

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. EAD/KS/AA/AO/149-155/2018-19]

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

In respect of

1. Shri Sajjankumar Nanwal (PAN: ABJPN3315R)
2. Ms Sunitadevi Sajjan Nanwal (PAN: ABUPN7788F)
3. Shri Govind Kumar Varma (PAN: ABUPV9901E)
4. M/s Dhirajlal Sanghvi HUF (PAN: AAEHD6469E)
5. Shri Sagar D Sanghvi (PAN: BTAPS0001H)
6. Shri Ashik D Sanghvi (PAN: ATJPS9279F)
7. Shri Babubhai Desai (PAN: AKSPD2671E)

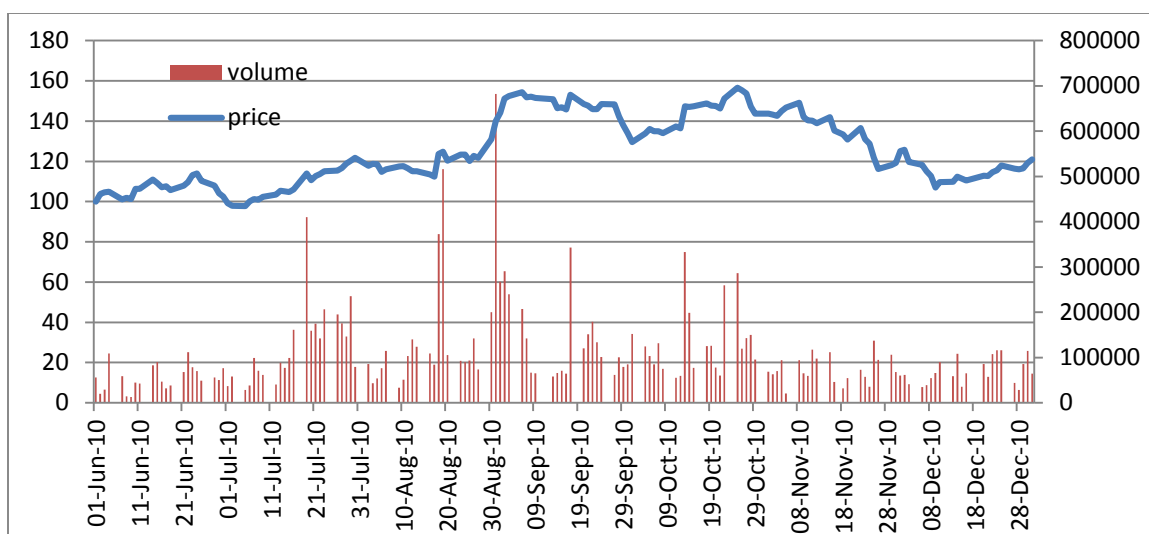
In the matter of Kavveri Telecom Products Limited

BACKGROUND OF THE CASE

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

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

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



4. SEBI observed from investigation that the trades by the Noticees created artificial volume in the scrip of Kavveri leading to false and misleading appearance of trading in the said scrip and also contributed to artificial price rise in the said scrip, which were deemed to be fraudulent. In view of the same, SEBI initiated adjudication proceedings against the Noticees 1 to 7 (viz. Sajjan, Sunita, Govind, Dhirajlal, Sagar, Ashik and Babubhai) under Section 15HA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') for the violation of Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a), (b), (e) and (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations**').

APPOINTMENT OF ADJUDICATING OFFICER

5. SEBI appointed Ms. Anita Kenkare as Adjudicating Officer vide order dated April 01, 2014 under Section 15-I of the SEBI Act, read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge under Section 15 HA of the SEBI Act, the alleged violation of Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a), (b), (e) and (g) of the PFUTP

Regulations by the Noticees. Pursuant to transfer of Ms. Anita Kenkare, Shri Prasad Jagadale was appointed as Adjudicating Officer by the Competent Authority vide appointment order dated December 09, 2014. Subsequently, upon transfer of Shri Prasad Jagadale, Ms. Rachna Anand was appointed as the Adjudicating Officer. Thereafter, the proceedings were transferred to Shri Jeevan Sonparote vide appointment order dated May 18, 2017. Later, the adjudication proceedings were transferred to the undersigned which was intimated vide communique dated January 19, 2018.

