group has allegedly contributed significantly (44%-80%) to positive LTP in scrips NTIL, GPL and TDPL, whereas their contribution to positive LTP in NEL is 15.92%. Individual client wise contribution to LTP in each scrip was given to the Noticees as annexure to the SCN.

New High Price (NHP) Contribution

n) During the period of investigation, the price of scrips varied as follows:

Table - 11

Scrip Name	Open	High	Low	Close	NHP (High - Open)

NTIL	43.7	93.2	33.3	59.5	49.5
NEL	2	3.23	1.45	2.63	1.23
GPL	183.5	469.4	156.1	412.55	285.9
TDPL (Before split)	31.55	52.9	23.65	51.05	21.35
TDPL (after split)	5.35	7.46	4.91	6.32	2.11

o) Market NHP contribution during the investigation period for NTIL, GPIL and NEL was ₹49.5, ₹1.23 and ₹285.9 respectively. In TDPL, total NHP contribution was ₹21.35 and ₹2.11 during the periods before stock split and after stock split respectively. Sanghvi Group dealing in the four scrips made following contribution to the new price established in each scrip during the investigation period:

Table - 12

Scrip Name	**NTIL**		**NEL**		**TDPL**		**GPL**	
Client Name	**NHP contri by Client**	**% to Total Scrip NHP**	**NHP contri by Client**	**% to Total Scrip NHP**	**NHP contri by Client**	**% to Total Scrip NHP**	**NHP contri by Client**	**% to Total Scrip NHP**
Notice 2 (Dhirajlal V Sanghvi HUF)	8.55	17.27	0.01	0.81	2.2	9.38	15.75	5.51
Noticee 4 (Sagar Sanghvi)	0	--	0	--	0	--	0	--
Noticee 5 (Ashik Sanghvi)	0	--	0	--	0	--	5.9	2.06
Noticee 6 (Sajjankumar Nanwal)	0	--	0	--	0.25	1.07	0	--
Noticee 7 (Sunitadevi Sajjan Nanwal)	0	--	0	--	0.25	1.07	0	--
Noticee 8 (Govindkumar Varma)	0	--	0	--	0	--	0	--
Noticee 3 (Vishu Enterprise)	0.95	1.92	0.13	10.57	0.3	1.28	21.35	7.47
Noticee 1 (Rameshbhai V Shah)	39.2	79.19	0	--	14.65	62.45	87	30.43

Noticee 9 (Babubhai Desai)	0	--	0	--	0	--	0	--
Noticee 10 (Sanghvi Fincap Limited)	0	--	0	--	0	--	0	--
Group total NHP	**48.75**	**98.48**	**0.14**	**11.38**	**17.65**	**75.23**	**130**	**45.47**
Scrip total NHP	**49.5**		**1.23**		**23.46**		**285.9**	

p) As can be seen from the table, as much as 98.48% of the NHP in NTIL was contributed by Sanghvi Group entities. NHP contribution in TDPL was 75.23%, and GPL was 45.47%. NHP contribution of Sanghvi Group in NEL was 11.38% as compared to other three scrips. NHP was contributed mainly by Noticee 1 (ranging from 30% in GPL to 79% in NTIL), and Noticee 2 (ranging from 5.51% in GPL to 17.27% in NTIL). Transaction wise details of above trades by Sanghvi Group establishing NHP was given to Noticees as annexure to the SCN.

First Trades

q) High percentage of first trades was contributed by Sanghvi Group in NTIL, GPL and NEL. Following is the first trade details of Sanghvi group in all 4 scrips during investigation period:

Table - 13

Scrip Name	**No of First trades in Market**	**Market Volume**	**No of buy Trades by Group**	**Group Purchase**	**% to Market**	**No. of Sell trades by Group**	**Group Sales**	**% to Market**	**Trade within Group**	**% to Market**
NTIL	132	55847	126	54927	98.35	7	41284	73.92	284	73.92
NEL	134	211102	33	9850	4.67	0	0	0.00	0	0.00
TDPL Before split	72	94552	59	76501	80.91	18	54622	57.76	64722	68.45
TDPL After split	60	26929	58	15929	59.15	20	11650	43.26	11650	43.26
GPL	134	8510	87	3653	42.93	0	0	0.00	0	0.00

r) Apart from NEL, in all other 3 scrips, Sanghvi Group has entered into majority of the first trades in each scrip occurring during the investigation period. Even in NEL, more than 65% of the LTP contribution in first trades is through Sanghvi Group's trading.

s) Following is the LTP and NHP contribution details for all the first trades mentioned above:

Table - 14

Scrip Name	Sum of market LTP (buyer)	Sum of market NHP (buyer)	LTP of Group (buyer)	NHP Contri of the Group (buyer)
NTIL	509.25	31.2	498.95	31.2
NEL	3.43	0.63	2.25	0.1
TDPL (Before split)	79.2	18.7	84.3	16.7
TDPL (After split)	14.81	2.11	14.85	2.11
GPL	1082.9	161.75	915.05	72.8

t) As observed from the LTP / NHP table, almost all the NHP and LTP contribution (more than 90%) in NTIL and TDPL and significant NHP and LTP in GPL (90% LTP and ~45% NHP) has been contributed to by Sanghvi Group entities. The price was allegedly raised by Sanghvi Group entities through multiple first trades.

u) In the scrip of **GPL**, Sanghvi group mainly indulged in placing buy orders at rates higher than prevailing LTP or previous close price for the trades which contributed to price rise. Such orders triggered trades resulting into positive contribution LTP or even resulting into NHP. Also, the counterparties to many of such trades were other Sanghvi group entities, i.e. they aided in raising the price by putting in matching sell orders. Noticee 1 increased the price especially through first trades (73 out of 134 total first trades), wherein buy orders were placed by him at a rate significantly higher (5-20%) than previous close price. Often, these buy orders were placed at higher circuit limit prices. Noticees 2 and 3 contributed to price rise both through first trades and intraday trades wherein buy orders were placed by them at a rate significantly higher than previous traded price/close price. However, total LTP contribution of Noticee 2 was negative.

v) In the scrip of **NTIL**, the counterparty to more than 50% of traded quantity of each of the Sanghvi group member was another Sanghvi Group member. Noticee 1 was increasing price through first trades (84 out of 132 total first trades) and intraday trades, wherein buy orders were placed by him at a rate higher than previous close price/last traded price. Noticee 2 (29 out of 132 first trades) and Noticee 3 contributed to price rise both through first trades and intraday trades wherein buy orders were placed by them at a rate significantly higher than previous traded price/close price.

w) In the scrip of **TDPL**, Noticee 1 was increasing price through first trades (77 out of 132 total first trades) and intraday trades, wherein buy orders were placed by him at a rate higher than previous close price / last traded price. Noticee 2 (25 out of 132 first trades) and Noticee 3 contributed to price rise both through first trades and intraday trades wherein buy orders were placed by them at a rate significantly higher than previous traded price / close price. Noticee 2's total LTP contribution was negative in TDPL.

x) In the scrip of **NEL**, the volume contribution of Sanghvi Group as well as contribution to LTP by the Sanghvi Group as compared to that of market volume and LTP, was not significant so as to have large influence on share price. However, Noticee 1 was seen increasing price through first trades (22 out of 134 total first trades) and intraday trades, wherein buy orders were placed by him at a rate higher than previous close price/last traded price.

y) The approximate profit earned as per the Investigation Report, together by Sanghvi Group during the investigation period in all 4 scrips is ₹1,10,99,947. Details in this regard were provided to the Noticees as annexures to the SCN. Sanghvi group together allegedly created artificial volume in the scrip of NTIL, contributing to as much as 11.21% of the market volume through synchronized trades within group, wherein both buyer and seller were from Sanghvi group, the buy / sell order rate as well as quantity were same and time difference between orders was less than 1 minute.

z) Sample trades for Sanghvi Group client's in different scrips wherein buy orders were placed at prices above the prevailing sale order prices or previous close prices (in the case of first trades) were given to the Noticees as annexure to the SCN. Order book analysis of Sanghvi group revealed the following:

Table - 15

Noticee 4 (Sagar Sanghvi)	Noticee 4 had awarded power of attorney of his HSBC direct trading account to Noticee 6. KYC documents in this regard, received from the trading member were given to Noticees along with the SCN. His trades did not contribute to price rise in GPL. Also, he did not trade in NEL. He contributed to price rise mainly through intraday trades, by placing buy orders at higher prices

	than LTP and available sell order prices in NTIL and TDPL. Also, counterparties to many of his trades were Sanghvi Group entities in these two scrips (19 out of 29 +ve LTP trades in NTIL, 6 out of 9 +ve LTP trades in TDPL)
Noticee 5 (Ashik Sanghvi)	Noticee 5 contributed to price rise mainly through intraday trades, by placing buy orders at higher prices than LTP and available sell order prices in NTIL, GPL and TDPL. He also contributed to price rise through first trades on few instances in NTIL, GPL and TDPL.
Noticee 6 (Sajjan Kumar Nanwal)	Noticee 6 contributed to price rise mainly through intraday trades, by placing buy orders at higher prices than LTP and available sell order prices in NTIL. He also had PoA for Noticee 4's trading account with HSBC Direct.
Noticee 7 (Sunita Devi Nanwal)	Noticee 7, wife of Noticee 6, contributed to price rise mainly through intraday trades, by placing buy orders at higher prices than LTP and available sell order prices in NTIL, TDPL, GPL and NEL. In NEL, most of her positive LTP buy trades matched (for quantity and price) with Noticee 1 as counterparty (5 out of 6, positive LTP trades).
Noticee 8 (Govind Kumar Verma)	Noticee 8 contributed to price rise mainly through intraday trades, by placing buy orders at higher prices than LTP and available sell order prices in NTIL and GPL. Many of his positive LTP buy trades had another Sanghvi Group member as counterparty seller.
Noticee 9 (Babubhai Desai)	Noticee 9 contributed to price rise mainly through intraday trades, by placing buy orders at higher prices than LTP and available sell order prices in NTIL and TDPL.

Noticee 10 (Sanghvi Fincap Limited)	Noticee 10 did not trade in GPL and its trading and contribution to price rise was insignificant in other scrips.

aa) Thus, it is alleged that Noticee No. 1 to 3, being a part of Sanghvi group contributed to artificial volume in NTIL with other Sanghvi Group entities. Noticee No. 1 to 3 entered into self-trades and contributed to price rise in fraudulent manner in NTIL, GPL, NEL and TDPL and accordingly violated Regulation 3(a), (b) (c), (d) and Regulation 4(1), 4(2)(a) (e) and (g) of PFUTP Regulations read with Section 12A(a),(b) and (c) of SEBI Act.

bb) It is alleged that Noticee No. 4 to 10 being a part of Sanghvi Group contributed to artificial volume in NTIL with other Sanghvi Group entities and accordingly violated Regulation 3(a), (b) (c), (d) and Regulation 4(1), 4(2)(a) of PFUTP Regulations read with Section 12A(a),(b) and (c) of SEBI Act.

13) Vide SCN with reference no. EAD-2/RGA/11601/2013 dated May 15, 2013, issued to Noticee 11, it was alleged that Noticee 11, being a broker of Noticee 2, executed self-trades on behalf of Noticee 2 in all four scrips, viz. NTIL, NEL, TDPL and GPL, and failed to exercise due care and diligence while dealing for its client and accordingly violated regulation 7 read with clause A(1), (2), (3), (4) and (5) of Code of Conduct specified under Schedule II of the Broker Regulations.

14) To summarise the chronology of this matter,

a) SCN dated May 15, 2013 was issued to the Noticees.

b) Order in the matter was passed by the Learned AO on January 28, 2014 against Noticees 1 to 10 and on May 09, 2014 against Noticee 11.

c) It was appealed by Noticees 1 to 10, resulting in Hon'ble SAT Order dated February 15, 2016, which remanded the case to Learned AO, directing to provide Inspection report and annexures thereto, and passing fresh Order after taking fresh replies to the SCN from the appellants.

d) Noticee 11 also appealed the Order passed against it. Consequently, it was remanded to Learned AO for passing fresh Order on merits and in law against the appellant.

e) Pursuant to directions of SAT, documents mentioned in paragraph 6 above were provided to Noticees 1 to 10 vide letter dated September 22, 2016.

f) Order dated July 31, 2017 was passed against Noticees after conducting fresh proceedings, and penalty given in Table 1 was imposed against the Noticees.

g) It was appealed by the Noticees for want of inspection/ copies of certain documents. Consequently, Hon'ble SAT restored the file to AO for, inter-alia, providing inspection and passing fresh order on merits and in accordance with law.

h) Thereafter, Shri K Sarvanan was appointed as AO for fresh proceedings. Inspection was provided to Noticees 1 to 11 through letter dated April 28, 2021 and the Noticees were advised to inspect the documents at SEBI premises on May 07, 2021. Subsequently, upon transfer of erstwhile AO, Shri Parag Basu was appointed as AO in the matter vide Communique dated July 14, 2021.

i) Noticees 1 to 8 and 10, all vide mail dated July 12, 2021, expressed their inability to conduct inspection due to Covid situation, and requested for provisions of copies of the relevant documents to them. Hence, the documents noted in minutes dated May 30, 2017 were provided to Noticees 1 to 8 and 10. Noticee 9 did not appear for inspection and Noticee 11, vide mail dated May 06, 2021 requested for another opportunity of inspection.

j) Subsequently, another opportunity of inspection was granted to Noticees 9 and 11 vide letter dated January 07, 2022. Noticees 9 and 11 were advised to inspect the documents at SEBI premises on January 18, 2022. However, Noticee 9 did not reply or appear for inspection on the scheduled date and time and Noticee 11 requested for another date citing health related reasons of its authorized representative.

k) Meanwhile, replies were received from Noticees 2 to 8 and 10 between December, 2021 and February, 2022, about which details are provided in forthcoming paragraphs. In the interest of natural justice, an opportunity of personal hearing was granted to the Noticees vide letter dated January 07, 2022, wherein Noticees were advised to appear for the hearing on January 25, 2022 by the erstwhile AO. However, as per the records, the Noticees did not appear for the hearing.

l) Upon transfer of AO Shri Parag Basu, the undersigned was appointed as AO in the matter vide Order dated March 11, 2022.

15) Vide letter dated April 13, 2022, Noticees 9 and 11 were granted inspection of the documents relied upon in the SCN, including those set out in the minutes dated May 30, 2017 (at Page 210 in Appeal No. 315 of 2017). Noticees 9 and 11 were advised to visit SEBI premises on May 11, 2022. For the third time, Noticee 9 did not appear for the inspection of documents. Noticee 11, through its authorized representative conducted inspection of documents on the scheduled date and time at SEBI premises. The recordings of inspection proceedings are available on record.

16) In the interest of natural justice, an opportunity of hearing was granted to the Noticees through video-conferencing mode. The details of hearing scheduled and attendance of the Noticees is given below:

Table - 16

Noticee	Hearing Opportunity		No. of opportunity of hearing	Date of submissions
	Date of hearing	Attendance		
1	May 09, 2022 May 17, 2022 June 01, 2022 June 07, 2022	- - - -	I II III IV	June 08, 2022
2	May 09, 2022	attended	I	December 30, 2021; May 06, 2022; May 31, 2022
3	May 09, 2022 May 17, 2022 June 01, 2022 June 07, 2022	- - - attended	I II III IV	February 08, 2022 and June 13, 2022
4	May 09, 2022	attended	I	December 31, 2021 and May 31, 2022
5	May 09, 2022	attended	I	December 30, 2021 and May 31, 2022
6	May 09, 2022 May 17, 2022 June 01, 2022 June 07, 2022	- - - attended	I II III IV	January 04, 2022
7	May 09, 2022 May 17, 2022 June 01, 2022 June 07, 2022	- - - attended	I II III IV	January 09, 2022 and June 13, 2022
8	May 09, 2022 May 17, 2022 June 01, 2022 June 07, 2022	- - - attended	I II III IV	January 09, 2022 and June 13, 2022
9	June 10, 2022 June 16, 2022	- -	I II	-

10	May 09, 2022	attended	I	January 03, 2022
11	June 10, 2022	attended	I	June 14, 2022

17) As also given in the table above,

a) Hearing Notice dated April 26, 2022 was issued to Noticees 1 to 8 and 10, advising the Noticees to appear before the undersigned for hearing in the present matter on May 09, 2022 through video-conferencing mode.

<u>Noticees 2, 4, 5 and 10</u>

b) Noticees 2,4, 5 and 10 appeared through their authorized representative (AR) on the scheduled date and time. The AR reiterated the submisisons made by the Noticees previously vide letters dated December 30, 2021, December 31, 2021, January 03, 2022 and May 06, 2022. Additional submissions were also made by the AR, which was submitted in writing vide similarly worded letters dated May 31, 2022.

<u>Noticees 1, 3, 6, 7 and 8</u>

c) Noticees 1, 3, 6, 7 and 8 did not appear for the hearing. In the interest of natural justice, they were granted another opportunity of hearing and vide email dated May 09, 2022, they were advised to appear before the undersigned on May 17, 2022.

d) Through a similar worded letter sent by Noticees 3, 6, 7 and 8 vide email dated May 13, 2022, they requested to adjourn the hearing by two weeks citing unavailability of their counsel. It was observed that Noticee 1 did not submit any reply or appear before the undersigned on scheduled date and time.

e) Their request was considered by the undersigned, and vide mail dated May 13, 2022, they were granted last and final opportunity of hearing on June 01, 2022.

It was observed that none of the Noticees appeared on June 01, 2022 before the undersigned.

f) Vide mail dated June 01, 2022, Noticees 1, 3, 6, 7 and 8 were informed that as they did not appear for the hearing, no further request for hearing will be acceded to and the matter will be proceeded with on the basis of material available on record.

g) However, vide mail dated June 01, 2022, Noticees 1, 3, 6, 7 and 8 requested the undersigned to grant last chance of hearing, which was considered and granted by the undersigned, vide mail dated June 02, 2022, wherein Noticees 1, 3, 6, 7 and 8 were advised to appear before the undersigned on June 07, 2022. Noticees 3, 6, 7 and 8, through their authorized representative, appeared on the scheduled date and time. The AR reiterated the submisisons made by the Noticees previously vide letters dated January 04, 2022, January 09, 2022, and February 08, 2022. Additional submissions were also made by the AR, which it agreed to submit in writing, and were submitted by them vide letter dated June 13, 2022.

h) It is pertinent to mention that he had been duly served the hearing notices. Previously, vide mail dated June 01, 2022, he had also sought last chance of hearing, and also submitted his reply vide letter dated June 08, 2022. However, Noticee 1 did not appear for the hearing on June 07, 2022. Hence, it was assumed that Noticee 1 has nothing further to submit, and submissions made by him along with material already available on record was considered for the purpose of adjudicating in the matter.

Noticee 9

i) Noticee 9 was issued hearing notice vide letter dated June 02, 2022, wherein he was advised to appear before the undersigned on June 10, 2022. The notices were duly delivered to him, and the proof of delivery is available in record.

j) However, Noticee 9 did not appear for hearing. In the interest of natural justice, Noticee 9 was granted last and final opportunity of hearing vide mail dated June 10, 2022, wherein he was advised to appear before the undersigned on June 16, 2022. However, he failed to appear for the hearing.

Noticee 11

k) Noticee 11 issued hearing notice vide letter dated June 02, 2022, wherein he was advised to appear before the undersigned on June 10, 2022. The notice was duly delivered to him, and the proof of delivery is available in record.

l) Noticee 11 appeared for the hearing on scheduled date and time through its authorized representative. Submissions were made by the AR, which it agreed to submit in writing, and were submitted vide mail dated June 14, 2022. The AR was informed that this is the final hearing and no further hearing would be granted to them in the present matter.

18) As can be observed, multiple opportunities of hearings was given to all the entities after completion of inspection. However, Noticee 1 and 9 still failed to appear for the hearing, despite of repeated opportunities provided to them. Due delivery of hearing notices and rescheduled hearings was done, and is available on record.

19) It was observed that Noticee 9 neither turned up for inspection, though he had appealed to Hon'ble SAT for provision/ inspection of specified documents, nor did he appear for hearing granted to him twice in the present matter. As can be seen

in the preceding paragraphs, all efforts were diligently made to provide hearings to all the Noticees. However, Noticee 9 did not reply to any communication sent to him in the captioned matter. I am of the view that the principles of natural justice have been adhered to, as the SCN and the Hearing Notices were duly served upon the Noticee 9 and sufficient opportunity was granted to him to reply to the SCN and appear for the personal hearing. Considering the fact that the Noticee 9 has neither filed any reply nor has availed the opportunity of personal hearing despite service of notices upon him, I am of the view that he has nothing to submit in terms of Rule 4(7) of the Adjudication Rules and the matter is being proceeded ex-parte in his regard on the basis of material available on record. As the Noticee 9did not file any reply to the SCN, it can be presumed that the Noticee 9 has admitted the charges levelled against him.

20) In this regard, it is pertinent to note that the Hon'ble SAT in the matter of Classic Credit Ltd. vs. SEBI (Appeal No. 68 of 2003 decided on December 08, 2006) has, inter alia, observed that, *"......the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them".*

21) Further, the Hon'ble SAT in the matter of Sanjay Kumar Tayal & Others vs SEBI (Appeal No. 68 of 2013 decided on February 11, 2014), has also, inter alia, observed that*: "........... appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices..."*

22) Additionally, the same position has been reiterated by the Hon'ble SAT in the matter of Dave Harihar Kirtibhai vs SEBI (Appeal No. 181 of 214 dated December 19, 2014), wherein the Hon'ble SAT observed as under*: "...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non- receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal..."*

23) In view of the observations made by the Hon'ble SAT, I find no reason to take a different view and accordingly, I deem it appropriate to proceed against the Noticee 9 ex parte, based on the material available on record.

24) Subsequent to Hon'ble SAT Order dated July 31, 2017, after restoration of the file to AO, all the submissions made by the Noticees have been taken into consideration. I note that Noticees 1 to 8 and 10 made several common submissions in their reply and the main common submissions inter alia made by Noticees 1 to 8 and 10 are summarized as below –

a) ***Inordinate delay*** *- The SCN suffers from enormous delay and laches. Admittedly, the allegations in the SCN are based on the trading done in the scrip of NTIL, GPL, and TDPL during 2009 i.e. 12 years ago. However, all the relevant documents viz. Trade Log, Order Log and Investigation Report was provided only on August 20, 2021 i.e. 12 years after the alleged transactions.*

The said inordinate delay of 12 years has severely prejudiced Noticees 1-10. On this ground alone the SCN proceedings needs to be and ought to be discontinued and SCN needs to be dropped.

b) *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.*

c) *In this regard, Noticees 1-8 and 10 relied upon the judgements of Hon'ble SAT in the matter of Libord Finance Limited (Order dated March 31, 2008), Shri Ashok K Chaudhary (Order dated November 05, 2008), Ashlesh Gunvantbhai Shah (Order dated January 31, 2020), and Ashok Shivlal Rupani and Another (Order dated August 22, 2019).*

d) *It was submitted that in the captioned matter, an Order was passed by the Adjudicating Officer of SEBI on July 31, 2017 imposing a penalty on Noticees, against which they had appealed before the Hon'ble SAT, which was allowed by an Order dated March 14, 2018.*

e) *It was submitted that after the remand, there was no communication from SEBI for more than 3 years i.e. from 2018 to 2021. It was only in July 2021 i.e. more than 3 years from the date of SAT Order, the documents in the matter of captioned proceedings as directed by SAT, were provided by SEBI. The said inordinate delay of more than 3 years has severely prejudiced the Noticees. On this ground also, the SCN proceedings needs to be and ought to be discontinued and SCN needs to be dropped.*

*f) **Contents of trade and Order log lacking in material particulars** – Pursuant to the directions of Hon'ble SAT, SEBI vide its letter dated 20.08.2021 provided Trade log and Order log in the 4 scrips for the Investigation Period. However, from the perusal of the Trade log and Order log for the relevant period, it would be clear that the same is severely lacking in material particulars which are critical for responding to the allegation of Synchronized Trading. For instance:*

i) 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 me and also the price at which the pending sale orders were placed.

ii) In the documents provided by SEBI, there is no segregation of data pertaining to each Noticee's trades and the data pertaining to each Noticee's counter parties trades/alleged connected entities trades specifically has been done which again makes the data unintelligible. For instance:

(1) The Trade Log of TDPL contains 16,476 rows and 37 columns and Order Log of TDPL consists of 38023 rows 22 columns which includes the Trades of all entities /individuals (more than 1000 entities/ individuals).

(2) The Trade Log of NTIL consists of 55248 rows, 53 columns and Order Log of Nakoda consists of 263744 rows, 22 columns which includes the Trades of all entities /individuals (more than 1000 entities/ individuals).

(3) The Trade Log of NEL is missing in the Annexure E to the letter dated August 20, 2021 and Order Log of Nandan consists of 85,941 rows 22 columnswhich includes the Trades of all entities /individuals (more than 1000 entities/ individuals).

(4) The Trade Log of GPL is incomplete and Order Log of Gayatri consists of 257259 rows 22 columns which includes the Trades of all entities / individuals (more than 1000 entities/ individuals).

g) *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 ,purportedly, in compliance with the directions of the Hon'ble Tribunal. I as noticee cannot be expected to segregate from the voluminous data-trades, the trades pertaining to me by SEBI, thereafter, dig out and fish out the trades referred to in the Notice/Annexures provided by SEBI and then figure out the basis of branding the said trades as synchronised or in the nature of price increase trades. Clearly, the same is the obligation of SEBI-which has levelled the allegation in the first place. I respectfully submit that SEBI cannot reverse the burden, and expect me to themselves find out the relevant data in support of the allegations levelled by SEBI out of mass of unorganised data. Same is in gross violation of natural justice.*

h) *It was submitted that submit that if the data provided is not precise, unambiguous, meaningful and intelligible, same serves no purpose. It is nothing, but a mere paper compliance of Hon'ble Tribunal's directions, whilst completely missing the underlying objective and intent of the directions of the Hon'ble Tribunal i.e. providing data in organised, meaningful and intelligible manner. In this regard, observations of Hon'ble Supreme Court in the matter of Canara Bank v. Debasis Das (2003)[4 SCC 557] were relied upon.*

i) *It was submitted that that data made available is half baked and it severely incapacitates Noticees 1 to 8 and 10 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 them for alleged Synchronized Trades.*

j) *It was submitted that, while trading in the ordinary course, some trades got matched with certain parities cannot lead to the conclusion that Noticees 1 to 8* *and 10 indulged in synchronized trades. In this regard, reliance was placed on Hon'ble SAT's observations in Ketan Parekh's matter.*

k) Merely because as a result of their genuine trading, if certain trades were matched with certain counter parties, as alleged (which is very miniscule to their overall trading) they cannot be faulted. The Trade Log and Order log data for the relevant period clearly establishes the fact that the scrips were highly liquid and there were lot of trades and traders on each day. Therefore, the allegation of synchronized trades cannot and does not arise.

l) Out of the Total trading within the group in the scrip of NTL of 56,83,458 shares. During the Investigation period (of 7 months), trading to the extent of only 25,27,969 shares is alleged to be synchronised. It is not the case that, dominant trading within the group is in the nature of synchronised trading -which is typically the case in cases of execution of deliberate synchronised trades.

m) It is not the case that there were no synchronised trades executed by others in the market. In fact as per SEBI itself, in total, there were trades to the extent of 35,41,121 shares, which were synchronised in nature. Thus, execution of synchronised trades, in the normal course of trading is not something, unusual or abnormal. My alleged synchronised trades have also to be viewed from said perspective, wherein the alleged synchronised trades were incidental consequence (as opposed to intentional or designed consequence) of day trading done by me in the scrip of NTL.

n) Synchronised trades are essentially trades which are synchronised on all three parameters viz. Time, Price & Quantity. In the Notice, the well understood concept of synchronised trading has been, to my prejudice, arbitrarily diluted and turned on its head. For instance, –as per "Annexure D" to the letter dated August 20, 2021 (which is excel sheet) titled as "Sanghvi Gr all scrips Trade within group (which are vague and unintelligible), parameter of "Time" has been *arbitrarily (without any basis) stretched to mean trades within 60 seconds. The parameter of "Quantity" has been totally done away with. As per the allegations in the Notice , it is immaterial whether the quantity has matched or not. It may be pointed out that, even as per SEBI, in almost all the alleged synchronised trades, there is mismatch in quantity of orders placed. Despite the aforesaid, by bending over backwards, the trades have been alleged to be synchronised trades.*

o) *Serious and grave allegations of indulging in fraudulent, manipulative and unfair trade practices as levelled in the SCN, flowing from the concoction of "Sanghvi 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 me 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 have been levelled. Therefore, since there was no such alleged group as erroneously found by the investigating officer, the alleged trades executed by Noticees 1 to 8 and 10, should also not be viewed suspiciously.*

p) *Each Noticee's trading in the alleged scrips has not been viewed dispassionately and has been construed in a manner to somehow bunch them with other entities, in order to draw adverse, unfavourable and distorted conclusions against them, which is legally untenable and unsustainable. Their 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.*

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

*i) **Financial Results** -It is observed that all the Companies were generating income and earned profit for year ended March 2009 to March 2010.* ***(Refer -Annexure A 2 of IR)***

*ii) **Corporate Announcements** –The companies had made announcements relating to allotment Bonus Shares, Board meetings, unaudited quarterly results, Expansion Projects, business contracts, certification from Indian and Foreign authorities and AGM declaration of dividend during the period of investigation. The corporate announcements made during the period had been fulfilled.* ***(Refer -Annexure A 4 of IR)***

r) Positive corporate announcements made by Nakodaand Trimurthi during the relevant period: At the relevant time, when Noticees had traded in the scrip of Nakoda and Trimurthi 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 announcement made by Nakoda and Gayatri during the relevant time:-

i) NTIL

(1) 28 July, 2009 – NTIL has informed BSE that NTIL sponsored Textile Park under the name and style of Surat Super Yarn Park Ltd. (SSYPL) is expected to be commissioned in September 2009. NTIL the core sponsor has contributed 18.5% to the total equity of Rs 16 Crore of the company. SSYPL is raising the balance Rs 91 Crore through Govt. grant of Rs 40 Crore and term loans aggregating Rs 51 Crore.

(2) 24 August, 2009 – NTIL has informed BSE that the Company has formed a subsidiary Company in Mauritius in the name of Nakoda Holdings

(Mauritius) Ltd for the purpose of making investments in Singapore which will be further utilised for investment in Indo Korean Petrochem Ltd a subsidiary of the Company at Korea.

(3) 02 September, 2009 – NTIL has informed BSE regarding a Press Release dated September 02, 2009 titled "Nakoda Textile Industries Ltd forays in Wind Power". Nakoda is investing Rs. 41 crores for the project to be financed by internal accruals and term loans. The Wind Power Plant will have 9 turbines of 750 MW each having aggregate capacity of 6.75 MW. The Wind Power Project is coming up at Distt. Tirunelveli in Tamil Nadu.

(4) 08 September, 2009 – NTIL has informed BSE that a meeting of the Board of Directors of the Company will be held on September 30, 2009, inter alia, to consider interim dividend for the year 2009.

(5) 30 September, 2009 – NTIL has informed BSE that the Board of Directors of the Company at its meeting held on September 30, 2009, inter alia, has considered, approved and declared the payment of interim dividend at 7% on the Equity Share Capital of the Company. Further the Company has informed that, the item relating to the preferential issue of Equity Shares and Convertible warrant was deferred to be taken up in the next Board Meeting.

(6) 22 October, 2009 – NTIL has informed BSE that a meeting of the Board of Directors of the Company will be held on October 30, 2009, to take on record unaudited financial results for the quarter ended September 30, 2009 and to consider issue of Equity Shares and /or convertible Warrants on preferential basis.

(7) 26 October, 2009 – NTIL has informed BSE that the Wind Mill project of the Company is commissioned and has started generating power in

Tiirunelveli district in Tamilnadu. The project with investment of Rs. 41 crore has nine wind turbines having aggregate capacity of 6.75 MW.

(8) 09 November, 2009 – NTIL has informed BSE that a meeting of the Board of Directors of the Company will be held on December 03, 2009, inter alia, to consider the Sub- division of shares of the Company by dividing every equity share of Rs. 10/- each into two equity shares of Rs. 5/- each and Issue of Bonus shares out of free reserves of the Company.

(9) 03 December, 2009 – NTIL has informed BSE that the Board of Directors of the Company at its meeting held on December 03, 2009, inter alia, has recommended, subject to the approval of shareholders, subdivision of equity shares of the Company by dividing every equity share of Rs. 10/- each into two equity shares of Rs. 5/- each.

(10) 10 December, 2009 - NTIL has informed BSE that the Board of Directors of the Company at its meeting held on December 10, 2009, has decided to convene an Extra Ordinary General Meeting on January 04, 2010 for obtaining approval of the shareholders for sub-division of the equity shares and issue of bonus shares of the Company.

(11) 24 December, 2009 - NTIL has informed BSE regarding a Press Release titled "Nakoda Textile Industries Ltd, sponsored Surat Super Yarn Park Ltd. enhances production capacity to 1,51,000 MTPA of Texturised yarn.

(12) 04 January, 2010 - NTIL has informed BSE that the members at the Extra Ordinary General Meeting (EGM) of the Company held on January 04, 2010, inter alia, have accorded to capitalize a sum not exceeding Rs. 16,60,00,000/- out of the Company's Securities Premium Account / General Reserve Account or such other accounts as are permissible to be utilized for the purpose, as per the audited accounts of the Company

for the financial year ended December 31, 2008 and that the said amount be transferred to the Share Capital Account and be applied for issue and allotment of equity shares not exceeding 3,32,00,000 equity shares of Rs. 5/- each as bonus shares credited as fully paid up, to the eligible members of the Company holding equity shares of Rs. 5/- each whose names appear on the Company's Register of Members on such date ("Record Date") as the Board may determine, in the proportion of one new fully paid equity share of Rs. 5/- for every one equity share of Rs. 5/- held as on the Record Date and that the new bonus shares so issued and allotted shall be treated for all purposes as an increase of the nominal amount of the equity capital of the Company held by each such member and not as income, subject to necessary provisions and approvals.

(13) 13 January, 2010 - NTIL has informed BSE regarding a Press Release dated January 13, 2010 titled "Nakoda Textile joins the 1000 crore club.

ii) TDPL

(1) 18 July, 2009 - Drugs Board to consider Dividend & Stock Split:Trimurthi Drugs & Pharmaceuticals Ltd has informed BSE that a meeting of the Board of Directors of the Company will be held on July 25, 2009, inter alia, to Consider, approve and take on record the un-audited financial results for the quarter ending June 30, 2009, To Consider the Audited accounts for the year ended on March 31, 2009, To recommend the declaration of dividend if any and to consider the Stock Split.

(2) 25 July, 2009 - Trimurthi Drugs Board recommends Dividend & Sub-division: Trimurthi Drugs & Pharmaceuticals Ltd has informed BSE that the Board of Directors of the Company at its meeting held on July 25, 2009, inter alia, has transacted the following:

(a) The Board has recommended the dividend of 3% on the equity shares for the year 2008-09.

(3) Board of directors discussed and considered the subdivision of the each Equity Share of Rs 10/- each into 10 equity shares of Rs 1/- each subject to the approval of Shareholders in ensuing AGM.

(4) 11 November, 2009 - Trimurthi Drugs &Pharmaceuticals Ltd has informed BSE about the following developments has taken place in the Company: The Company has received NS-EN ISO 9001:2008/ISO 9001:2008 for marketing and distribution of pharmaceutical products from "Kvalitet Veritas Quality Assurance" and Company has been appointed as authorised distributors on all India level for M/s. Livewell Food products, Salon Dist, Himachal Pradesh and M/s. ABLE, Pharma, Salon Dist, Himachal Pradesh.

iii) GPL

(1) 02 July, 2009 – GPL has informed BSE that the members at the Extra Ordinary General Meeting (EGM) of the Company held on July 02, 2009, have approved the Issue and allotment of not more than 10,00,000 Warrants convertible into Equity shares of Rs 10/- each to the Promoters of the Company on preferential basis.

***(2)** 20 July, 2009 - GPL has submitted to BSE a copy of the proceedings of the Extra Ordinary General Meeting (EGM) of the Company held on July 02, 2009, inter alia, has accorded to the Issue of Warrants Convertible into Equity Shares to the Promoters on Preferential basis.*

***(3)** 31 July, 2009 - GPL has informed BSE that the Board of Directors of the Company at its meeting held on July 31, 2009, inter alia, has approved notice for convening Extra-ordinary General Meeting on August 26, 2009 to seek approval of the members for issue and allotment of not* *exceeding 10,00,000 (Ten Lakhs only) Equity Shares to M/s. RELIANCE CAPITAL TRUSTEE Co. LTD- RELIANCE INFRASTRUCTURE FUND a Strategic Investor at a price of Rs 185/- calculated in accordance with the provisions of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and Extending Corporate Guarantee of Rs 15 Crores to M/s. Gayatri - RNS Joint Venture.*

(4) *07 August, 2009 - GPL has informed BSE that the Extra Ordinary General Meeting (EGM) of the members of the Company will be held on August 26, 2009, inter alia, to transact the issue of Equity Shares on Preferential basis to the Strategic Investors, to offer, issue and allot on a preferential basis upto 10,00,000 Equity Shares of the face value Rs 10/- each for cash at a price of Rs 185/- per share (including a premium of Rs 175/- per share) aggregating to Rs 18,50,00,000/- (Rupees Eighteen Crores Fifty Lakhs only), being the price which is in accordance with the SEBI (DIP) Guidelines, subject to necessary provisions & approvals.*

(5) *13 August, 2009 - GPL has informed BSE that the Board of Directors of the Company at its meeting held on August 13, 2009 has approved the issue of Corporate Guarantee under Section 372A of the Companies Act, 1956 to the extent of Rs 100 Crores as additional security to M/s. Thermal Powertech Corporation India Ltd., one of the step down Subsidiaries of the Company.*

(6) 26 August, 2009 - Approved the issue and allotment of not more than 10,00,000 Equity shares of Rs 10/- each to M/s. RELIANCE CAPITAL TRUSTEE CO. LTD -RELIANCE INFRASTRUCTURE FUND" under Section 81(1A) of the Companies Act, 1956 on preferential allotment basis.

(7) 31 August, 2009 - GPL has informed BSE that a meeting of the Board of Directors of the Company will be held on September 08, 2009, inter alia, for considering the allotment of 10,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 175/- per share - on preferential basis to M/s. "RELIANCE CAPITAL TRUSTEE Co. LTD - RELIANCE INFRASTRUCTURE FUND.

(8) *07 September, 2009 – GPL has informed BSE that a meeting of the Board of Directors of the Company will be held on September 14, 2009, inter alia, for considering the allotment of 10,00,000 Warrants convertible into Equity Shares of Rs 10/- each at a premium of Rs 132.52/- per share on preferential basis to the Promoters.*

(9) *08 September, 2009 - GPL has informed BSE that the Board of Directors of the Company at its meeting held on September 08, 2009, inter alia, has allotted 10,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 175/- per share on preferential basis to M/s. "Reliance Capital Trustee Co. Ltd - Reliance Infrastructure Fund.*

(10) *10 September, 2009 - Gayatri has informed BSE that the members at the Extra Ordinary General Meeting (EGM) of the Company held on August 26, 2009, inter alia, have also accorded issue of Equity Shares on Preferential basis to the Strategic Investors.*

(11) 24 September, 2009 - Gayatri Projects Ltd has informed BSE that the members at the 20th Annual General Meeting (AGM) of the Company held on September 24, 2009, inter alia, have approved Declared Dividend on Equity Shares @ 40%.

(12) 20 October, 2009 - Gayatri has informed BSE that the members of the Company by way of Postal Ballot have passed the following special resolutions, with requisite majority:

(a) to issue/Provide Corporate Guarantee to M/s. Gayatri Hotels & Theatres Pvt. Ltd. upto Rs. 10 Crores.

(b) to extend the Bank Guarantee facilities upto Rs. 50 crores to M/s. Thermal Powertech Corporation India Ltd. (A step down subsidiary Company of M/s. Gayatri Projects Ltd).

(c) to issue corporate guarantee upto Rs. 100 Crores to M/s. Thermal Powertech Corporation India Ltd. (A step down subsidiary Company of M/s. Gayatri Projects Ltd.)

(13) 20 January, 2010 - GPL has informed BSE that the Board of Directors of the Company at its meeting held on January 20, 2010, inter alia, has approved the following:

(a) Declared an interim dividend of Rs. 2.50/- per share (@ 25% of Rs. 10/- per share) on 1,11,04,761 equity shares of Rs. 10/- each.