SHOW CAUSE NOTICE, REPLY AND HEARING

6. Show Cause Notice dated February 27, 2015 (herein after referred to as '**SCN**') was issued to the Noticees by the erstwhile Adjudicating Officer under Rule 4 (1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to show-cause as to why an inquiry should not be initiated against the Noticees and penalty not be imposed upon them under section 15HA of SEBI Act for the alleged violation of PFUTP Regulations.
7. It was alleged in the SCN that the Noticees had violated the provisions of Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a) and (g) of PFUTP Regulations by executing Synchronised and Reversal trades with other members of the group and thereby contributed in creation of artificial volume. It was further alleged that SEBI had initiated adjudication proceeding in respect of M/s Vishu Enterprises, Mr Sajjankumar Nanwal, Ms Sunitadevi Sajjan Nanwal, Ms Govind Kumar Varma, M/s Dhirajlal Sanghvi HUF, Mr Sagar Dhirubhai Sanghvi, Mr Ashik Dhirajlal Sanghvi and Mr Babubhai Desai in the scrips Nakoda Textiles India Limited, Gayatri Projects Limited, Nandan Exim Limited and Trimurthi Drugs and Pharmaceuticals Limited. The Adjudicating Officer vide order dated January 28, 2014 had imposed penalty of Rs 5 Crore on the above Noticees for violation of section 12A(a), (b) and (c) of the SEBI Act,1992 read with

Regulation 3(a), (b), (c) and (d) and 4(1), (2)(a) of SEBI (Prohibition of Fraudulent & Unfair Trade Practices relating to Securities Market) Regulations, 2003. Hence it is alleged that, the Noticees had repeatedly violated SEBI Act and PFUTP Regulations. It was therefore alleged that the Noticees had violated/ repeatedly violated Regulation 3(a), (b), (c), (d) and 4(1) 4(2)(a), (b), (e) and (g) of PFUTP Regulations. The details in respect of violation/ non-compliance by the Noticee as observed from the SCN are as given below:

“4. Investigation observed that, the top 10 brokers accounted for 53.31% (buy) and 50.88%(sell) of total market volume during the investigation period in NSE and 48.62% (buy) and 50.01% (sell) of total market volume during the investigation period in BSE. It was further observed that, the top 10 clients, accounted for 39.80% (buy) and 42.57%(sell) of total market volume during the investigation period in NSE and 37.28% (buy) and 39.46% (sell) of total market volume during the investigation period in BSE. The trading details of top 10 brokers and clients of NSE and BSE are annexed as Annexure 3i and 3ii respectively. Further, it is observed that out of the top 10 clients, 5 belong to the Noticees group and their concentration is 28.95% on buy side 28.99% on sell side in NSE and 27.18% on buy side 26.26% on sell side in BSE.

6. Investigation observed that trading by Noticees group entities connected/ related have altogether purchased 53,00,722 shares of the company which accounted for 32.68% of total market volume and sold 52,93,999 shares which accounted for 32.64% of total market volume and the Noticees had squared-off their trades which were in the range of 83.69% to 99.15% on NSE. Similarly, Noticees have altogether purchased 52,11,071 shares of the company which accounted for 30.32% of total market volume and sold 50,46,530 shares which accounted for 29.36% of total market volume and the Noticees had squared-off their trades which were in the range of 75.56% to 98.49% on BSE.

6.1. The trading volume of the Noticees group at the NSE and BSE is given in the tabular form as under:-

Sr No	Client Name	Gross Buy (BSE)	Gross Sale (BSE)	Square off	Net Trade (BSE)	Gross Buy (NSE)	Gross Sale (NSE)	Square off	Net Trade (NSE)
1	Antala	13,18,108	10,89,414	10,89,414	2,28,694	11,16,239	12,92,523	11,16,239	- 1,76,284
2	Vishu	14,70,960	15,29,454	14,70,960	-58,494	14,46,292	14,21,655	14,21,655	24,637
3	Dhirajlal	11,74,193	11,96,301	11,74,193	-22,108	13,99,198	12,26,883	12,26,883	1,72,315
4	Sagar	3,61,047	3,55,611	3,55,611	5,436	3,61,359	3,87,110	3,61,359	-25,751
5	Govind	3,47,351	3,41,795	3,41,795	5,556	3,71,979	3,75,151	3,71,979	-3,172
6	Ashik	1,78,018	1,57,979	1,57,979	20,039	1,68,328	1,88,333	1,68,328	-20,005