***(b)** Adjustment of conversion price of JPY 3,080 Million Zero Coupon Convertible Bonds due in 2012 (FCCB) to SEBI Floor Price or INR 288 (INR287.5 rounded to nearest Rupee) in terms of Clause 6.7 of Schedule I of the Subscription Agreement dated June 29, 2007.*

iv) <u>NEL</u>

***(1)** 07 August, 2009 – NEL has informed BSE that the Board of Directors of the Company in their meeting held on July 30, 2009, which was postponed to July 31, 2009, inter alia, has considered and approved the utilization of fund raised through Rights Issue and approved the total expenditure incurred as on March 31, 2009 and June 30, 2009 in the expansion project and to be published in Audited Results as on March 31, 2009 and Unaudited 1st Quarterly Results of the Company"*

(2) 26 August, 2009 - Nandan has informed BSE that the Board of Directors of the Company at its meeting held on August 26, 2009, inter alia, has

reviewed the current workings of the Company along with the status of expansion project and commissioning the Captive Power Project. The Company has submitted to BSE a copy of brief status of Expansion Project and commissioning of Captive Power Project.

v) Pertinently, it is SEBI's own conclusion in the Investigation Report that "Though instances of manipulative buy orders were observed from all the entities, ***the Sanghvi group as a whole could not be charged for price manipulation*** *in the 4 scrips resulting in violations of SEBI (PFUTP) Regulations as many of the entities had negligible contribution (0-3%) to positive LTP trades as compared to total market". Clearly, all the alleged connected entities were trading independently. Otherwise, the nature of trades would have been same, i.e. every entity would be endeavouring to increase the price. The factum of contrasting (and also at time diametrically opposite) trading behaviour of the alleged connected entities itself demonstrates that there was no "Sanghvi Group" as alleged.*

s) From the perusal of the said corporate announcement and price volume data during the relevant time, it is evident that the price and volume of the scrips had increased subsequent to the positive announcements of the said Companies during the Investigation Period. The same is evident from the Annexure A 4 of IR. Therefore, the insinuation that trading by Noticees 1 to 8 and 10 individually or the alleged Sanghvi Group was responsible for increase in the volumes etc. is incorrect and untenable.

t) During the relevant time, NTIL, NEL and TDPL were consistently making profits. The same would be evident from the details of quarterly results, as disclosed to stock exchanges since July 2009. The same is evident from the Annexure A 2 of IR

u) *During the relevant time the four scrips were fairly liquid and was witnessing healthy volumes during the relevant period. The liquidity and volumes in the scrips were in consonance with the various public announcements made by NTIL, GPL, NEL and TDPL from time to time and also the financial disclosures regarding their profitability to the exchanges. The same would be evident from the price volume chart of the said scrips from January 2009 to December 2010.*

v) *In any event, without prejudice to the alleged tenuous connection it was submitted that at all points of time, trading was done 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 4 scrips erroneous inference have been drawn that Noticees 1 to 8 and 10 was trading along with other entities and trades of other entities have been fastened on to me. 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.*

w) *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 scrips. If the related persons are trading in the same scrips, 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 scrips. 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 scrips are 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. In fact, in scrip of NTIL and TDPL the average volume post Investigation Period was higher than the average volume during the Investigation Period.* ***(Refer Para 5 of IR)****. Further, there is deafening silence in the Notice with regard to "motive" for indulging in the alleged artificial trades by Noticees 1 to 8 and 10.*

x) It was submitted that based on the aforesaid tenuous and farfetched connections, I cannot be clubbed with other persons and alleged to be part of "Sanghvi Group". In this regard, Hon'ble SAT Orders in 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 Smita ben N. Shah vs. Securities and Exchange Board of India (SAT Order dated 30.07.2010 Appeal No. 37 of 2010) were relied upon.

y) Without prejudice to the aforesaid, even if it is accepted for arguments sake, whilst vehemently denying the same, then also the alleged Sanghvi Groups trading was not significant. Admittedly, as per data set out in Para 5 of the SCN the total percentage of purchase and sale of the alleged "Sanghvi Group" in the alleged scrips is insignificant vis a vis the total purchase and sale by others. The same is evident from the following table:

Table - 17

Scrip Name	*% of purchase by alleged "Sanghvi Group"*	*% of purchase by others*	*% of sale by alleged "Sanghvi Group"*	*% of Sale by others*
NTIL	*38.64%*	*61.36 %*	*40.77 %*	*59.23%*
TDPL	*59.67%*	*40.33 %*	*47.82 %*	*52.18%*

NEL	*20.03 %*	*79.97%*	*17.67%*	*82.33 %*
GPL	*22.12%*	*77.88 %*	*21.63%*	*78.37 %*

z) *With regard to increase in volumes of the scrips (viz NTIL, NEL, GPL and TDPL) during the investigation period and post investigation period is concerned, it is submitted that during the relevant period BSE Sensex moved from 14506.43 to 17486.06 registering an increase of 2979.6 points (20.54%). Further, as stated herein, before there were various positive corporate announcements made by NTIL, NEL, GPL and TDPL during the investigation period.*

aa) *With regard to the observations in* ***Para 6*** *of the SCN, following be noted:*

i) *In the scrip of NTIL, the alleged synchronized trades of "Sanghvi Group" constitute mere* ***11.21%*** *of total market volumes during the Investigation Period.*

ii) *In the scrip of NEL the alleged synchronized trades of "Sanghvi Group" constitute mere* ***0.14%*** *of total market volumes during the Investigation Period.*

iii) *In the scrip of GPL the alleged synchronized trades of "Sanghvi Group" constitute mere* ***3.25%*** *of total market volumes during the Investigation Period.*

iv) *In the scrip of TDPL the alleged synchronized trades of "Sanghvi Group" constitute mere* ***4.23%*** *of total market volumes during the Investigation Period.*

v) *From the aforesaid, it is evident that in the said Para, the combined trades of the alleged "Sanghvi Group" entities have been referred to, instead of giving the individual breakup of trades of person/entity consisting of alleged "Sanghvi Group", severely incapacitating me to deal with the same.*

vi) In the present SCN, while setting out the details of alleged execution of synchronized trades SEBI has deviated from its usual and standard format.

vii) There is nothing in the SCN, Trade Log and Order Log to show which are each Noticee's trades which are allegedly synchronized within a time gap of one minute during the Investigation Period. Except for the alleged total synchronized trades as the Sanghvi Group as a combined percentage of total market volume, nothing has been spelled out as to :

(1) In how many synchronized trades I was involved;

(2) with which all parties;

(3) on how many days;

(4) what is the individual percentage of each Noticee's synchronized trades vis-a-vis their individual trades;

(5) what is the individual percentage of each Noticee's synchronized trades vis-a vis total volumes in the market.

(6) which are the alleged synchronized tradewhich got executed within a time gap of one minute during the Investigation Period.

viii)In the absence of aforesaid crucial particulars, the allegation of synchronized trading cannot sustain. Given the nature of half-baked data provided, Noticees 1 to 8 and 10 are severely incapacitated and handicapped in dealing with the allegations in the SCN with regard to trading.

*bb) With regard to the observations in **Para 15**of the Notice, following be noted:*

i) It is submitted that the whole calculation of the alleged profit is erroneous and reveals complete non application of mind.

ii) 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.*

iii) Admittedly, the calculation of the profit earned does not take into the account the components viz., STT, brokerage, holding cost, and other miscellaneous expenses.

cc) With regard to the allegation of synchronized trading, LTP, Order of Hon'ble SAT in the matter of Labhu Gohil and Ors v. SEBI (Order dated January 29, 2020) was relied upon and while comparing the facts in the present case, it was submitted that

i) the 2 scrips were progressively doing well during the investigation period with substantial increase in both prices and volumes. In fact even the Investigation Report shows that the 2 companies were doing well and had made various positive corporate announcements and consistently disclosed healthy financials.

ii) No connection with the promoters of the 2 Companies or with the Companies itself has been attributed to Noticees 1 to 8 and 10.

iii) There is no evidence or even any discussion on any fund transfer between any of the Noticees.

iv) There is nothing to indicate any manipulative / collusive effort. Further, there is nothing in my trading pattern which can indicate any fraudulent or manipulative element.

dd) 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) The Companies in question, as also borne out by the corporate announcements, were companies with healthy and sound financials. Further, the Companies 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 said Companies and the positive financial results, are also borne out by the findings in the IR. The positive corporate announcements made by the Companies were in fact responsible for the increased trading, liquidity and positive movement in the price during the relevant period.

ii) It is not the case that price and volumes in the 4 scrips 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 scrips were in the upward mode and had substantially increased. The scrips were 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 scrips and was nothing, but natural progression.

iii) There are no inter se fund transactions amongst the alleged "Sanghvi Group". Even there is no allegation to this effect in the Notice.

iv) There are no inter se off market transfer of shares amongst the alleged "Sanghvi Group". Even there is no allegation to this effect in the Notice. No *motive has been attributed for creating alleged artificial volumes in the 4 scrips, which were reasonably liquid at the relevant time.*

v) Conditions prevailing in the market at the relevant time, in so far as the trading in the said scrips were favourable. The sentiment was positive, since the 4 Companies were performing well and same was also reflected in the positive corporate announcements made by the companies. The scrips were attractive.

vi) No allegation, that any of Noticees 1 to 8 and 10 did not have any financial bandwidth to trade in the quantum in which they had traded.

vii) No allegation that trading by Noticees 1 to 8 and 10 in the scrips were incompatible with the trading by them in other scrips.

viii) No allegation that alleged "Sanghvi Group" entities, in any manner were connected to the 4 Companies or to the Promoters of the Companies.

ee) It may also be appreciated that

i) 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

25) *Apart from the common submissions made by Noticees 1 to 8 and 10, I note that they have made the following submissions:*

a) *Noticees 3, 6, 7 and 8 – It was submitted that they are related to each other, all of them are financially independent and trade independently. Further, Noticee 3 is owned and controlled by family of Noticee 6. Save and except, the aforesaid Noticees, no other Noticees are their family members. Further, nothing has been brought on record to substantiate the alleged relationship. Based on alleged common phone number, common address it has been surmised that they have relationship with the aforesaid entities/individuals which is legally untenable and unsustainable.*

   Here it may be appreciated that mere common number and common director would not by itself convert certain entities into a group or concert who could have jointly traded in a design. Based on alleged common phone number and common director, it has been surmised that they have relationship with other Noticees which is legally untenable and unsustainable. Mere common landline number and common directorship 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 Noticees 3, 6, 7 and 8.

b) *Noticees 2, 4, 5 and 10 – They are related to each other and also Noticee 1. Noticees. All of them are financially independent and trade independently.*

c) *Noticee 2 –*

   i) *Following undisputed observations in the IR which will have bearing in the proceedings are as follows*

      (1) *Noticee has not contributed to price rise (+ve LTP) in the scrip of NEL, GPL and TDPL.*

(2) There was no connection of alleged Sanghvi Group with promoters and directors of 4 companies.

ii) There was no off-market transfer of shares among the “Sanghvi Group” entities as per the records of CDSL during the Investigation Period.

iii) Noticee’s trading was not confined to the alleged scrips but was widespread. It had traded similarly in similar transactions in several other scrips during the relevant time. During the period from 2008 to 2010 it had traded in almost more than 22 scrips, and details of such trades was provided as annexures to its reply.

iv) In the scrip of GPL, Noticee was trading even prior to Investigation Period. As on 01.07.2009, the price of the scrip was around Rs. 189 and the volumes were in the range of 32052, i.e. the scrip was very liquid. Thus, from the price volume data it is evident that when it commenced trading in the scrip of GPL both price and volume were high. It is pertinent to note that, in the scrip of GPL, the average volume prior to Investigation Period was 91831, which is much higher than the average volume during Investigation Period i.e. 67610. Therefore, based on the volumes during Investigation Period, no adverse inference can be drawn against Noticee 2.

v) In the scrip of NTIL, Noticee 2 was trading even prior to Investigation Period. As on 01.07.2009, the price of the scrip was around Rs 43.7 and the volumes were in the range of 50882, i.e. the scrip was very liquid. Thus, from the price volume data it is evident that when we commenced trading in the scrip of NTIL, both price and volume were high. It is pertinent to note that, in the scrip of NTIL, the average volume during Investigation Period was 164588 which is much less than the average volume post Investigation Period i.e. 273316. Therefore, based on the volumes during Investigation Period, no adverse inference can be drawn against us.

vi) Also, in the scrip of TDPL, Noticee 2 was trading even prior to Investigation Period. As on 01/07/2009, the price of the scrip was around Rs 31.5 and the volumes were in the range of 22176, i.e. the scrip was very liquid. Thus, from the price volume data it is evident that when it commenced trading in the scrip of TDPL both price and volume were high. It is pertinent to note that, in the scrip of TDPL, the average volume during Investigation Period was 117096 which is much less than the average volume post Investigation Period i.e. 276520. Therefore, based on the volumes during Investigation Period, no adverse inference can be drawn against us.

vii) Similarly, in the scrip of NEL, Noticee 2 was trading even prior to Investigation Period. As on 01/07/2009, the price of the scrip was around Rs 2 and the volumes were in the range of 141835, i.e. the scrip was very liquid. Thus, from the price volume data it is evident that when it commenced trading in the scrip of NEL, both price and volume were high. Therefore, based on the volumes during Investigation Period no adverse inference can be drawn against us.

viii)It is denied that it had executed self-trades while trading in the four scrips as alleged. It is submitted that the alleged self-trades were unintentional, which occurred accidentally in the course of normal trading. With regard to the allegation of self-trades in the scrip of NTIL, following be noted:

(1) As per the Annexure V of SCN, the whole investigation period consists of 203 days (July 01, 2009, to January 19, 2010) and out of the said 203 days, Noticee 2 had traded in the scrip of Nakoda for 133 days. However, the allegation of self-trades has been leveled only for 9 days (viz.09.07.2009, 15.07.2009, 23.07.2009, 29.07.2009, 05.08.2009, 06.08.2009, 09.09.2009, 05.10.2009, 10.11.209). The details of our trades in the scrip of Nakoda during the said days vis-a-vis market volumes etc are as follows:

Table - 18

Trade Date	Total shares alleged as self-trades	Total shares traded by us	Total Market Volume	% of alleged self-trades to total shares traded by us	% of alleged self-trades to total market volume
09.07.2009	1	22431	34756	0.004	0.003
15.07.2009	17	78244	90441	0.02	0.018
23.07.2009	899	51381	120606	1.75	0.75
29.07.2009	2	36371	50546	0.005	0.004
05.08.2009	743	53434	80977	1.39	0.92
06.08.2009	611	53967	75707	1.13	0.81
09.09.2009	53	17609	66196	0.30	0.08
05.10.2009	83	9216	34817	0.90	0.24
10.11.2009	290	91688	195929	0.32	0.15

(2) From the aforesaid Table, it would be clear that the quantum of alleged self- trades i.e. 2699 shares is mere 0.36 % of the total market volume (i.e. 7,49,975 shares) in the scrip during the investigation period. Said quantum is exceedingly insignificant to have any kind of impact on the liquidity or price of the scrip which also demonstrates that the self-trades were accidental and unintentional.

ix) With regard to the allegation of self-trades in the scrip of GPL, following be noted:

(1) As per the Annexure V of SCN, the whole investigation period consists of 203 days (July 01, 2009, to January 19, 2010) and out of the said 203 days, we had traded in the scrip of Gayatri for 122 days. However, the allegation of self-trades has been levelled only for 4 days (viz. 30.09.2009, 06.10.2009, 04.12.2009 & 18.01.2010). The details of its trades in the scrip of GPL during the said days vis-a-vis market volumes etc are as follows:

Table - 19

Trade Date	***Total shares alleged as self-trades***	***Total shares traded by us***	***Total Market Volume***	***% of alleged self-trades to total shares traded by us***	***% of alleged self-trades to total market volume***
30.09.2009	*137*	*18664*	*54778*	*0.73*	*0.25*
06.10.2009	*15*	*13247*	*92170*	*0.11*	*0.016*
04.12.2009	*91*	*25616*	*103058*	*0.36*	*0.09*
18.01.2010	*1*	*42332*	*81740*	*0.002*	*0.001*

(2) From the aforesaid Table, it would be clear that the quantum of alleged self- trades i.e. 244 shares is mere 0.07 % of the total market volume (i.e. 3,31,746 shares) in the scrip during the investigation period. Said quantum is exceedingly insignificant to have any kind of impact on the liquidity or price of the scrip which also demonstrate that the self-trades were accidental and unintentional.

(3) With regard to the allegation of self-trades in the scrip of TDPL, following be noted:

(a) As per the Annexure V of SCN, the whole investigation period consists of 203 days (July 01, 2009, to January 19, 2010) and out of the said 203 days, we had traded in the scrip of TDPL for 130 days. However, the allegation of self- trades has been levelled only for 5 days (viz. 27.08.2009, 31.09.2009, 10.11.2009, 20.11.2009 & 23.12.2009). The details of our trades in the scrip of TDPL during the said days vis-a-vis market volumes etc. are as follows:

Table - 20

Trade Date	*Total shares alleged as self-trades*	*Total shares traded by us*	*Total Market Volume*	*% of alleged self-trades to total shares traded by Appellant*	*% of alleged self-trades to total market volume*
27.08.2009	3	20063	51504	0.01	0.005
31.08.2009	284	34211	151518	0.83	0.19
10.11.2009	2701	58320	266447	4.63	1.01
20.11.2009	1	54501	151732	0.002	0.00
23.12.2009	2960	16457	29370	17.99	10.07

(b) From the aforesaid Table it would be clear that the quantum of alleged self-trades i.e. 5949 shares is mere 0.91 % of the total market volume (i.e. 6,50,571 shares) in the scrip during the investigation period. Said quantum is exceedingly insignificant to have any kind of impact on the liquidity or price of the scrip which also demonstrate that the self-trades were accidental and unintentional.

(4) With regard to the allegation of self-trades in the scrip of NEL, the following be noted:

(a) As per Annexure V of SCN, the whole investigation period consists of 203 days (July 01, 2009, to January 19, 2010) and out of the said 203 days, we have traded in the scrip of Nandan for 77 days. However, the allegation of self- trades has been levelled only for 2 days (viz. 03.09.2009 & 23.09.2009). The details of our trades in the scrip of NEL during the said days vis-a-vis market volumes etc are as follows:

Table - 21

Trade Date	***Total shares alleged as self-trades***	***Total shares traded by us***	***Total Market Volume***	***% of alleged self-trades to total shares traded by us***	***% of alleged self-trades to total market volume***
03.09.2009	*56*	*1641552*	*2335473*	*0.03%*	*0.002%*
23.09.2009	*18760*	*584276*	*491247*	*0.46%*	*3.81%*

(b) From the aforesaid Table it would be clear that the quantum of alleged self- trades i.e. 18816 shares is mere 0.49 % of the total market volume (i.e. 28,26,720 shares) in the scrip during the investigation period. Said quantum is exceedingly insignificant to have any kind of impact on the liquidity or price of the scrip which also demonstrate that the self-trades were accidental and unintentional.

x) It is denied that we had traded in this manipulative manner i.e. indulged in self-trades which are fictitious in nature and thereby giving a false and misleading appearance of trading in the said scrips during the relevant period as alleged.

xi) The allegation of contributing to price rise is belied by SEBI's own data, wherein it is stated that the alleged group entities had executed 16,134 trades. Out of the said 16,134 trades, 2735 trades were executed with negative LTP and 8410 trades were executed with Zero LTP. Further, as per SEBI's own data, there was "Group negative contribution to the market negative LTP" to the extent of 14.81% in the scrip of NTL. Thus, effectively, around 70% of the trades were not executed with positive LTP. Said fact itself destroys the whole allegation. Had any of the Noticees (or the alleged group entities) been trading with the motive of increasing the price, there would have been no occasion for placing the orders at below LTP or at Zero

LTP. Alternatively, almost all or majority of the trades would have been executed with positive LTP, which admittedly is not the case .

xii) *As per individual breakup of data (at Para 7.8 of Investigation Report), our negative contribution to the scrip is alleged to be Rs 218.6/- and positive contribution is alleged to be Rs 335.3/-. Said fact of placing the orders at negative LTP to the extent of Rs 218.6/- itself destroys the allegation of increasing the price. Noticee 2 reiterated that, had it been trading with the motive of increasing the price, there would have been no occasion for placing the orders at below LTP.*

d) *<u>Noticee 3</u> –*

i) *It was denied that it has 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 alleged NHP contribution is very minuscule compared to our total trading in the said scrip. Further, the NHP transactions shown in the Notice are too insignificant to be considered as violative of the PFUTP Regulations. Thus, the number of trades which have occurred on this basis are very insignificant and can never impact the trading of the scrip.*

ii) *It was submitted that it was not placing orders on behalf of other Noticees. All its related parties are financially independent and were taking their own independent calls with regard to their trading , without any involvement on our part. In any event there is no allegation in the SCN that we were placing orders on behalf of other Noticees.*

e) *<u>Noticee – 4</u>*

i) *It was submitted that Noticee 4 was only related to Noticees 1, 2, 5 and 10. Insofar as Noticees 1, 2 and 5 are concerned, it is submitted that they Noticee 3's family members. All of them are financially independent and* *trade independently. Further, Noticee 10 is a company owned and controlled by family of Noticee 3. Save and except, Noticees 1, 2 and 5, no other Noticees are his family members.*

ii) Insofar as Noticees 3, 8 and 9 is concerned, he has 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, common address it has been surmised that I have relationship with the aforesaid entities/individuals which is legally untenable and unsustainable.

iii) Insofar as common phone number is concerned, it is submitted that the same belongs to his family accountant and the same was given by him for my operational convenience. With regard to the observation that I had awarded power of attorney of my HSBC direct trading account to Noticee 6, it is submitted that nothing turns on the same and it was given for operational convenience.

iv) In the scrip of NTIL and TDPL, Noticee 4 submitted that he was trading in these scrips even before the investigation period, and that the price and volume of the scrip was already very high, suggesting that the scrips were liquid. Hence, based on the volume during IP, no adverse inference can be drawn against me.

v) Flawed Profit calculation – As per the said Annexure VIII, SEBI has reckoned all the trading in the four scrips (viz.NTIL, GPL, TDPL & NEL) which was in the nature of square-off trades for the purpose of profit calculation. Admittedly, the allegation of artificial volume etc qua Noticees have been levelled against me based on trading in the scrip of NTL only. Therefore, the profits (if any) attributable to trading in other scrips viz. GPL, *TDPL and NEL, cannot be reckoned for the purpose of calculation of alleged profits.*

vi) *Further, only the trades in the scrip of NTIL, which are in the nature of synchronised trades (which have allegedly resulted in artificial volumes) are the 'tainted trades' .Therefore, the profits (if any) arising out of square off trades in the scrip of NTL can alone be taken into account for calculating the alleged profit.*

vii) *Undisputedly, square-off trading is legally permissible and there is no embargo on the same. Therefore, the profit arising from square off trades, which are not in the nature of synchronised trades with the alleged group entities or with other general public in the market, cannot be reckoned for the purpose of calculation of alleged profits.*

viii) *Therefore, the whole profit 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 Noticee 4 during the investigation period.*

ix) *It may be noted that as per Annexure VIII of the SCN, our trading in the scrip of NTL and the calculation of profit is as follows:*

Table - 22

Total Buy (shares)	*2,56,634*
Total Sell (shares)	*2,78,744*
Total traded Vol.(shares)	*5,35,378*
Net Traded Vol. (shares)	*22,110*
Gross Buy Value(in Rs)	*1,73,33,032/-*
Avg Buy Price (in Rs)	*60.45/-*
Gross Sell Value(in Rs)	*1,88,47,682/-*
Avg Sell Price (in Rs)	*63.97/-*
Calculated Profit (as per Notice)	*19,651/-*

Profit= Squared off quantity x (Avg Sell rate less Avg Buy Rate)

x) *Clearly, all the trades have been reckoned for the purpose of calculation of profit, irrespective of the fact whether the same were tainted or not, which is* *totally unfair and untenable. The squared off trades executed by him would fall in three categories viz.*

(1) Square off trades with alleged Group entities with time difference of less than one minute. (Alleged Synchronised trades)

(2) Square off trades with alleged Group entities with time difference of more than one minute. (Non- synchronised trades)

(3) Square off trades with persons/entities (other than the alleged Group entities) in the market (Non- synchronised trades).

xi) The trades falling under (2) and (3) category are totally untainted trades and the profits arising from execution of the said trades cannot be reckoned for the purposes of calculating the alleged profits by Noticee 4.

f) Noticee 5 – Similar submission as that of Noticee 4 was also made by Noticee 5 and alternate profit calculation was provided by him. It is given in the table below

Table - 23

Quantity of synchronised shares on Buy side	*15,032*
Quantity of synchronised shares on Sell side	*10,004*
Avg Buy Price	*60.45/-*
Avg Sell Price	*63.97/-*
Profit	***5,38,981/-***

i) In the scrip of NTIL, GPL, NEL and TDPL, Noticee 5 submitted that the price and volume of the scrip was already very high, suggesting that the scrips were liquid. Hence, based on the volume during IP, no adverse inference can be drawn against Noticee 5.

ii) With regard to the observations in Para 7 of the Notice, following be noted: It is denied that he had executed self-trades while trading. In any event the allegation of self-trades qua Noticee 5 is only based on 2 trades in the scrip

TDPL. It is submitted that the alleged self-trades were unintentional, which occurred accidentally in the course of normal trading.

iii) With regard to the allegation of self-trades in the scrip of TDPL following be noted:

Table - 24

Trade Date	***Total shares alleged as self-trades***	***Total shares traded by me***	***Total Market Volume***	***% of alleged self-trades to total shares traded by me***	***% of alleged self-trades to total market volume***
05.08.2009	*156*	*15176*	*62942*	*1.03*	*0.25*
02.09.2009	*10*	*18742*	*54120*	*0.05*	*0.02*

(1) As per the Annexure V of SCN, the whole investigation period consists of 203 days (July 01, 2009, to January 19, 2010) and out of the said 203 days, Noticee 5 had traded in the scrip of TDPL for 87 days. However, the allegation of self-trades has been levelled only for 2 days (viz. 05.08.2009and 02.09.2009). The details of his trades in the scrip of TDPL during the said days vis- vis market volumes etc are as follows:

(2) From the aforesaid Table it would be clear that the quantum of alleged self- trades i.e. 166 shares is mere 0.27 % of the total market volume (i.e. 1,17,062 shares) in the scrip during the investigation period. Said quantum is exceedingly insignificant to have any kind of impact on the liquidity or price of the scrip which also demonstrate that the self-trades were accidental and unintentional.

g) <u>Noticee 7</u> stated that she is connected to Noticees 3, 6 and 8. Further though she is related to others, but she had no role to play in the trading done by others. The phone number +91-79-26565266 (Refer Page 5 of the Investigation Report) was the landline number of Noticee 10. It is submitted that during the *relevant time, her husband, Noticee 6, was working there and he had given the said number in her KYC and the same was used for operational convenience. It is not something abnormal or unusual. Merely because there was common phone number, SEBI cannot automatically conclude that she was not trading independently. Purely based on surmises and conjectures , serious allegations of acting as a group have been made against her. She submitted that she was trading independently, without acting in concert with others as group, as erroneously alleged.*

It was submitted that she was not placing orders on behalf of other Noticees. All her related parties are financially independent and were taking their own independent calls with regard to their trading , without any involvement on her part. In any event, there is no allegation in the SCN that she was placing orders on behalf of other Noticees.

Similar contention to that of Noticee 4 was made by Noticee 7, that profit is erroneously calculated. She submitted that the alleged profit would be much less than Rs. Rs. 10,93,073/-.

h) *Noticee 8 - Similar contention to that of Noticee 4 was made by Noticee 8, that profit is erroneously calculated. He submitted that the alleged profit would be much less than Rs. Rs. 16,92,053/-.*

26) Noticee 11, vide letter dated June 07, 2022, made following submissions:

a) *Delay in initiating proceedings – The present matter of the captioned SCN pertains to a period which is around 12-13 years old from the date of transactions i.e. in the year 2009-10. Hence, there is an inordinate delay in present proceedings proceedings by SEBI. In this regard, Noticee 11 relied upon various judgements passed by Hon'ble SAT including Orders in the matter of Ashok Shivlal Rupani & Another on August 22, 2019, Rakesh Kathotia on*

May 27, 2019, Yatin Pandya HUF (March 24, 2022). It also relied upon Hon'ble Supreme Court's judgement in the case of State of Gujarat v/s Patel Raghav Natha (AIR 1969 SC 1297).

b) *It was submitted that the allegation against Noticee 11 is only w.r.t. execution of trades on behalf of its client, who is Noticee 2.*

c) *It was submitted that Noticee 11 has exercised due skill, care and diligence at all points of time while executing orders on behalf of its client, Noticee 2 in all 4 scrips. In this regard, it was submitted that*

   i) *At the time of registering the client viz. Dhirajlal Sanghvi, Noticee 11 had complied with all KYC norms i.e. obtained duly filled "Client Registration Form" (KYC) a/w all the necessary documents as statutorily required. It is only thereafter; that the said client was allowed to place orders with Noticee 11 as per our routine practice uniformly followed for all the clients.*

   ii) *Noticee 11 had taken all reasonable steps to assess the client's background, genuineness, financial soundness and trading-cum-investment objectives as per SEBI prescribed guidelines. As required, it had obtained the bank & financial details, identity/address proofs, copy of PAN cards and executed Broker-Client Agreement as per guidelines prescribed by regulator.*

   iii) *Dhirajlal Sanghvi was a regular client who dealt in the stock market on regular basis.*

   iv) *It is pertinent to mention that in cash segment, Dhirajlal Sanghvi had dealt in number of other scrips during the relevant period.*

   v) *The value of Impugned self-trades in 4 scrips by Dhirajlal Sanghvi was very miniscule and negligible as compared to the overall trades of Dhirajlal Sanghvi.*

vi) The said client, i.e. Dhirajlal Sanghvi had always placed its orders/trades in compliance with all the relevant rules and regulations. Since, the client had always honored their transaction; Noticee 11 assumed that they did not pose any risk to us or to the Exchange/Clearing Corporation.

vii) Further, the aforesaid client was not on the watch list of any regulatory authority for any kind of speculative or manipulative practices at that point of time. Thus, we allowed them to trade freely within the parameters & regulations prescribed by regulators from time to time.

viii) The volume of alleged self-trade transactions by the aforesaid client was too insignificant so as to raise any suspicion in respect of his trading in 4 scrips.

ix) Noticee 11 hopes that the Adjudicating Officer will appreciate the fact that a stock-broker is required to employ reasonable skill and care but is not required to begin with suspicion and to proceed in a manner of trying to detect a fraud or manipulation unless the information with him is sufficient to excite suspicion of a businessman of reasonable competence. It is submitted with humility that at the relevant time, there was nothing amiss in the conduct of the said client to excite our suspicion.

x) Noticee 11 not have any relationship, direct or indirect, with the said Companies, its Promoters and Directors.

xi) There is no corroborative evidence at all to substantiate lapses on our side and we submit that we were acting purely as a stock broker who is expected to execute order promptly and efficiently of the client on the trading terminal of the exchange.

d) Submissions on impugned self-trades of Noticee 2 in the four scrips – It was submitted that the minuscule volume of alleged self-trade by Dhirajlal Sanghvi is clear indicator of the fact that the alleged transactions did not arose any suspicion in the mind of our dealer and therefore it was submitted that the same *were carried out without Noticee 11's knowledge, consent or role w.r.t alleged transactions by the client. In order to establish its point, provided following data/details:*

Table - 25

Exchange : BSE Volume Comparison			
Comparison of impugned 'self-trades' with Market volume in 4 scrips at BSE			
Scrip Name	**Volume of Impugned 'self-trade' of Dhirajlal Sanghvi**	**Market Volume during investigation period**	**Percentage Comparison of impugned 'self-trade' to market volume**
	Qty	**Qty**	**(%)**
NTIL	*2,699*	*55,38,510*	*0.05%*
NEL	*18,816*	*2,77,69,974*	*0.07%*
TDPL	*5,949*	*50,92,298*	*0.12%*
GPL	*244*	*20,79,099*	*0.01%*

e) *It can be clearly observed in Table hereinabove that the volume of trades of alleged 'self-trades' vis-a-vis total market volume is very insignificant and miniscule which can hardly cause any suspicion. Thus, the allegation that Noticee 11 failed to exercise due skill, care and diligence lacks credentials at thresholds thereof.*

f) *Trading in 4 scrips by client was not suspicious. It was submitted that Noticee 11 allowed its client Dhirajlal Sanghvi to trade in said scrips since its trading did not seem suspicious. The client viz. Dhirajlal Sanghvi desired to deal in the said shares at relevant time and placed orders in the said scrips as per the existent rules/regulations. All the orders in the client's trading account were placed as per their instructions & authority and all the transactions were in compliance with the applicable Rules/Regulations. The said client honored all its obligations* *in its account and there has not been any default of any nature whatsoever in this regard.*

g) *Noticee 11 requested to appreciate the fact that, <u>after a gap of more than 12-13 years</u>, it is <u>difficult</u>, if not impossible, <u>to effectively submit explanation/clarification on the order placement activity of the client</u> at the relevant time. Thus, in the hindsight to allege any wrongdoings on its part particularly with respect to buy/sell order of a single client on the trading terminal of exchange is unreasonable and arbitrary.*

h) *<u>Impugned trades occurred on server of stock exchange.</u> The impugned 'self-trades' were punched on the trading system of the stock exchange. It is an undisputed fact that in case of screen based trading, the automated system itself matches orders on a price-time priority and thereby it is not possible for a broker/intermediary to control & access the same. As a matter of fact, the onus is on stock exchanges to alert the intermediary and cancel the trades at relevant point of time in case certain trades from same ID are matching/ identical. However, no such step was taken by stock exchange. SEBI, BSE and NSE have themselves acknowledged existence of unintentional self-trades. It is only over a period of time (more particularly after the year 2013), surveillance system on the stock exchanges improved significantly and presently transaction alerts are downloaded on daily basis so that impugned transactions as alleged in the SCN gets alerted on the same day itself. However, this was not the case in the past (i.e. way back in the year 2009-10) wherein neither the regulator/stock exchanges nor the market participants had technology or infrastructure in place to get instantaneous alerts.*

i) *In fact, the Indian regulators have themselves considered that self-trades per se are not illegal and cross trades do happen in the market in the normal course of broking activity. As a matter of fact, the regulators have from time to time* *come out with relevant circulars recognizing the existence of self-trades and measures to prevent the same. For instance, SEBI in its circular dated 08.02.2013 had clarified as under: [Reference Para 11 (b) on Page 3 of the Circular] "…In addition to (a) above, incentives in the form of cash payments, warrants, discount in fees, etc may not be provided for the trades where the counterparty is self, i.e., same Unique Client Code (UCC) is on both sides of the transaction…"*

j) *Thus, at the relevant point of time, SEBI itself had accepted that unintentional 'self-trade' occur in the electronic trading system and therefore they cannot be considered illegal or illegitimate per se.*

k) *In pursuance thereto, BSE in its circular dated 11.02.2013 informed the trading members that it shall not incentivize trading members in the form of cash payments, warrants, discount in fees and soon for the trades where the counter-party is self. Thereby, BSE stopped incentive scheme of liquidity enhancement to brokers for 'self-trade' which implied that self-trades existed due to operational limitations in electronic system. 'Self-Trades' not possible in current scenario after introduction of 'Self-Trade Prevention Check'. We submit with humility that regulatory and operational system w.r.t. self-trades in India evolved only recently. Presently, the software systems and surveillance systems have improved meaningfully and technology is available with regulator which makes it possible to track suspicious trades or mis-happenings on daily basis and appropriate and immediate measures are taken thereof. However, no alert or caution was raised by BSE or NSE at relevant point of time.*

l) *It was only as recently as 2015; in order to address the need of preventing impugned 'self-trades' the BSE and NSE introduced the Self Trade Prevention Check mechanism in equity segment wherein automated system itself blocks buy/sell order from commonly owned accounts. Thereby, it effectively prevents* *'self-trades' order from matching with another from same ID. For ready reference, a copy of BSE's Notice dated 11.02.2015 (Ref: 20150211-33) and NSE's circular dated 01.10.2015 (Ref: NSE/CMTR/30879) are enclosed herewith and marked as Annexure – "1" and Annexure - "2" respectively.*

m) *Thus, stock exchanges have introduced Self-trade Prevention Check (STPC) functionality with the purpose of preventing inadvertent matching between a buy and a sell order entered in the same order book by a member for the same client code originating from same or different trading terminals of the member. If an incoming order is likely to match with a passive order belonging to the same member and client code combination in the same order book, the system shall cancel such incoming order thus preventing unintentional self-trade. Therefore, we submit that systemic changes have been brought in electronic trading system and impugned unintentional 'self-trades' can no longer occur.*

n) *In view of aforesaid, the systems and mechanism for preventions of self-trade evolved and progressed in the recent years (i.e. after-2015) whereas impugned inadvertent 'self-trades' of Dhirajlal Sanghvi in 4 scrips have been executed way back before 12-13 years i.e. in the year 2009-2010.*

o) *Denial of alleged violations of law. In view of the aforesaid submissions, Noticee 11 denied the alleged violation of Clause A (1), (2), (3), (4) and (5) Code of Conduct as specified under Schedule II r/w Regulation 7 of SEBI (Stock Broker and Sub-Brokers) Regulations, 1992. Further, it was stated that:*

   i) *Clause A(1) of Code of Conduct for Stock Brokers – Noticee 11 has maintained highest standard of integrity, promptitude and fairness in the conduct of our dealings in the said scrips. The Lexicon dictionary defines 'integrity' as 'soundness, moral principles and character as shown by one person dealing with another in making and performing of contracts'. In this regard, it was stated that it executed the trades with utmost integrity and* *adhered to soundness, moral principles and character as expected to be shown by one person dealing with another in making and performing of such contracts.*

ii) *Clause A(2) of Code of Conduct for Stock Broker – Noticee 11 has exercised due skill, care and diligence while dealing in 4 scrips and in conduct of our business. In executing trades for Dhirajlal Sanghvi in the 4 scrips, we have exercised all due skill, care and diligence as a man of ordinary prudence is expected to do in carrying out its activities.*

iii) *Clause A(3) of Code of Conduct for Stock Broker – Noticee 11 has not indulged in manipulative, fraudulent, or deceptive transactions or schemes or spread rumours with a view to distorting market equilibrium or making personal gains while executing trades in the 4 scrips.*

iv) *Clause A(4) of Code of Conduct for Stock Broker – Noticee 11 has not created false market either singly or in concert with others or indulge in any act detrimental to the investors interest or which leads to interference with the fair and smooth functioning of the market while executing trades in the scrip of RMMIL. It has not involved ourselves in excessive speculative business in the market beyond reasonable levels not commensurate with our financial soundness while executing trades in the 4 scrips.*

v) *Clause A(5) of Code of Conduct for Stock Broker – Noticee 11 scrupulously followed all the provisions of the SEBI Act and the rules, regulations made thereunder and thus we deny alleged violation of Clause A(5) of Code Conduct for Stock Brokers.*

p) *Noticee 11 relied upon below mentioned case laws in the present matter.*

i) *Execution of Unintentional 'self-trades' by broker while executing order on behalf of the client is not punishable – SEBI AO Order dated February 22, 2017 in respect of Ajay Desai & Indira Securities Private Limited in the* *matter of MIC Electronics Ltd.; SEBI AO Order dated 14.02.2013 [EAD-2/AO/143/2012] in the case of JMP Securities Private Ltd.*

ii) *Various SEBI Orders in which matters pertaining to self-trades were disposed of without imposing any penalty including SEBI AO Order dated November 27, 2013 in respect of velocity Real Estate Pvt Ltd while trading in the scrip of Servalakshmi Papers Limited ; SEBI AO Order dated February 27, 2017 in respect of Vora Financial Services Private Limited while trading in the scrip of MIC Electronics Limited*

iii) *Mere occurrence of unintentional 'self-trade' on brokers terminal is not illegal – Hon'ble SAT's Order dated January 24, 2014 in the case of Krupa Sanjay Soni vs. SEBI [Appeal 32 of 2013]*

iv) *Exercise of skill, care and diligence – Hon'ble SAT Order in case of SMC Global Securities Ltd. dated November 25, 2011 and SEBI AO Order dated 29.07.2010 [Ref: SD/AO/88/2010] in the case of Indiabulls Securities Ltd.*

v) *Broker cannot be held liable for the alleged wrongdoings of client – Various judgements including Hon'ble SAT Order dated August 13, 2010 in the matter of Vidyut Shah vs. SEBI (Appeal No. 35 of 2007), Hon'ble SAT Order dated August 22, 2007 in the matter of Pravin V. Shah Stock Broking Pvt. Ltd. vs. SEBI (Appeal No. 126 of 2006).*

vi) *Noticee 11 also referred to Order dated 26.02.2019 passed by Hon'ble Securities Appellate Tribunal w.r.t. Crosseas Capital Services Pvt Ltd in the matter of Sudar Industries Ltd (Appeal No. 330 of 2017). This Order specifically refers to SEBI Circular No. EFD/DRA-3/ON/332/2017 dated May 16, 2017*

vii) *Finally, SEBI AO dated 21.06.2018 bearing reference no. EAD/SR/SM/AO/32/2018-19 passed w.r.t. Mansukh Securities and Finance*

Ltd in the matter of Twilight Litaka Pharma Ltd was also relied upon by Noticee 11.

ISSUES FOR CONSIDERATION, EVIDENCE AND FINDINGS

27) After perusal of the material available on record, I have the following issues for consideration.

Issue I: Whether Noticees 1 to 10 were connected with other members of the group as alleged?

Issue II-A: Whether Noticees 1 to 10 have violated the provisions of Regulation 3(a), (b), (c) & (d), 4(1) and 4(2)(a) of the PFUTP Regulations, 2003 read with Section 12A(a),(b) and (c) of SEBI Act by executing synchronized trades with other noticees of the group and self-trades thereby contributed in creation of artificial volume in the scrips of NTIL, NEL, TDPL and GPL?

Issue II-B: Whether Noticees 1 to 3 have violated the provisions of Regulation 3(a), (b), (c) & (d), 4(1) and 4(2)(a), (e) and (g) of the PFUTP Regulations, 2003 read with Section 12A(a),(b) and (c) of SEBI Act 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 scrips of NTIL, NEL, TDPL and GPL?

ISSUE II-C: Whether Noticee 11 has violated the provisions of Regulation 7 read with Clause A(1), A(2), A(3), A(4) and A(5) of the code of conduct for stock brokers as specified under Schedule II of the Broker Regulations by executing self-trades in behalf of Noticee ?

ISSUE III: Does the violation, if any, on part of the Noticees 1 to 10 attract penalty under Section 15HA of the SEBI Act? Does the violation, if any, on part of the Noticee 11 attract penalty under Section 15HB of the SEBI Act?

ISSUE IV: If so, how much penalty should be imposed on the Noticees taking into consideration the factors mentioned in Section 15J of the SEBI Act?

28) The relevant erstwhile provisions of SEBI Act, PFUTP Regulations and Broker Regulations read as under:

***SEBI Act, 1992*:**

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

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

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

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

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

(d) *engage in insider trading;*

PFUTP Regulations:

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) *...................*

(c).............

(d)………..

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

(f) *……………..*

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

<u>Broker Regulations</u>

Stock brokers to abide by Code of Conduct.

7. *The stock broker holding a certificate shall at all times abide by the Code of Conduct as specified in Schedule II.*

SCHEDULE II

CODE OF CONDUCT FOR STOCK BROKERS

[Regulation 7]

A. General.

(1) *Integrity: A stock-broker, shall maintain high standards of integrity, promptitude and fairness in the conduct of all his business.*

(2) *Exercise of due skill and care: A stock-broker shall act with due skill, care and diligence in the conduct of all his business.*

(3)*Manipulation: A stock-broker shall not indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumours with a view to distorting market equilibrium or making personal gains.*

(4)*Malpractices: A stock-broker shall not create false market either singly or in concert with others or indulge in any act detrimental to the investors interest or which leads to interference with the fair and smooth functioning of the market. A stock-broker shall not involve himself in excessive speculative business in the market beyond reasonable levels not commensurate with his financial soundness.*

(5) *Compliance with statutory requirements: A stock-broker shall abide by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the Stock Exchange from time to time as may be applicable to him.*

FINDINGS

29) Before moving forward, I note that the Noticees have raised preliminary issue of inordinate delay in the present proceedings, which ought to be addressed, before proceeding with the merits of the matter. Noticees have contended that there has

been inordinate and unexplained delay of more than 12 years on part of SEBI, as the allegations are based on trading done in 2009. In this regard, I note that Investigation period in the present matter ended on July 19, 2010. Consequently, adjudication proceedings were approved and communication of order appointing first AO was dated April 18, 2013. Show Cause Notice dated May 15, 2013 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 January 28, 2014 and May 09, 2014 against Noticees 1 to 10 and Noticee 11, respectively. The said orders were challenged before the Hon'ble SAT by the Noticees and vide order dated February 15, 2016 and April 06, 2016, Hon'ble SAT restored the file to the AO and directed the matter to be start afresh after provision of Inspection report and annexures thereof. Also, Hon'ble SAT, vide Order dated April 06, 2016, set aside AO Order dated May 09, 2014 against Noticee 11, respectively, and directed AO to pass a fresh Order on merits, in consequence to Hon'ble SAT quashing AO Order dated January 28, 2014, in which one of the noticees was client of Noticee 11. Pursuant to directions of Hon'ble SAT, specific documents were provided to Noticees 1 to 10 vide letter dated September 22, 2016. After conducting fresh proceedings in terms of Hon'ble SAT's Orders, AO order dated July 31, 2017 was passed against Noticees 1 to 11. It was again appealed by Noticees 1 to 11, and Hon'ble SAT, vide Order dated March 14, 2018 set aside AO Order dated July 31, 2017 and directed AO to give inspection/ copies of specified documents and pass fresh order after giving opportunity of hearing to the Noticees. Mr. K Sarvanan was appointed as AO vide Communique of Order dated March 28, 2018. Upon his transfer, the matter was assigned to Mr. Parag Basu vide communique dated July 14, 2021. Inspection was provided to the Noticees. Noticees 1 to 8 and 10 requested for provision of documents through mail, due to Covid-19 situation. Noticees 9 and 11 requested for adjournment.

Pursuant to transfer of Mr. Parag Basu, the undersigned was appointed in the matter vide Communique dated March 11, 2022. It may be noted that Noticees were provided sufficient opportunities at their request, as described previously, for submitting reply and personal hearing in the matter. Hence, no such delay has occurred in the proceedings, in the way it has been contended in their submissions.

30) 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.................."

31) Further, I note that the Noticees are aware of the present proceedings as SCNs were issued in 2013 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.

32) Now, I proceed to deal with the merits of the matter.

Issue I: Whether Noticees 1 to 10 were connected with other members of the group as alleged?

33) I find from the SCN that SEBI had carried out an investigation into the trading activity of the Noticees 1 to 10, i.e. Rameshbhai V Shah, Dhirajilal V Sanghvi HUF, Vishu Enterprise (Proprietorship), Sagar D Sanghvi, Ashik D Sanghvi, Sajjankumar H Nanwal, Sunitadevi S Nanwal, Govindkumar H Varma, Babubhai Desai and Sanghvi Fincap Ltd. in the scrips of NTIL, NEL, TDPL and GPL for the period from July 01, 2009 to January 19, 2010. It was, inter alia, revealed that the said Noticees who had traded significantly in the said four scrips were all connected to each other by one way or the other and therefore, have been referred to as the 'Sanghvi Group' in the Investigation Report. The details of connection amongst the said Noticees is as under:

Table - 26

Sr. No.	Name	Address	Phone	Email	Connections
1	Rameshbhai Vanghjibhai Shah	19, Pancharatna Society, Ta. Vishnagar, Mahesana, Gujarat	9925358326; 7926565266; 9825317172	-	Common Phone number with Noticees 6, 9 and 10; Relative of Noticees 2, 4 and 10 (as per entities' reply)
2	Dhirajbhai V Sanghvi HUF	No. A-14, Tirthbhumi Apartments, Nr. Lal Garden Ellisbridge,	9825317172	sanghvifincap @gmail.com	Common address with Noticees 4 and 5; father of Noticees 4 and 5; Common directorship

		Ahmedabad, Gujarat - 380006			with Noticee 6 in Noticee 10; common phone number with Noticees 3, 4, 5 and 9.
3	Vishu Enterprise	D 176, Padmavati Society, Naroda, Ahmedabad, Gujarat - 382333	9825317172; 7926565266	sanghvifincap@gmail.com	Common address with Noticees 6, 7, 8; Common Phone no. with Sr. No. 2, 4, 5 and 9; Common email address with 2, 4 and 5
4	Sagar Sanghvi	No. A-14, Tirthbhumi Apartments, Nr. Lal Garden Ellisbridge, Ahmedabad, Gujarat - 380006	9979150828	sanghvifincap@gmail.com	Power of attorney to Noticee 6 ; Son of Karta of Noticee 2; Common address with Noticee 2 and 5
5	Ashik Sanghvi	No. A-14, Tirthbhumi Apartments, Nr. Lal Garden Ellisbridge, Ahmedabad, Gujarat - 380006	9825317172	sanghvifincap@gmail.com	Common address with Noticees 2 and 4; Son of Karta of Noticee 2; Common Phone no. with
6	Sajjan Kumar Nanwal	D 176, Padmavati Society, Naroda, Ahmedabad, Gujarat - 382333	9376017172; 7926565266; 9825317172	Sajjan_kumar36@yahoo.com	Common directorship with Karta of Noticee 2 in Noticee 10; Power of attorney of Noticee 4; Off market transactions with Noticees 2, 5, 7, 10; Husband of Noticee 7
7	Sunitadevi Nanwal	D 176, Padmavati Society, Naroda, Ahmedabad, Gujarat - 382333	9825317172	-	Wife of Noticee 6; Common address with Noticee 6, 7 and 8; common phone no. with 1, 2, 3, 5, 6, 8 and 9
8	Govindkumar Varma	D 176, Padmavati Society, Naroda, Ahmedabad, Gujarat - 382333	9825317172; 7926565266	-	Brother of Noticee 6; Common address with 3, 6, 7; common phone number with Noticees 2, 3, 5, 6, 9

9	Babubhai Desai	Rabari Vasahat, Nava Vadaj, Ahmedabad, Gujarat – 380016	9825317172; 7926565266	-	Common Phone number with Noticees 6, 8 and 10; Indirect associate of Noticees 2, 4 and 10 (as per entities' reply)
10	Sanghvi Fincap Limited	B-54 Dhaval Avenue, Behind Associated Petrol Pump, C G Road, Ahmedabad, Gujarat - 380006	7926565266	-	Noticee 10 and karta of Noticee 2 are directors; Same phone number with 3, 6, 8, 9.Indirect associates with 9 (as per its reply).

34) It is noted from the material available on record in respect of the alleged connection/ relation among Noticees group, that,

a) Noticee 3 (Vishu) has submitted that it was only related to Noticees 6, 7 and 8. Further, it has submitted that Noticee 6 was its accountant and hence his phone number and email id had been provided as operational convenience.

b) Hetram Varma (proprietor of Vishu/ Noticee 3) and Noticee 8 mentions the father's name as Hetram Khemaram Varma.

c) Noticee 6 (Sajjan) has submitted that he was the accountant of Dhirajlal (Karta of Noticee 2) and also looking after the accounts of his entire family. Further, he was admittedly director in Sanghvi Fincap Ltd (Noticee 10). Noticee 6 has submitted that he had mentioned his mobile number in the account opening form of Noticee 9 (Babubhai) to access his account in the back office of the broker. Noticee 6 (Sajjan) has also submitted that Noticee 7 (Sunita) and Noticee 8 (Govind) were his family members.

d) Noticee 7 (Sunita) has submitted that Noticees 6 and 8 (Sajjan and Govind) were her family members. Further, she had used the phone number of Noticee 6 (Sajjan) for operational convenience.

e) Noticee 8 (Govind) has submitted that Noticees 6 and 7 (Sajjan and Sunita) were his family members.

f) Karta of Noticee 2 (Dhirajlal) has submitted that Noticees 4 and 5 (Sagar and Ashik) are his family members. Further, I note that Noticee 6 (Sajjan) was admittedly director in Noticee 10 (Sanghvi Fincap Ltd), wherein Dhirajlal Sanghvi was also director. Further, it was submitted that Noticee 6 (Sajjan) was their accountant.

g) Noticee 4 (Sagar) has submitted that Dhirajlal Sanghvi (Karta of Noticee 2) and Noticee 5 (Ashik) are family members.

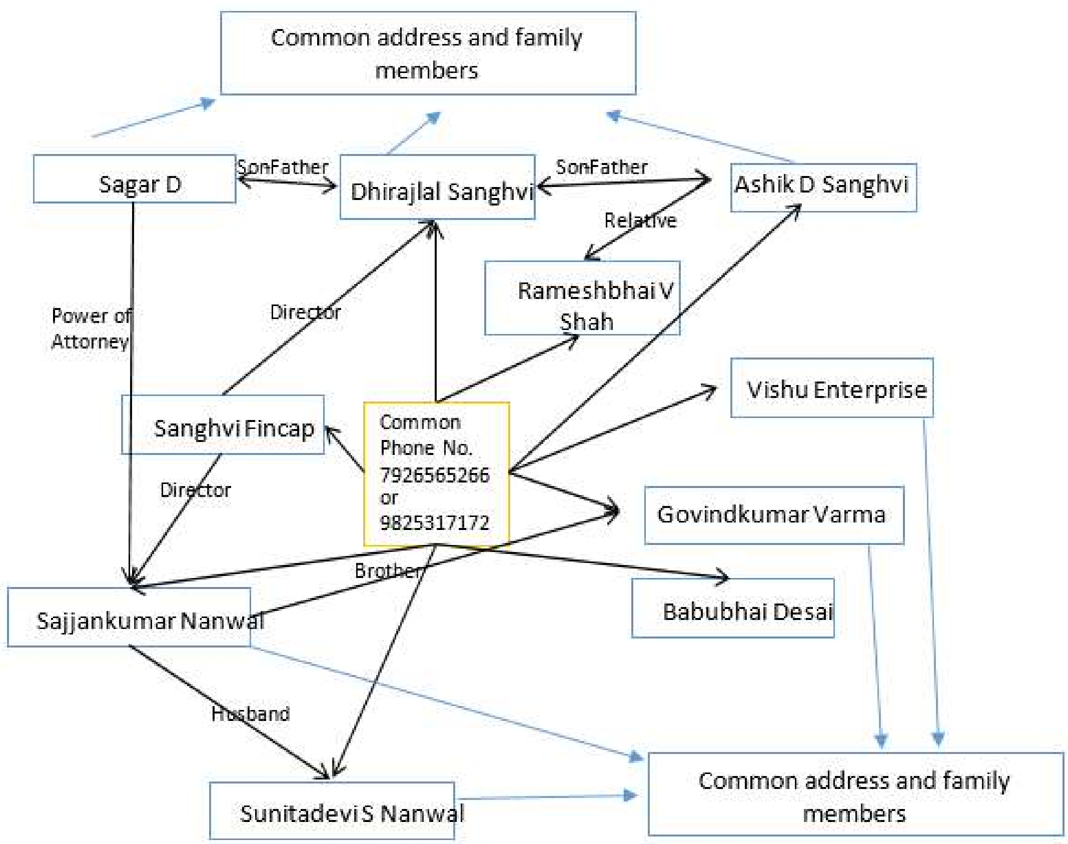
h) Noticee 5 (Ashik) has submitted that Karta of Noticee 2 (Dhirajlal Sanghvi) and Noticee 4 (Sagar) are family members. Further, it was submitted that Noticee 6 (Sajjan) was his accountant and his phone number was given for operational convenience.

i) Noticee 1(Rameshbhai) has submitted that he was related to Noticees 2, 4, 5 and 10 and that Noticee 6 was his accountant and he had given Sajjan's (Noticee 6) phone number in the account opening form for operational convenience.

j) Noticee 9 (Babubhai) has earlier submitted that he is an indirect associate of Noticees 2, 4 and 10. Also that Noticee 6 (Sajjan) was his accountant and he had given Sajjan's phone number in the account opening form for operational convenience.

35) From the above replies, I note that admission of connection among the 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.

36) Some of the above connections among these entities are pictorially summarized in the following diagram:



Also, Noticees 2, 3, 4 and 5 had common email-addresses and Noticee 6 has PoA of demat account of Noticee 4.

37) 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 given different reasons for the common telephone numbers, common address, 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.

38) 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 26 above. Based on the replies of the Noticees I note that Noticees 6,7,3 and 8 (Sajjan, Sunita, Vishu and Govind) are admittedly related. Noticees 1, 2, 4 and 5 (Dhirajlal, Sagar and Ashik) are admittedly related. Noticee 6(Sajjan) is admittedly the accountant of Sanghvi family and shares common directorship in Noticee 10 (Sanghvi Fincap Ltd) with Karta of Noticee 2 (Dhirajlal Sanghvi). Noticee 6 (Sajjan) is admittedly the accountant of Noticee 9 (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 these. I note that the Noticee 6 – Sajjan is the authorized person of Noticee 4 – Sagar to trade account with HSBC and as per the investigation report, he has been mentioned as cousin in the authorization letter. 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 scrips of NTIL, NEL, GPL and TDPL, I note that apart from Noticee 6 (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. This can be seen from the table given below.

Table - 27 - Trading by Noticee 9

Scrip Name	**No. of Trades within Group**	**Volume of trades within Group**	**No. of Synchronized Trades within Group**	**Volume of Synchronized trades within Group**
NTIL	265	313704	33	115698
NEL	16	204779	-	-
TDPL	198	372621	10	68318
GPL	6	3891	1	1419
Total	**485**	**894995**	**44**	**185435**

39) I also note that Noticee 9 has traded with other noticees who were also noticees in another matter in which SEBI AO Order No. Order/KS/AE/2021-22/15531-15539 dated March 23, 2022 was passed. Relevant facts/ findings in the said order are quoted below:

"*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.*"

40) Thus, I note that the trading pattern of Noticee 9 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."

41) Apart from the connections shown in table above, I note that the Noticees have traded extensively with each other i.e. from 20.03% to 59.67% of their total purchase quantity in the four scrips and from 17.67% to 47.82% of their sale quantity in the four scrips was with each other. This can be more clearly captured from the table given below:

Table - 28

ScripName	Market Volume	Group Purchase	% to Market	Group Sales	% to Market	Trade within Group	% to Market	Synch volume	% to Market
NTIL	22548566	8712500	38.64%	9193826	40.77%	5683458	25.21%	2527969	11.21%
NEL	90521616	18134907	20.03%	15993188	17.67%	5434188	6.00%	122648	0.14%
TDPL	16042702	9572564	59.67%	7671610	47.82%	4586366	28.59%	678704	4.23%
GPL	9262632	2048890	22.12%	2003272	21.63%	837767	9.04%	300776	3.25%

42) Further, about 25% of market volume in NTIL and about 28.5% of market volume in TDPL was due to trades executed among the entities belonging to Sanghvi

Group. The Noticees have also indulged in synchronized 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."

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

Issue II-A: Whether Noticees 1 to 10 have violated the provisions of Regulation 3(a), (b), (c) & (d), 4(1) and 4(2)(a) of the PFUTP Regulations, 2003 read with Section 12A(a),(b) and (c) of SEBI Act by executing synchronized trades with other noticees of the group and self-trades thereby contributed in creation of artificial volume in the scrips of NTIL, NEL, TDPL and GPL?

Issue II-B: Whether Noticees 1 to 3 have violated the provisions of Regulation 3(a), (b), (c) & (d), 4(1), 4(2)(a), (e) and (g) of the PFUTP Regulations, 2003 read with Section 12A(a),(b) and (c) of SEBI Act 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 scrips of NTIL, NEL, TDPL and GPL?

44) From the table - 28 above, it is observed from the trade log that the Noticees along with other group entities have altogether purchased 87,12,500 shares of NTIL which accounted for 38.64% of total market volume and sold 91,93,826 shares which accounted for 40.77% of total market volume in the scrip of NTIL. Further, the Noticees along with other group entities have traded for 56,83,458 shares among themselves, which was 65.23% of their total purchase quantity and 61.81% of their sale quantity.

45) Similarly, it is observed from table – 28 above, that the Noticees along with other group entities have altogether purchased 20,48,890 shares of GPL which accounted for 22.12% of total market volume and sold 20,03,272 shares which accounted for 21.63% of total market volume in the scrip of GPL. Further, the Noticees along with other group entities have traded for 8,37,767 shares among themselves, which was 40.88% of their total purchase quantity and 41.82% of their sale quantity.

46) Similarly, it is observed that the Noticees along with other group entities have altogether purchased 1,81,34,907 shares of NEL which accounted for 20.03% of total market volume and sold 1,59,93,188 shares which accounted for 17.67% of total market volume in the scrip of NEL. Further, the Noticees along with other group entities have traded for 54,34,188 shares among themselves, which was 29.97% of their total purchase quantity and 33.98% of their sale quantity.

47) Similarly, it is observed that the Noticees along with other group entities have altogether purchased 95,72,564 shares of TDPL which accounted for 59.67% of total market volume and sold 76,71,610 shares which accounted for 47.82% of total market volume in the scrip of TDPL. Further, the Noticees along with other

group entities have traded for 45,86,366 shares among themselves, which was 47.91% of their total purchase quantity and 59.78% of their sale quantity.

48) 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 as they are connected with each other, as already established at paragraphs 33 - 43. 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."

49) 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. I also note that the Noticees along with other group entities had collectively contributed in a range from around 6% of the total buy and sell volume in NEL to 28.59% in TDPL 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. The

average volume of shares traded in the scrip of NTIL during the IP increased to 1,64,588 shares from 77,620 shares in the immediate 1 – month period before the start of IP. Similarly, the average volume of shares traded in the scrip of TDPL during the IP increased to 1,17,096 shares from 58,569 shares in the immediate 1 – month period before the start of IP. Further, the average volume of shares traded in the scrip of GPL during the IP reduced to 44,461 shares in the immediate 1 month period after the end of IP from 67,610 shares during the IP. Even further, the average volume of shares traded in the scrip of TDPL during the IP increased from 3,54,957 shares in the immediate 1 – month period before the start of IP to 6,60,742 shares during the IP and reduced again to 2,95,097 during the immediate 1 month period after the end of 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.

50) I note that the Noticees 3, 4, 5, 8 and 10 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 these 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 3 during the period April 01, 2008 to March 31, 2010 (which includes the investigation period) is as follows –

Stock Summary

1-Apr-2008 to 31-Mar-2010

Page 1

Particulars	Opening Balance			Inwards			Outwards			Closing Balance		
	Quantity	Rate	Value	Quantity	Rate	Value	Quantity	Rate	Value	Quantity	Rate	Value
Abl Bio				10,025 equity	23.72	2,37,793.00	10,025 equity	21.72	2,17,750.80			
Adani Expo				4,900 equity	655.60	32,12,429.16	4,900 equity	693.12	33,96,269.86			
Ahmednagar Forg				206 equity	122.72	25,281.05	206 equity	117.34	24,171.24			
Archid				49,969 equity	37.46	18,73,044.84	45,065 equity	37.47	16,86,490.06	4,994 equity	37.46	1,87,083.43
Barak Valley Cems				2,560 equity	30.32	77,622.80	2,560 equity	29.69	76,018.70			
Bartronics				43,447 equity	160.39	69,68,322.05	43,447 equity	157.62	68,48,225.06			
Cals				14,21,897 equity	0.84	11,91,820.42	14,21,897 equity	0.60	8,58,589.91			
C E S C				3 equity	386.34	1,159.02	3 equity	367.13	1,101.39			
Dgp Windsor				2,609 equity	39.83	1,03,912.66	2,609 equity	37.78	98,563.24			
Essar				2,022 equity	68.94	1,39,391.08	1,986 equity	68.12	1,35,289.30	36 equity	68.94	2,481.74
Fortis Health				439 equity	115.37	50,647.43	439 equity	115.14	50,547.02			
Gayatri Project				3,23,867 equity	286.95	9,28,77,698.52	3,21,376 equity	275.00	8,83,23,901.74	2,491 equity	338.65	8,43,585.94
Glenmark				6,000 equity	252.18	15,13,069.55				6,000 equity	252.18	15,13,069.54
Goldstone Infra				13,552 equity	27.64	3,74,555.06	13,552 equity	25.22	3,41,717.94			
Goldstone Tech				10,461 equity	34.57	3,61,663.74	10,461 equity	32.40	3,38,996.62			
Gujarat Cotex Ltd.				9,624 equity	10.52	1,01,267.34	9,624 equity	6.68	64,289.25			
Honeywell Auto				5 equity	965.97	4,829.85	5 equity	934.07	4,670.35			
Indo Wind Energy				2,80,776 equity	53.94	1,51,46,302.63	2,60,408 equity	54.70	1,42,43,426.65	20,368 equity	53.94	10,98,740.15
Kaveri Tele				4,84,801 equity	81.64	3,79,45,519.46	3,47,225 equity	81.52	2,66,74,640.21	1,37,576 equity	81.64	1,12,31,457.00
Kohinoor Bro				50,000 equity	6.53	3,26,500.00	50,000 equity	9.48	4,74,000.00			
Mangalam Timber				3,640 equity	36.25	1,31,961.10	3,640 equity	37.96	1,38,174.40			
M M Financial Serv				1,668 equity	322.61	5,38,119.57	1,668 equity	321.79	5,36,753.11			
Mundra				3,110 equity	626.11	19,47,202.05	3,110 equity	656.63	20,42,134.10			
Nakoda Textile	11,859 equity	37.52	4,44,964.62	15,35,465 equity	45.89	6,58,12,283.11	15,47,014 equity	46.55	8,06,30,024.83	310 equity	49.21	15,255.65
Nandan Exim	5,000 equity	4.82	24,118.30	65,64,122 equity	2.30	1,51,09,978.42	65,69,122 equity	2.20	1,44,21,558.39			
Nova Petro	19,905 equity	30.92	6,15,412.84	33,381 equity	9.42	3,14,705.53	53,286 equity	8.73	4,65,020.44			
Oasis				2,378 equity	33.40	79,419.77	2,378 equity	35.10	83,456.83			
Orbit Corporation L				200 equity	215.16	43,032.00	200 equity	227.42	45,484.00			
PH	868 equity	11.89	10,319.04	5,65,789 equity	9.14	51,74,111.48	5,66,657 equity	10.16	57,57,093.02			
Reliance Com Vent				6,000 equity	174.00	10,43,991.05	6,000 equity	180.18	10,81,106.20			
Religare Enterprise				130 equity	383.74	49,885.82	130 equity	372.51	48,426.60			
Sanguine Media				11,31,716 equity	5.12	57,99,946.48	11,30,716 equity	4.45	50,31,431.71			
Secunder Health L				45,055 equity	36.18	16,30,000.60	45,055 equity	30.07	13,54,702.95			
Shyam Soft Ind.				1,21,581 equity	5.96	7,24,501.75	1,21,581 equity	5.69	6,91,636.19			
Spicejet				10,000 equity	39.49	3,94,900.00	10,000 equity	43.46	4,34,600.00			
Subex				37,503 equity	85.01	31,88,106.54	37,363 equity	98.62	36,84,582.07	140 equity	85.01	11,901.31
Sujana Uni.				5,87,831 equity	12.17	71,51,061.50	5,71,689 equity	12.13	69,30,946.88	16,042 equity	12.17	1,96,213.33
Surana Telecom				4,771 equity	39.45	1,88,202.24	4,771 equity	38.62	1,84,234.86			
Surya Pharmaceutic				300 equity	150.80	45,240.00	300 equity	152.83	45,850.00			
Todays Writing Pro	15 equity	70.99	1,064.92				15 equity	59.58	893.70			
Trimurthi Drugs				19,80,886 equity	12.93	2,56,02,277.38	19,27,896 equity	13.41	2,58,57,799.86	52,990 equity	12.93	6,84,805.29
Videocon				1,261 equity	318.15	4,01,186.28	1,261 equity	340.13	4,28,907.67			
Winsome				5,553 equity	14.90	82,737.23	5,553 equity	16.11	89,481.17			
Grand To	37,647 equity		10,95,879.72	1,07,26,110 equity		32,08,85,665.96	1,55,35,800 equity		30,38,43,049.82	2,48,947 equity		1,57,83,683.38

51) Similarly, the trading data across scrips submitted by Noticee 4 during April 01, 2008 to March 31, 2010 (which includes the investigation period) is as follows –

Sagar D. Sanghvi

A-13 , Tirth Bhumi App. Near Law Garden , Ahmedabad

Stock Summary

1-Apr-08 to 31-Mar-10

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Particulars	Opening Balance			Inwards			Outwards			Closing Balance		
	Quantity	Rate	Value	Quantity	Rate	Value	Quantity	Rate	Value	Quantity	Rate	Value
Abi Biotech				3,000 equity	14.88	44,640.00	3,000 equity	15.27	45,818.00			
Bartonic				5,500 equity	158.43	8,71,370.00	5,500 equity	160.19	8,81,020.00			
Gayatri Project Ltd.				96,193 equity	195.41	1,87,96,714.66	96,193 equity	189.80	1,82,57,771.59			
Goldstone Infratech				10,000 equity	27.78	2,77,775.00	10,000 equity	25.97	2,59,660.89			
Kaveri Tele				1,62,907 equity	82.55	1,34,48,138.43	1,50,341 equity	81.81	1,22,99,292.70	12,566 equity	82.55	10,37,335.99
Nakode Textile				4,18,740 equity	49.19	2,05,98,052.68	4,18,740 equity	51.07	2,13,86,935.28			
Nandan Exim Ltd				1,90,000 equity	1.57	2,98,398.00	1,90,000 equity	1.42	2,69,307.26			
Sanguine Media				1,51,218 equity	3.74	5,65,578.26	1,51,218 equity	4.14	6,25,611.93			
Shyam Softwer				43,738 equity	5.42	2,37,009.41	43,738 equity	6.66	2,91,450.06			
Subuthi				41,500 equity	26.33	10,92,610.00				41,500 equity	26.33	10,92,609.93
Sujan Industries				47,560 equity	11.90	5,65,980.30	44,410 equity	12.06	5,35,404.20	3,150 equity	11.90	37,486.07
Trimurthi Drugs and Pharmaceuticals L				2,66,202 equity	9.32	24,80,239.30	2,65,571 equity	10.59	28,13,472.38	631 equity	9.32	5,879.11
Grand Total				14,36,558 equity		5,92,76,506.04	13,78,711 equity		5,76,65,744.29	57,847 equity		21,73,311.10

52) Similarly, the trading data across scrips submitted by Noticee 5 during April 01, 2008 to March 31, 2010 (which includes the investigation period) is as follows –

Ashik D. Sanghvi

14, Tirthbhoomi Apartments
Nr. Law Garden , Ellisbridge
Ahmedabad

Stock Summary

1-Apr-08 to 31-Mar-10

Particulars	Opening Balance			Inwards			Outwards			Closing Balance		
	Quantity	Rate	Value	Quantity	Rate	Value	Quantity	Rate	Value	Quantity	Rate	Value
Adani Enterprise				1,550 equity	767.80	11,90,085.65	1,550 equity	712.78	11,04,804.00			
Adani Power				5,000 equity	90.00	4,50,000.00	5,000 equity	90.00	4,50,000.00			
Aiswarya Tv				750 equity	110.58	82,937.00	750 equity	109.82	82,368.60			
Anu Labs				620 equity	378.87	2,34,897.90	620 equity	377.96	2,34,333.30			
Archidply				1,660 equity	34.46	57,196.16	1,660 equity	34.78	57,735.29			
Aravind				2,500 equity	996.88	24,92,211.90	2,500 equity	877.01	21,92,532.65			
Austral Coke				60 equity	215.87	12,952.30	60 equity	217.21	13,032.45			
Bartronics				10,551 equity	157.43	16,60,997.15	10,551 equity	160.29	16,91,169.36			
Bharti Tele				8,500 equity	318.56	27,07,757.92	8,500 equity	310.70	26,40,915.27			
Cairn India				400 equity	323.72	1,29,487.00	400 equity	307.23	1,22,890.75			
Cals Ref				7,25,000 equity	0.73	5,29,750.00	7,25,000 equity	0.59	4,24,250.00			
Chambal Ferti				100 equity	82.14	8,214.00	100 equity	83.59	8,358.50			
Crybock				10,000 equity	31.62	3,16,185.85	10,000 equity	27.49	2,74,906.75			
Divis Laborat				20 equity	1,594.85	31,897.00	20 equity	1,587.46	31,749.20			
Educomp Solution				10 equity	3,677.84	36,778.40	10 equity	3,678.65	36,786.50			
Future Capital				25 equity	413.96	10,349.00	25 equity	418.26	10,456.50			
Gayatri Project	5,869 equity	564.79	33,09,088.85	90,871 equity	273.78	2,48,78,303.28	96,139 equity	234.13	2,25,08,138.67	591 equity	323.79	1,91,360.37
Gokul Refoil				10 equity	216.31	2,163.10	10 equity	218.69	2,186.90			
Goldstone Telese.				35,500 equity	27.36	9,71,211.97	35,500 equity	26.19	9,29,740.79			
Great Eastern				50 equity	516.26	25,813.00	50 equity	514.24	25,712.00			
Gss America				75 equity	406.37	30,478.00	75 equity	406.28	30,471.25			
Hdil				5,000 equity	386.15	19,30,761.36	5,000 equity	376.49	18,82,443.95			
Housing Dev				1,035 equity	873.46	9,04,029.00	1,035 equity	875.47	9,06,109.65			
Icici Bank				1,000 equity	865.70	8,65,700.70	1,000 equity	832.10	8,32,103.79			
Ifci Ltd				200 equity	61.13	12,226.00	200 equity	61.17	12,234.00			
Infosys Ltd				280 equity	1,755.91	4,91,653.86	280 equity	1,758.00	4,92,238.60			
Jindpolyfin				3,500 equity	397.75	13,92,108.40	3,500 equity	366.18	12,86,635.42			
J.Kumar Infra				100 equity	106.05	10,605.00	100 equity	106.90	10,690.00			
Jsw Steel				25 equity	784.89	19,622.25	25 equity	772.46	19,311.90			
Kaveri				43,412 equity	81.06	35,18,908.21	15,381 equity	81.11	12,47,616.68	28,031 equity	81.06	22,72,147.17
Kohinoor				25,000 equity	8.21	2,05,250.00	25,000 equity	9.29	2,32,250.00			
Krbl				2,000 equity	196.14	3,92,279.45	2,080 equity	230.82	4,81,636.11			
Larsen & Toub				101 equity	2,528.89	2,55,417.56	101 equity	2,529.45	2,55,474.64			
Lotus Eye				100 equity	38.00	3,800.00	100 equity	36.85	3,685.00			
Mahindra				100 equity	576.04	57,604.00	100 equity	573.73	57,372.50			
Mangalore				200 equity	105.65	21,130.00	200 equity	102.59	20,517.45			
Manira				1,500 equity	373.92	5,60,880.95	1,500 equity	336.21	5,04,314.90			
Mundra Port				3,112 equity	760.75	23,67,440.01	3,112 equity	685.19	21,32,316.02			
Nakoda Textiles	26,837 equity	47.34	12,80,762.34	6,03,846 equity	57.89	3,49,43,241.80	6,30,330 equity	59.82	3,76,90,383.15	253 equity	64.08	16,212.06
Nandan Exim Ltd.				8,40,364 equity	2.52	21,18,302.91	8,40,364 equity	2.34	19,68,783.62			
Niraj Cement				10,402 equity	228.13	23,77,568.94	10,402 equity	224.13	23,38,928.38			
Nitin Fire				2,000 equity	420.92	8,41,844.15	2,000 equity	359.06	7,18,127.95			
Ong Corp Ltd				50 equity	884.44	44,222.00	50 equity	890.55	44,527.50			
Orchid Chemic				1,050 equity	244.68	2,56,916.80	1,050 equity	247.12	2,59,476.00			
Parsol				4,000 equity	28.63	1,14,530.25	4,000 equity	31.64	1,26,556.80			
Pil Infotech				11,921 equity	9.98	1,19,003.48	11,900 equity	9.85	1,17,219.00	21 equity	9.98	209.64
Raymond				2,000 equity	231.06	4,62,118.35	2,000 equity	241.35	4,82,706.45			
Reliance Capital				3,858 equity	1,179.87	45,51,951.46	3,858 equity	1,179.68	45,51,187.52			
Reliance Communication				700 equity	532.69	3,72,881.80	700 equity	528.99	3,70,293.00			
Reliance Indus				1 equity	1,449.61	1,449.61	1 equity	1,059.81	1,059.81			
Reliance Infra				2,149 equity	1,372.19	29,48,837.16	2,149 equity	1,365.67	29,34,832.40			
Carried Over	32,458 equity		45,89,851.79	34,83,28 equity		8,88,19,828.33	34,83,74 equity		8,48,33,581.87	28,886 equity		24,79,928.24

continued ...

Ankit D. Sanghvi
Stock Summary : 1-Apr-08 to 31-Mar-10

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Particulars	Opening Balance			Inwards			Outwards			Closing Balance		
	Quantity	Rate	Value	Quantity	Rate	Value	Quantity	Rate	Value	Quantity	Rate	Value
Brought Forward	32,488 equity		45,69,881.79	[illegible] equity		8,68,19,828.00	[illegible] equity		9,48,53,581.67	38,886 equity		34,79,829.24
Reliance Natural				600 equity	93.45	56,070.00	600 equity	92.95	55,770.00			
Reliance Petro				850 equity	183.65	1,56,105.00	850 equity	183.46	1,55,937.50			
Reliance Power				1 equity	403.20	403.20	1 equity	401.10	401.10			
Riba Textile				10,000 equity	69.66	6,96,551.00	10,000 equity	76.90	7,69,010.00			
RIl				20,500 equity	1,066.35	2,18,60,158.63	20,500 equity	1,028.38	2,10,81,737.36			
Sanguine Md				1,07,070 equity	6.92	7,40,890.58	1,07,070 equity	6.74	7,21,176.06			
Sonata Info				100 equity	193.50	19,350.00	100 equity	188.57	18,857.00			
Satyam Comp				200 equity	504.96	1,00,991.50	200 equity	504.79	1,00,958.75			
SBI				1,425 equity	1,842.07	26,24,953.57	1,425 equity	1,802.59	25,68,835.05			
Sejal Glass				100 equity	58.20	5,820.00	100 equity	61.59	6,158.75			
Shiva Exim				25,000 equity	23.87	5,96,681.05	25,000 equity	27.58	6,89,409.30			
Shyam Software				7,072 equity	4.92	34,804.95	7,072 equity	2.98	21,076.59			
Spice Tele				1,000 equity	71.24	71,239.50	1,000 equity	70.76	70,760.00			
Subuthi Fin				1,42,228 equity	43.67	62,11,398.79	88,114 equity	54.07	47,64,370.27	54,114 equity	43.67	23,63,273.10
Sujana Universal				49,279 equity	12.52	6,17,072.93	45,808 equity	12.60	5,77,012.88	3,471 equity	12.52	43,468.98
Suraj Ltd				221 equity	182.75	40,387.75	221 equity	179.22	39,607.66			
Tanfac				35,000 equity	64.69	22,64,290.48	35,000 equity	41.40	14,49,068.85			
Tidel				1,000 equity	251.04	2,51,041.26	1,000 equity	267.87	2,67,869.63			
Tata Motors				4,000 equity	797.05	31,88,212.93	4,000 equity	812.92	32,51,676.07			
Tata Stl				100 equity	827.36	82,736.00	100 equity	823.38	82,337.50			
Tech Mahindra				100 equity	881.82	88,182.00	100 equity	851.62	85,162.25			
Teamspace				2,000 equity	139.91	2,79,821.40	2,000 equity	102.03	2,04,050.34			
Trimurthi Drugs and Pharmaceuticals L				[illegible] equity	11.62	[illegible]	[illegible] equity	11.93	[illegible]	20,444 equity	11.62	2,37,511.24
Unitech				5,000 equity	27.51	1,37,550.00	5,000 equity	26.80	1,34,000.00			
Vishal Retail				7 equity	324.99	2,274.93	7 equity	318.89	2,232.25			
Welspun Corp				50 equity	316.16	15,808.00	50 equity	318.84	15,942.00			
Winsome Yarns				8,876 equity	16.90	1,49,974.25	8,873 equity	16.25	1,44,196.54			
Wipro Ltd				150 equity	492.38	73,857.00	150 equity	489.87	73,480.50			
Zhoosge				2,500 equity	567.06	14,17,657.70	2,500 equity	498.20	12,45,531.62			
Zuari				1,000 equity	596.92	5,96,916.41	1,000 equity	531.30	5,31,304.00			
Zylog				1,000 equity	411.31	4,11,312.95	1,000 equity	348.11	3,48,107.60			
Grand Total	32,488 equity		45,69,881.79	[illegible] equity		15,31,88,588.58	[illegible] equity		14,87,43,159.60	[illegible] equity		51,24,202.56

53) Similarly, the trading data across scrips submitted by Noticee 8 during April 01, 2008 to March 31, 2010 (which includes the investigation period) is as follows –

GOVIND KUMAR VARMA
D-176, Padmavati Society,
Nikol Road,Naroda,
Ahmedabad

Annexure - A

Stock Summary

1-Apr-2008 to 31-Mar-2010

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Particulars	Opening Balance			Inwards			Outwards			Closing Balance		
	Quantity	Rate	Value	Quantity	Rate	Value	Quantity	Rate	Value	Quantity	Rate	Value
Abi Bio Tech				7,700 equity	23.37	1,79,969.00	7,700 equity	20.22	1,55,731.28			
ARCHIDPLAY				48,504 equity	36.35	17,63,048.21	32,744 equity	36.95	12,09,740.44	15,760 equity	36.35	5,72,852.52
ARSSINFRA				1,000 equity	720.15	7,20,153.50	1,000 equity	824.93	8,24,933.99			
Aryna Fin	100 equity	4.12	412.00							100 equity	4.12	412.00
BHARTI TELI				10,000 equity	309.45	30,94,475.55	10,000 equity	299.68	29,96,814.50			
Charms Indus	5 equity	7.63	38.13							5 equity	7.63	38.13
Den So India	5 equity	101.20	506.00							5 equity	101.20	506.00
DLF				15,000 equity	315.25	47,28,683.55	15,000 equity	308.57	46,28,585.30			
Dynamic	8 equity	1,244.11	9,952.88							8 equity	1,244.11	9,952.88
Gayatri	5 equity	293.23	1,466.13	1,31,400 equity	292.11	3,83,82,496.01	1,31,400 equity	291.78	3,83,46,834.81	5 equity	356.96	1,784.82
Glovectra	1 equity	167.84	167.84							1 equity	167.84	167.84
Gr Cables	15 equity	9.24	138.57							15 equity	9.24	138.57
Gujarat Cotex				5,510 equity	13.95	76,882.10	5,510 equity	9.14	50,361.40			
Gujarat Toolroom				12,000 equity	9.99	1,19,880.00	12,000 equity	9.95	1,19,400.00			
Hdil				26,000 equity	341.14	88,69,754.10	26,000 equity	329.13	85,57,254.80			
IBRALEST				15,000 equity	168.29	25,24,417.03	15,000 equity	157.18	23,57,710.94			
Indowind				20,750 equity	60.25	12,50,095.00	20,750 equity	61.14	12,68,655.00			
Jindal Online	310 equity	1.22	377.87							310 equity	1.22	377.87
Kaveri				1,06,800 equity	83.81	89,53,704.80	82,909 equity	83.19	68,97,393.38	23,921 equity	83.81	20,04,882.16
Kdl				4,500 equity	218.33	9,82,502.73	4,500 equity	247.50	11,13,770.72			
Mavi Indstries	55 equity	61.19	3,365.23							55 equity	61.19	3,365.23
Nakoda				7,12,841 equity	54.52	3,88,56,417.51	7,12,841 equity	58.49	4,16,92,613.97			
Nandan Exim				10,39,491 equity	2.23	23,20,651.63	10,39,491 equity	2.16	22,47,646.02			
NHDCLTD				500 equity	446.06	2,23,027.80	500 equity	475.91	2,37,955.30			
Pil Infotech	1,83,140 equity	9.34	17,11,001.93	700 equity	9.27	6,489.00	1,83,840 equity	9.73	17,89,130.00			
Raymond				6,000 equity	229.41	13,76,454.55	6,000 equity	239.72	14,38,338.05			
Reliance Power	17 equity		0.01	10 equity		0.01				27 equity		0.02
Ril				11,000 equity	1,007.52	1,10,82,687.26	11,000 equity	983.06	1,08,13,666.80			
Sanguine				89,500 equity	2.96	2,64,945.00	89,000 equity	3.22	2,86,372.76	500 equity	3.01	1,502.65
Sbi				13,000 equity	1,969.05	2,55,98,044.24	13,000 equity	1,922.22	2,49,88,916.85			
Secunderabad				4,000 equity	29.64	1,18,570.00	4,000 equity	26.02	1,04,080.00			
Subathi				6,839 equity	127.78	8,73,868.47	6,839 equity	122.02	8,34,500.07			
Sujana				96,925 equity	12.12	11,74,698.70	83,925 equity	12.39	10,39,705.25	13,000 equity	12.12	1,57,555.58
Sujana Metal	14 equity	74.66	1,045.19							14 equity	74.66	1,045.19
Surana Telecm				7,000 equity	38.78	2,71,480.00	7,000 equity	38.81	2,71,704.50			
TATA MOTORS				10,000 equity	815.62	81,56,200.25	10,000 equity	794.44	79,44,382.09			
THANGAMAYIL				11,000 equity	78.38	8,62,217.60	11,000 equity	70.68	7,77,485.51			
Trimurthi				15,10,011 equity	7.71	1,16,51,247.27	11,14,080 equity	8.67	96,65,606.63	3,95,863 equity	7.71	30,53,386.36
Welsp Guj Sr	1 equity	103.28	103.28							1 equity	103.28	103.28
Zandupharm				1,000 equity	5,918.89	59,18,887.90	1,000 equity	5,481.37	54,81,367.05			
Grand Total	1,80,875 equity		17,28,575.06	35,24,341 equity		58,04,11,948.54	36,58,427 equity		17,61,33,946.01	4,46,508 equity		59,08,073.10

54) Similarly, the trading data across scrips submitted by Noticee 10 during April 01, 2008 to March 31, 2010 (which includes the investigation period) is as follows –

Sanghvi Fincap Ltd
B-54 Daval Avenue
Behind Associate Petrol Pump
C.G. Road
Ahmedabad

Annexure-A

Stock Summary
1-Apr-08 to 31-Mar-10

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Particulars	Opening Balance			Inwards			Outwards			Closing Balance		
	Quantity	Rate	Value	Quantity	Rate	Value	Quantity	Rate	Value	Quantity	Rate	Value
Abi Biotech				32,000 EQUITY	19.09	6,10,852.50	32,000 EQUITY	14.90	4,76,945.78			
ADANI ENTERPRISE LT				1,000 EQUITY	603.50	6,03,500.00	1,000 EQUITY	619.45	6,19,450.00			
Cals Refinery				9,18,000 EQUITY	0.86	7,89,780.00	9,18,000 EQUITY	0.74	6,78,440.00			
CI Noida				4,531 EQUITY	15.05	68,191.55				4,531 EQUITY	15.05	68,191.55
Gayatri Project	3,785 EQUITY	359.08	13,59,113.52	52,990 EQUITY	364.77	1,93,29,328.72	57,767 EQUITY	327.82	1,89,37,198.28	(-)992 EQUITY	364.39	(-)13,61,478.37
Gayatri Sugar	78,346 EQUITY	13.99	10,96,204.70	30 EQUITY	5.60	168.00	78,376 EQUITY	6.42	5,02,840.93			
GI Noida				4,531 EQUITY	15.05	68,191.55				4,531 EQUITY	15.05	68,191.55
GOLDSTONE TELE	3,772 EQUITY	25.33	95,536.57				3,772 EQUITY	14.00	52,808.00			
Guj Cotex				52,572 EQUITY	8.50	4,46,862.00	52,572 EQUITY	9.07	4,76,690.14			
Guj Tenece	16,050 EQUITY	10.16	1,63,118.08				16,050 EQUITY	4.32	69,338.88			
Guj Toolroom				50,700 EQUITY	10.19	5,16,698.00	50,700 EQUITY	9.71	4,92,367.00			
Jindal Online				1,500 EQUITY	1.00	1,500.00				1,500 EQUITY	1.00	1,500.00
Khodiyar Rind				16 EQUITY	1.00	16.00				16 EQUITY	1.00	16.00
MEGHMANI	2,000 EQUITY	27.56	55,125.92				2,000 EQUITY	13.35	26,700.00			
Mundraport				4,800 EQUITY	618.29	29,67,776.40	4,800 EQUITY	612.99	29,42,332.28			
Nakoda Textile	5,28,192 EQUITY	37.76	1,96,44,998.86	2,84,519 EQUITY	43.25	88,45,103.37	6,97,448 EQUITY	48.84	3,40,61,852.13	27,263 EQUITY	40.31	10,98,985.71
NANDANE EXIM LTD.	83,396 EQUITY	4.49	3,74,678.78	7,34,340 EQUITY	3.42	25,13,432.68	10,68,736 EQUITY	3.83	40,92,977.45	(-)[illegible] EQUITY	3.75	(-)38,42,028.00
Nova Petro	96,507 EQUITY	30.09	29,03,980.56				96,477 EQUITY	11.78	11,36,571.86	30 EQUITY	30.09	902.73
PII Infotech	3,16,813 EQUITY	7.02	22,25,050.57	36,647 EQUITY	14.52	5,31,952.78	3,53,480 EQUITY	11.30	39,95,711.86			
PHYSICAL SHARES			30,66,230.86									30,66,230.86
Poonadal	4,216 EQUITY	32.86	1,38,524.23				1,101 EQUITY	27.05	29,782.05	3,115 EQUITY	32.86	1,02,348.90
Poonam Corporation Ltd	(-)70 EQUITY	6.83	(-)477.89	70 EQUITY	3.11	218.00						
Riba Textile				40,000 EQUITY	54.65	21,85,840.91	40,000 EQUITY	57.38	22,95,354.00			
Sanguine Media				3,38,280 EQUITY	4.57	15,49,092.00	3,38,200 EQUITY	3.96	13,44,598.94			
Sitasri				75 EQUITY	76.44	5,733.00	75 EQUITY	77.05	5,778.50			
Spectra Ltd.	19,725 EQUITY	24.71	4,87,453.27				26,347 EQUITY	11.63	3,06,444.50	(-)6,622 EQUITY	24.71	(-)1,83,645.78
Subuthi Finanance				10,000 EQUITY	42.06	4,20,600.00	10,000 EQUITY	54.73	5,47,300.00			
Sujana Universal				11,000 EQUITY	12.50	1,37,494.88	11,000 EQUITY	12.00	1,32,000.00			
Torrent Cable				558 EQUITY	897.60	5,00,863.50	558 EQUITY	118.65	66,206.70			
Torrent Guj	48,500 EQUITY	22.41	10,86,885.00				48,500 EQUITY	13.31	6,45,731.00			
Trimurthi Drugs				1,40,940 EQUITY	11.77	16,57,435.94	1,40,940 EQUITY	12.83	18,07,565.92			
Grand Total	11,93,326 EQUITY		3,26,96,423.03	[illegible] EQUITY		4,37,50,631.78	40,86,789 EQUITY		7,57,42,986.20	(-)[illegible] EQUITY		29,39,215.15

55) From the above, I note that trading activity of Noticee 3, 4, 5, 8 and 10 in the four scrips, i.e. NTIL, NEL, GPL and TDPL is significantly higher than in other scrips. Further, the trading of these Noticees in certain other scrips like Kavveri is also disproportionately higher and SEBI has carried out the investigation against the Noticees (except Noticees 1 and 10) in the said scrip and the Adjudicating Officer in that matter has penalised the them vide order dated March 23, 2022. Thus, I note that the trading by the Noticees in NTIL, NEL, TDPL and GPL does not appear to be in the normal course as argued by them.

56) 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 are given below:

Table - 29

	Gross Buy Qty of The Group	**Gross Sell Qty of The Group**	**Gross Total**	**Total traded qty among the The Group**	**Synchronized traded qty by The Group**	**Sync Trades as % of total traded qty among the The Group**	**sync Trades as % of Total market volume**	**Sum of LTP at Sync Trades (Rs.)**
NTIL	8712500	9193826	17906326	5683458	2527969	44.48	11.21	3.65
GPL	2048890	2003272	4052162	837767	300776	35.90	3.25	0
NEL	18134907	15993188	34128095	5434188	122648	2.26	0.14	8.27
TDPL	9572564	7671610	17244174	4586366	678704	14.80	4.23	2.60

57) Scrip wise - Entity wise synchronised trades details in tabular form are as given below –

NTIL Table - 30

Name of entity	**No of Sync**	**Synchronised Qty as a buyer**	**Sum of LTP**	**% of Synchronized**

	trades as a buyer		Diff as a buyer (In Rs.)	Vol. to Client's Buy Vol.
DHIRAJLAL V SANGHVI HUF (Noticee 2)	140	643122	-1.2	24.75
ASHIK DHIRUBHAI SANGHAVI (Noticee 5)	46	141379	-7.25	21.70
BABUBHAI MOHANBHAI DESAI (Noticee 9)	17	70315	3.55	38.91
GOVINDKUMAR HETRAM VARMA (Noticee 8)	87	344090	1.55	47.12
RAMESHBHAI VAGHJIBHAI SHAH (Noticee 1)	103	360555	-3.55	31.89
SAGAR D SANGHVI (Noticee 4)	16	61375	1.05	23.92
SAJJANKUMAR HETRAM NANWAL (Noticee 6)	16	56716	-1	25.71
SANGHVI FINCP LTD (Noticee 10)	1	4960	0	35.43
SUNITADEVI SAJJAN NANWAL (Noticee 7)	33	164519	3.9	30.17
VISHU ENTERPRISE (Noticee 3)	199	680938	6.6	28.55
TOTAL	658	2527969	3.65	

58) It is observed from the above tables that, Synchronized trade quantity of the Noticees was 44.48% of the total traded quantity among the group and it also accounted for 11.21% of the market volume in BSE. The entity wise synchronized trades are in the range of 21.70% to 47.12% of their individual traded volume.

NEL Table 31

Name of entity	No of Sync trades as a buyer	Synchronised Qty as a buyer	Sum of LTP Diff as a buyer (In Rs.)	% of Synchronized Vol. to Client's Buy Vol.
DHIRAJLAL V SANGHVI HUF (Noticee 2)	2	64044	0	0.64
VISHU ENTERPRISE (Noticee 3)	1	49000	0	1.04
ASHIK DHIRUBHAI SANGHAVI (Noticee 5)	1	9604	0	2.18
TOTAL	4	122648	0	

59) It is observed from the above tables that, Synchronized trade quantity of the Noticees was 2.26% of the total traded quantity among the group and it also accounted for 0.14% of the market volume in BSE.

TDPL Table 32

Name of entity	No of Sync trades as a buyer	Synchronised Qty as a buyer	Sum of LTP Diff as a buyer (In Rs.)	% of Synchronized Vol. to Client's Buy Vol.
DHIRAJLAL V SANGHVI HUF (Noticee 2)	15	92294	1.58	3.50
ASHIK DHIRUBHAI SANGHAVI (Noticee 5)	14	47962	1.79	5.13
BABUBHAI MOHANBHAI DESAI (Noticee 9)	6	34274	0.1	11.22
GOVINDKUMAR HETRAM VARMA (Noticee 8)	10	177452	-0.58	14.65
RAMESHBHAI VAGHJIBHAI SHAH (Noticee 1)	15	117577	1.63	6.53
SAGAR D SANGHVI (Noticee 4)	3	12492	1.2	8.00
SAJJANKUMAR HETRAM NANWAL (Noticee 6)	3	13996	-0.65	3.36
SUNITADEVI SAJJAN NANWAL (Noticee 7)	7	37681	-0.5	8.57
VISHU ENTERPRISE (Noticee 3)	31	144976	3.7	9.43
TOTAL	104	678704	8.27	

60) It is observed from the above tables that, Synchronized trade quantity of the Noticees was 14.80% of the total traded quantity among the group and it also accounted for 4.23% of the market volume in BSE.

GPL Table 33

Name of entity	No of Sync trades as a buyer	Synchronised Qty as a buyer	Sum of LTP Diff as a buyer (In Rs.)	% of Synchronized Vol. to Client's Buy Vol.
DHIRAJLAL V SANGHVI HUF (Noticee 2)	88	121779	-4.55	11.62
ASHIK DHIRUBHAI SANGHAVI (Noticee 5)	4	1204	-1.25	4.22
BABUBHAI MOHANBHAI DESAI (Noticee 9)	1	1419	0	70.95
GOVINDKUMAR HETRAM VARMA (Noticee 8)	19	32642	2.4	13.22
RAMESHBHAI VAGHJIBHAI SHAH (Noticee 1)	13	11384	2.2	8.04
SAGAR D SANGHVI (Noticee 4)	3	3071	-0.35	56.61
SAJJANKUMAR HETRAM NANWAL (Noticee 6)	2	1115	-3	20.76
SUNITADEVI SAJJAN NANWAL (Noticee 7)	16	27085	2.15	20.24
VISHU ENTERPRISE (Noticee 3)	79	101077	5	23.11
TOTAL	225	300776	2.6	

61) It is observed from the above tables that, Synchronized trade quantity of the Noticees was 35.90% of the total traded quantity among the group and it also accounted for 3.25% of the market volume in BSE.

62) I note that the Noticees have contended 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 scrip-wise, date-wise and Noticee-wise synchronized trades have been provided as Annexure C to the SCN. 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 as Annexure E to the SCN. Noticees have vaguely said that the logs are lengthy, or trade log of GPL is incomplete, but the missing particulars or how they are handicapping the Noticees in making submissions, has not been specified by them in their detailed replies. 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 BSE have been provided to the Noticees as Annexure C to the SCN. It is pertinent to note that during IP the Noticees have indulged in total of 991 synchronized trades in four scrips 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 proper details. In this regard, I note that as per the directions of the Hon'ble SAT, entire trade log of the four scrips from BSE 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.

63) I note from the replies of the Noticees that it has been contended that the trade log suffer from various discrepancies and no segregation of data pertaining to the trades by the Noticees and data pertaining to the counterparties. In this regard, I note that the trade log from BSE has been shared with the Noticees as Annexure E to the SCN which contained all the details. 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.

64) I note that SEBI's investigations after establishing the connection in the group has brought out instances of synchronized trading by the Noticees 1 to 10. The present proceedings are based on the investigations report, copy of which was duly shared with all the Noticees. Further, the date-wise details of synchronized trades between Noticees were also shared with the Noticees 1 to 10 as Annexures C to the SCN, along with the trade logs. The Noticees have not disputed the trades as such. Also many of the Noticees have recalculated the profit or loss arising out of the trades. As per recalculations by Noticee 4, its profits from the tainted shares was Rs. 19,651 ; Rs. 5,38,981 by Noticee 5 ; Rs. 10,93,073 by Noticee 7; and Rs. 16,92,053 by Noticee 8. Thus, the contentions of the Noticees have no basis or merits.

65) 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.

66) For e.g. Noticee 2 has stated that 1 trade executed on 03.11.2009 got synchronized with Noticee 1. It was contended that on the said day it had bought 45 shares and sold 5946 shares of GPL out of which the quantity alleged as synchronized is only 1,000 shares and in so far the balance shares there is no allegation of synchronization of trades. Further, it was submitted by Noticee 2 that as per the Trade log on 03.11.2009 in the scrip of GPL, there were multiple 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 Noticee 1. In this regard, I note from the details of synchronized trades of the Noticees (which was given to the Noticees as Annexure C to the SCN), that Dhirajlal had placed a sell order for 1,000 shares at 09:58:11 hrs at the price of Rs. 346.70, while Noticee 1 had placed buy order for 1,000 shares at 09:58:21 hrs at the price of Rs. 346.70 which resulted in trade getting executed for 1000 shares between Noticees 1 and 2. Thus, it is observed that there was synchronization of 1,000 shares between Noticees 1 and 2 as both orders were placed within 1 minute of each other. In similar fashion, the Noticees have executed significant number of synchronized trades, i.e. 991 in the four scrips during IP, as detailed in tables 30-33 above. Therefore, I do not find merits in the above contentions of the Noticees.

67) I note from above that the Noticees have denied the allegation of synchronized trading levelled against them in the SCN. However, 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.

68) 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, for instance, in the scrip of NTIL, 65.23% of the purchased quantity made by Noticees 1 to 10 were traded among them and it also accounted for 61.81%). Further, the Noticees were synchronizing their trades with other group members. Such kind of trading activity indulged by the Noticees during the IP cannot be termed as normal.

69) 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 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 scrips of NTIL, NEL, GPL and TDPL. 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."*

70) 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. 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*."

71) The Noticees have referred to the judgement of the Hon'ble SAT dated January 29, 2020 in the matter of Labhu Gohil and Ors 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 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. In view of the foregoing, I am of the view that Noticees 1 to 10 contributed in creation of artificial volume by executing synchronized trades in the four scrips and thus, violated the provisions of Regulation 3(a), (b), (c) & (d), 4(1) and 4(2)(a) of the PFUTP Regulations, 2003 read with Section 12A(a),(b) and (c) of SEBI Act.

Self-trades

72) It was observed from trade-log and order-log that Noticees 1 to 10 had entered into self-trades during the investigation period. The details of total number of self-trades entered by the Noticees on BSE are given below:

Table 34

Scrip Name	NTIL		GPL		TDPL		NEL	
Client Name	**Volume**	**No. of trades**	**Volume**	**No. of trades**	**Volume**	**No. of trades**	**Volume**	**No. of trades**
Noticee 2 (Dhirajlal V Sanghvi HUF)	2699	12	244	5	5949	10	18816	2
Noticee 5 (Ashik Sanghvi)	0	0	0	0	166	2	0	0
Noticee 3 (Vishu Enterprise)	2725	14	93	4	1575	3	9150	1
Noticee 1 (Rameshbhai V Shah)	337	9	147	10	3329	14	0	0
TOTAL	5761	35	484	19	11019	29	27966	3
Market Volume during IP	22548566		9262632		16042702		90521616	
% of self-trades to market volume during IP	**0.0255**		**0.0052**		**0.0687**		**0.0308**	

73) Details of day wise self-trades of each entity and percentage to market volume were given to the Noticees as annexures to the SCN.

74) From the above table, I find that the during the investigation period, self-trades volume executed by the Noticees was in the range of 0.0052% to 0.0687% to the total market volume of the scrips of NTIL, NEL, GPL and TDPL during the investigation period, which was miniscule as compared to the total market volume,

cannot be considered to have contributed to artificial volume. Hence, the charge against Noticees 1, 2, 3 and 5 for self-trades cannot be established.

75) The next issue for consideration is whether the Noticee1, Noticee 2 and Noticee 3 - 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.

Last Traded Price Contribution

76) Last Traded Price (LTP) is the last price at which trade occurred in the scrip. The occurrence of the same depends on the liquidity of the market. It is relevant during the day and at the end of the day, it becomes the closing price for the day. Trading volume plays a key role in determining the LTP of a scrip in the market.

77) The details of LTP trades by Sanghvi Group (Noticees 1 to 10) as buyer are as under:

Table - 35

Scrip Name	**Total No. of Trades**	**Group Total Trades**	**% to Market**	**Group No. of Trades with -ve LTP**	**Market -ve Trades**	**% to Market**	**Group No. of Trades with +ve LTP**	**Market + ve LTP trades**	**% to Market**	**Group No of trades with zero LTP**	**Market zero LTP trades**	**% to Market**
NTIL	86,962	16,134	18.55%	2,735	19,506	14.02%	4,989	18,617	**26.80%**	8,410	48,839	17.22%
NEL	33,390	4,554	13.64%	941	5,117	18.39%	783	5,978	**13.10%**	2,830	21,354	13.25%
TDPL	16,475	11,183	67.88%	2,079	3,473	59.86%	2,260	2,972	**76.04%**	6,844	10,030	68.24%

GPL	84,779	17,486	20.63%	4,248	22,763	18.66%	6,970	22,206	**31.39%**	6,268	39,810	15.74%

78) It is observed that the number of trades of Sanghvi Group which contributed to positive LTP when compared to the number of market trades contributing to positive LTP in the four scrips ranged from 13.10% to 76.04%. Comparison of actual LTP contribution of Sanghvi Group entities to total market contribution in the four scrips is tabulated below:

Table - 36

Scrip Name	Group - Total -ve LTP Contri	Market -ve LTP Contri	% of Group - ve contri to Market ve LTP	Group - Total +ve LTP Contri	Market + ve LTP Contri	% of Group +ve contri to Market +ve LTP	Market Net LTP	Group Net LTP
NTIL	-664.55	-4487.95	14.81%	2139.6	4503.75	**47.51%**	15.8	1475.05
NEL	-14.54	-106.99	13.59%	14.78	92.84	**15.92%**	-14.15	0.24
TDPL	-329.73	-698.66	47.19%	538.34	673.43	**79.94%**	-25.23	208.61
GPL	-2110.5	-15654.3	13.48%	6999.6	15883.6	**44.07%**	229.3	4889.1

79) It was observed that the Sanghvi Group had contributed 44%- 80% to the positive LTP in scrips NTIL, GPL and TDPL and their contribution to positive LTP in NEL was 15.92%. Out of the group's contribution to positive LTP, Noticees 1, 2 and 3 have significantly contributed to positive LTP as can be seen from the table below.

I find from Annexure VI of the SCN that the individual client-wise contribution to LTP in each of the scrip was as under:

Table - 37

Client Name	Scrip	Buy Qty	+ve LTP	-ve LTP	Net LTP	No. of First Trades (buy)	% +ve to Market +ve LTP
DHIRAJLAL V SANGHVI HUF (Noticee 2)	NTIL	2597989	335.3	-218.6	116.7	29	7%
	NEL	10018660	2.7	-10.85	-8.15	9	3%
	GPL	1047749	831.8	-1093.35	-261.55	9	5%
	TDPL	2638193	100.07	-151.98	-51.91	25	15%
RAMESHBHAI VAGHJIBHAI SHAH (Noticee1)	NTIL	1130548	1354.1	-215.4	1138.7	84	30%
	NEL	1399060	9.02	-1.77	7.25	22	10%
	GPL	141625	5224.75	-579.5	4645.25	73	33%
	TDPL	1800109	309.69	-98.38	211.31	77	46%
VISHU ENTERPRISE (Noticee 3)	NTIL	2385155	287.05	-147.15	139.9	8	6%
	NEL	4694494	2.68	-1.71	0.97	2	3%
	GPL	437418	643.45	-334.5	308.95	3	4%
	TDPL	1537508	81.78	-50.95	30.83	8	12%
GOVINDKUMAR HETRAM VARMA (Noticee 8)	NTIL	730181	37.4	-15.05	22.35	--	1%
	NEL	637591	0.08	-0.02	0.06	--	0%
	GPL	246940	138.25	-49.6	88.65	--	1%
	TDPL	1211534	3.15	-3.67	-0.52	--	0%
ASHIK DHIRUBHAI SANGHAVI (Noticee 5)	NTIL	651424	67.7	-43.35	24.35	3	2%
	NEL	440765	0.13	-0.16	-0.03	--	0%
	GPL	28552	79.25	-30.6	48.65	2	0%
	TDPL	935242	22.2	-12.56	9.64	2	3%
SUNITADEVI SAJJAN NANWAL (Notice 7)	NTIL	545229	27.5	-8.1	19.4	4	1%
	NEL	365000	0.06	-0.03	0.03	--	0%
	GPL	133811	69.8	-13.85	55.95	--	0%
	TDPL	439574	10.6	-3.55	7.05	1	2%
SAJJANKUMAR HETRAM	NTIL	220630	8.25	-7.95	0.3	--	0%
	NEL	334337	0.05	0	0.05	--	0%

Client Name	Scrip	Buy Qty	+ve LTP	-ve LTP	Net LTP	No. of First Trades (buy)	% +ve to Market +ve LTP
NANWAL (Noticee 6)	GPL	5370	10.85	-5	5.85	--	0%
	TDPL	417113	2.58	-2.77	-0.19	--	0%
BABUBHAI MOHANBHAI DESAI (Noticee 9)	NTIL	180710	10.5	-4.35	6.15	2	0%
	NEL	205000	0.04	0	0.04	--	0%
	GPL	2000	0.5	0	0.5	--	0%
	TDPL	305569	4.44	-5.15	-0.71	--	1%
SAGAR D SANGHVI (Noticee 4)	NTIL	256634	11.45	-3.35	8.1	1	0%
	NEL	NA	NA	NA	NA	NA	NA
	GPL	5425	0.95	-4.1	-3.15	--	0%
	TDPL	156122	3.23	-0.37	2.86	2	0%
SANGHVI FINCP LTD (Noticee 10)	NTIL	14000	0.35	-1.25	-0.9	--	0%
	NEL	40000	0.02	0	0.02	--	0%
	GPL	NA	NA	NA	NA	NA	0%
	TDPL	131600	0.6	-0.35	0.25		0%

80) As can be seen from table 37 above, Noticees 1, 2 and 3 have significantly contributed to positive LTP of around 42%-73% in scrips NTIL, GPL and TDPL and their contribution to positive LTP in NEL was 15.92% of the positive LTP of the market.

New High Price

81) I find from the SCN that during the investigation period New High Price (NHP) analysis was carried out and it was observed that the prices of the scrips varied as under:

Table - 38

Scrip Name	Open	High	Low	Close	NHP (High-Open)
NTIL	43.7	93.2	33.3	59.5	**49.5**
NEL	2	3.23	1.45	2.63	**1.23**

GPL	183.5	469.4	156.1	412.55	**285.9**
TDPL (Before split)	31.55	52.9	23.65	51.05	**21.35**
TDPL (after split)	5.35	7.46	4.91	6.32	**2.11**

82) It was observed from the above table that the market NHP contribution for NTIL, NEL and GPL was Rs.49.50, Rs.1.23 and Rs.285.90, respectively. In TDPL, the total NHP contribution was Rs.21.35 during the period before the stock split and was Rs. 2.11 after the stock split. The contribution made to the NHP by the Sanghvi Group i.e. the 10 Noticees while dealing in the four scrips during the investigation period is as under:

<u>Table - 39</u>

Scrip Name	**Nakoda**		**Nandan**		**Trimurthi**		**Gayatri**	
Client Name	**NHP contri by Client**	**% to Total Scrip NHP**	**NHP contri by Client**	**% to Total Scrip NHP**	**NHP contri by Client**	**% to Total Scrip NHP**	**NHP contri by Client**	**% to Total Scrip NHP**
Dhirajlal V Sanghvi HUF	8.55	17.27%	0.01	0.81%	2.2	9.38%	15.75	5.51%
Sagar Sanghvi	0	--	0	--	0	--		--
Ashik Dhirubhai Sanghavi	0	--	0	--	0	--	5.9	2.06%
Sajjankumar Nanwal	0	--	0	--	0.25	1.07%		--
Sunitadevi Sajjan Nanwal	0	--	0	--	0.25	1.07%		--
Govindkumar Varma	0	--	0	--		--		--
Vishu Enterprise	0.95	1.92%	0.13	10.57%	0.3	1.28%	21.35	7.47%
Rameshbhai V Shah	39.2	79.19%	0	--	14.65	62.45%	87	30.43%
Babubhai Desai	0	--	0	--	0	--		--
Sanghvi Fincap Ltd.	0	--	0	--	0	--		--
Group total NHP	**48.75**	**98.48%**	**0.14**	**11.38%**	**17.65**	**75.23%**	**130**	**45.47%**
Scrip total NHP	**49.5**	**--**	**1.23**	**--**	**23.46**	**--**	**285.9**	**--**

83) I find from the SCN and the investigation report that analysis of first day trades (each day) during the investigation period in each of the four scrip was carried out and it was observed that high percentage of first trades were contributed by

Sanghvi Group in three scrips viz. NTIL, NEL and GPL. The first day trade details in all the four scrips during the investigation period is as under:

Table - 40

Scrip Name	No of First trades in Market	Market Volume	No of buy Trades by Group	Group Purchase	% to Market	No. of Sell trades by Group	Group Sales	% to Market	Trade within Group	% to Market
NTIL	132	55,847	126	54,927	98.35%	7	41284	73.92%	41,284	73.92%
NEL	134	2,11,102	33	9,850	4.67%	0	0	0.00%	0	0.00%
TDPL (Before split)	72	94,552	59	76,501	80.91%	18	54,622	57.76%	64,722	68.45%
TDPL (After split)	60	26,929	58	15,929	59.15%	20	11,650	43.26%	11,650	43.26%
GPL	134	8,510	87	3,653	42.93%	0	0	0.00%	0	0.00%

84) It was observed from the above table that apart from NEL, in all other three scrips, Sanghvi Group had entered into majority of the first trades in each scrip occurring during the investigation period. Even in the scrip of NEL, more than 65% of the LTP contribution in first trades was through Sanghvi Group's trading. The LTP and NHP contribution for all the first trades is detailed as under:

Table - 41

ScripName	Sum of market LTP (buyer)	Sum of market NHP (buyer)	LTP of Group(buyer)	NHP Contri of the Group(buyer)
NTIL	509.25	31.2	498.95	31.2
NEL	3.43	0.63	2.25	0.1
TDPL (Before split)	79.2	18.7	84.3	16.7
TDPL (After split)	14.81	2.11	14.85	2.11
GPL	1082.9	161.75	915.05	72.8

85) It was observed that almost all the NHP and LTP contribution (more than 90%) in NTIL and TDPL and significant NHP and LTP in GPL (90% LTP and 45% NHP) has been contributed to by Sanghvi Group entities. It was observed that price was impacted by Sanghvi Group entities through multiple first trades. The Order book analysis carried out during the investigation period shows that the buy orders were placed at a much higher rate (5%-20%) than the previous close price by the Sanghvi Group entities which resulted in large LTP/ NHP contribution in each of the scrips.

86) I find from the SCN that order log analysis was carried out for trades which resulted in NHP being discovered and trades which influenced the LTP positively. Sample orders were analyzed for each of the 10 Noticees in each scrip where in NHP was generated or there was a significant positive LTP contribution. It was observed that in the scrip of GPL, Noticee 1(Rameshbhai Shah), Noticee 2 (Dhirajlal Sanghvi HUF) and Noticee 3 (Vishu Enterprise) had indulged in placing buy orders at rates higher than prevailing LTP or previous close price. It was alleged in the SCN that such orders triggered trades resulting into positive contribution LTP or even resulting into NHP. It was also alleged that counterparties to many of such trades were other Sanghvi group entities, i.e. they aided in raising the price by putting in matching sell orders. Noticee 1(Rameshbhai V Shah) was observed to be increasing price especially through first trades (73 out of 134 total first trades) (as can be seen from table 37 above), wherein buy orders were placed by him at a rate significantly higher (5-20%) than previous close price. Often, these buy orders were placed at higher circuit limit prices. Noticee 2 (Dhirajlal V Sanghvi HUF) and Noticee 3 (Vishu Enterprise) were observed to have contributed to the price rise both through first trades in the four scrips and intraday trades wherein buy orders were placed by them at a rate significantly higher than previous traded price/close price.

87) Further, it was observed that in the scrip of NTIL, Noticee 1 (Rameshbhai V Shah) was increasing price through first trades (84 out of 132 total first trades) and intraday trades, wherein buy orders were placed by him at a rate higher than previous close price / last traded price. Noticee 2 (Dhirajlal V Sanghvi HUF) (29 out of 132 first trades) and Noticee 3 (Vishu Enterprise) contributed to price rise both through first trades and intraday trades wherein buy orders were placed by them at a rate significantly higher than previous traded price / close price.

88) It was observed that in the scrip of TDPL, Noticee 1 (Rameshbhai V Shah) was increasing price through first trades (77 out of 132 total first trades) and intraday trades, wherein buy orders were placed by him at a rate higher than previous close price/last traded price. Here too, Noticee 2 (Dhirajlal V Sanghvi HUF) (25 out of 132 first trades) and Noticee 3 (Vishu Enterprise) contributed to price rise both through first trades and intraday trades wherein buy orders were placed by them at a rate significantly higher than previous traded price/close price.

89) In the scrip of NEL, it was observed that Noticee 1 (Rameshbhai V Shah) was seen increasing price through first trades (22 out of 134 total first trades, as can be seen from table – 37 above) and intraday trades, wherein buy orders were placed by him at a rate higher than previous close price / last traded price. However, upon analysis it was noted that the volume contribution of Sanghvi Group as well as contribution to LTP by the Sanghvi Group as compared to that of market volume and LTP, was not significant so as to have large influence on share price.

90) I find from the NHP, first trades, LTP and order book analysis that the trades of Noticees 1, 2 and 3 viz. Rameshbhai V Shah, Dhirajlal V Sanghvi HUF and Vishu Enterprise had affected the price of the scrips under investigation. I find that the said Noticees, by putting in buy orders at rates higher than the LTP for intraday

trades and higher than previous close price for first trades, had influenced the price in the said four scrips. I find that on multiple occasions, such buy order rates were higher than the available sell order rates. Also, on few instances, the sell orders of higher rates by Sanghvi Group entity were matched with the corresponding buy orders from another Sanghvi Group entity. With respect to first trades, I find that the buy orders were placed consistently at higher rates than the previous close price and often no sell orders were available for such first trades.

91) Here, , it is 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:

"11. …This lends support to the finding of the adjudicating officer in paragraph 20 of the impugned order. "... 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."

12. 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."

92) In the light of the above observations of the Hon'ble SAT, I note from the tables 37 – 39 above that Noticees 1, 2 and 3 had contributed to the positive LTP in the four scrips significantly on number of occasions and thus, had influenced the price of

the scrips by executing first trades at prices higher than the prevailing market prices in the scrips and thereby, creating NHP.

93) Noticees 1, 2 and 3 have denied 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.

94) 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..."

95) Noticees 1, 2 and 3 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 July 01, 2009 to July 19, 2010 had 203 trading days.

Accordingly, the no. of instances/days of first trades by Noticees in 134 in GPL, 132 in NTIL, 132 in TDPL and 13 in NEL, is significantly high.

96) 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, Noticee 2 and Noticee 3 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. As already established in paragraph 67 above that Noticees 1, 2 and 3 contributed in creation of artificial volume by executing synchonised trades with other members of the group, I am of the view that Noticees 1, 2 and 3 have violated provisions of Regulation 3(a), (b), (c) & (d), 4(1) and 4(2)(a), (e) & (g) of the PFUTP Regulations, 2003 read with Section 12A(a),(b) and (c) of SEBI Act.

ISSUE II-C: Whether Noticee 11 has violated the provisions of Regulation 7 read with Clause A(1), A(2), A(3), A(4) and A(5) of the code of conduct for stock brokers as specified under Schedule II of the Broker Regulations by executing self-trades in behalf of Noticee ?

97) It was alleged that Noticee 11, being a broker of Noticee 2, executed self-trades on behalf of Noticee 2 in all four scrips, viz. NTIL, NEL, TDPL and GPL, and failed to exercise due care and diligence while dealing for its client and accordingly violated regulation 7 read with clause A(1), (2), (3), (4) and (5) of Code of Conduct specified under Schedule II of the Broker Regulations.

98) Noticee 11 submitted that it had applied due skill, care and diligence, as it had obtained duly filled client registration form from Noticee 2 along with all the necessary and supporting documents and that it had taken all reasonable steps to

assess Noticee 1's background, genuineness and financial soundness and as Noticee 1 was also a regular client, there was no reason to suspect Noticee 1 for indulging in such activities of creating artificial volume. Noticees relied, referred and quoted from various SEBI AO orders and Hon'ble SAT's judgements to emphasise that broker cannot be held responsible for the wrongdoings of the client.

99) In view of my finding that the allegations of executing self-trades by Noticee 2 with intention to create artificial volume do not stand established, because of their insignificant volume, when compared with market volume, I conclude that the alleged violation of provisions of regulation 7 read with clause A(1), (2), (3), (4) and (5) of Code of Conduct specified under Schedule II of the Broker Regulations alleged against Noticee 11, M/s MTL Share & Stock Brokers Limited does not stand established.

100) In view of the above, it is established that Noticees 1 to 10, - Shri Rameshbhai V Shah, Shri Dhirajbhai V Sanghvi HUF, M/s Vishu Enterprise, Shri Sagar Sanghvi, Shri Ashik Sanghvi, Shri Sajjankumar Nanwal, Ms Sunitadevi Sajjan Nanwal, Shri Govind Kumar Varma, Shri Babubhai Desai and Sanghvi Fincap Limited have violated the provisions of Regulation 3(a), (b), (c), (d) and 4(1), 4(2)(a) of PFUTP Regulations, 2003 read with Section 12A(a),(b) and (c) of SEBI Act by executing Synchronised trades with other Noticees of the group in the scrips of NTIL, NEL, GPL and TDPL, thereby contributed in creation of artificial volume.

101) Further, I conclude that Noticees 1, 2 and 3 - Shri Rameshbhai V Shah, Shri Dhirajbhai V Sanghvi HUF, M/s Vishu Enterprise have violated the provisions of Regulation 3(a), (b), (c), (d) and 4(1), 4(2)(a), (e) and (g) of PFUTP Regulations, 2003 read with Section 12A(a),(b) and (c) of SEBI Act by creation of artificial volume and 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 scrips of NTIL, NEL, TDPL and GPL.

102) I also note that SEBI had initiated adjudication proceedings in respect of all Noticees (except Noticee 1 and 11) in the scrip of Kavveri Telecom Products Limited and the Adjudicating Officer vide order dated March 23, 2022 had imposed penalty 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 is observed that the Noticees had repeatedly violated SEBI Act and PFUTP Regulations.

103) In view of the above, I note that the manipulative trades carried out by the Noticees (except Noticees 1 and 11) in the scrips of NTIL, NEL, GPL and TDPL are not an isolated instance but are repetitive, as adjudged in Kavveri Telecom Products Limited. Thus, the trading conduct of the Noticees (Noticees 1 and 11) is not blemishless. In view of the above, the argument of the Noticees that they have absolutely clean track record has no basis.

ISSUE III: Does the violation, if any, on part of the Noticees 1 to 10 attract penalty under Section 15HA of the SEBI Act?

104) Noticees 1 to 10 are liable for monetary penalty for the aforesaid violations under the provisions of section 15HA of the SEBI Act, which read as under:

<u>Penalty for fraudulent and unfair trade practices</u>

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.

105) I further note that, the Hon'ble Supreme Court of India in the matter of Chairman, SEBI Vs Shriram Mutual Fund {[2006]5 SCC 361} has held that:

"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant.............."

ISSUE IV: If so, how much penalty should be imposed on the Noticees taking into consideration the factors mentioned in Section 15J of the SEBI Act?

106) While determining the quantum of penalty under sections 15HA of the SEBI Act, it is important to consider the factors stipulated in section 15J of SEBI Act, which reads as under:-

15J - Factors to be taken into account by the adjudicating officer

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."

107) As per the investigation report, the Noticees along with other members of the group have made certain profits during the investigation period in the scrips of NTIL, NEL, GPL and TDPL. In this regard, Noticees 4, 5, 7 and 8 have 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 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. Hence, 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 Noticees too, though no specific arguments have been made by them.

108) I observe that Noticees 2 to 10 have been penalized for violations of provisions of PFUTP regulations vide SEBI AO Order in the matter of Kavveri Telecom Products Limited dated March 23, 2022. Hence, the violations are repetitive in nature.

ORDER

109) 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	Rameshbhai Vanghjibhai Shah (PAN: AEFPS1779B)	Notice 1 to 10 : Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) of PFUTP Regulations, 2003 read with Section 12A(a), (b) and (c) of SEBI Act, 1992 Noticees 1 to 3 Regulations 4(2) (e) and (g) of PFUTP Regulations, 2003	Section 15HA of SEBI Act, 1992	A. ₹ 15,00,000 /- (Rupees Fifteen Lakh only) to be payable jointly and severally by Noticees no. 1 to 10 B. ₹ 3,00,000 /- (Rupees Three Lakh only) to be payable jointly and severally by Noticees 1, 2 and 3
2	Dhirajbhai V Sanghvi HUF (PAN: AAEHD6469E)			
3	Vishu Enterprise (PAN: ABUPV9902H)			
4	Sagar Sanghvi (PAN: BTAPS0001H)			
5	Ashik Sanghvi (PAN: ATJPS9279F)			
6	Sajjan Kumar Nanwal (PAN: ABJPN3315R)			
7	Sunitadevi Nanwal (PAN: ABUPN3315R)			
8	Govindkumar Varma (PAN: ABUPV9901E)			
9	Babubhai Desai (PAN: AKSPD2671E)			
10	Sanghvi Fincap Limited (PAN: AACCS7458K)			

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

110) 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

111) 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 Noticees shall also provide the following details while forwarding DD / payment information:

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

112) 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.

113) 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: June 27, 2022 **BARNALI MUKHERJEE**

Place: Mumbai **ADJUDICATING OFFICER**