7	Babubhai	1,11,002	1,04,500	1,04,500	6,502	1,07,200	1,10,420	1,07,200	-3,220
8	Sunita	1,31,842	1,74,481	1,31,842	-42,639	2,23,127	1,88,750	1,86,750	36,377
9	Sajjan	1,18,550	96,995	96,995	21,555	1,07,000	1,05,174	1,05,174	1,826
	Total	52,11,071	50,46,530	49,23,289	1,64,541	53,00,722	52,93,999	50,65,567	6,273

6.2. The details of trading by the Noticees with percentage to market volume on NSE are given below:

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

From the above table it is observed that, that the Noticees group have traded 32.68%(gross buy) and 32.64% (gross sell) of total market volume in NSE during the investigation period and the group entities have squared-off their trades which is the range of 86.36% to 99.15%.

6.3. The details of trading by the Noticees with percentage to market volume on BSE

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

From the above table it is observed that, the Noticees group had traded 30.68%(gross buy) and 29.36% (gross sell) of total market volume in BSE during the investigation period and the Noticees group has squared-off their trades which were in the range of 75.56% to 98.49%. Further, the Noticees had squared off majority of their position. The positive and negative net trades as shown above indicates that more shares had been bought at one exchange than sale

and the same had been sold at other exchange while buy quantity was less and vice versa.
The sales of excess shares can be from the shares already held by the entities.

7. Investigation observed that, the Noticees were trading among each other.

7.1. The details of trading among the Noticees on NSE are given below:

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

From the above table it is observed that, the Noticees had traded among themselves ranging from 45% to 90%. Further, out of their total market purchase 53 lakh shares 63.69% have been purchased from their group entities and out of their total sales of over 52 lakh shares 63.77% have been sold to their group entities.

7.2. The details of trading among the Noticees on BSE are given below:

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

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

From the above, it is observed that the Noticees had traded among themselves amounting to 41.57% to 83.50% on purchase side and 48.03% to 94.74% on sell side. Further, out of their total market purchase and sale, 58.02% has been purchased from the group entities and 59.91% has been sold to the group entities only.

Trade-log and Order-log Analysis

8. It was observed from trade-log and order-log that the Noticees had entered into Synchronised trades during the investigation period.

8.1. The details of total number of Synchronised trades entered by the Noticees on NSE are given below:

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

Entity wise synchronised trade details are as under:

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

Investigation observed that, 58.41% of the trading amongst the group was synchronized which accounts for 12.16% of the market volume in NSE. The entity wise synchronized trades are in the range of 20% to 71% of their individual traded volume. The summarized data of synchronized trades done by the Noticees and the Noticees wise synchronized trades on NSE are annexed as Annexure-5i.

8.2. The details of total number of Synchronised trades entered by the Noticees on BSE are given below:

Gross Buy Qty of suspected entities	Gross Sell Qty of suspected entities	Gross Total	Total traded qty among the suspected entities	Synchronized traded qty by suspected entities	Sync Trades as % of total traded qty among the suspected entities	sync Trades as % of Total market volume	Sum of LTP at Sync Trades
5211071	5046530	10257601	3023465	1602541	53.00	9.32	4.45

Entity wise synchronised trades details are as under:

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

Investigation observed that, 53% of the trading amongst the group was synchronized which accounts for 9.32% of the market volume in BSE. The entity wise synchronized trades are in the range of 16% to 60% of their individual traded volume. The summarized data of synchronized trades done by the Noticees and the Noticees wise synchronized trades on BSE are annexed as Annexure-5ii.

9. Investigation further observed from trade-log and order-log that the Noticees had entered into reversal trades during the investigation period.

9.1. The details of reversal trades executed by the Noticees on NSE are given below:

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

The summarized data of reversal trades done by the Noticees and the Noticees wise reversal trade on NSE are annexed as Annexure-6i.

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

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

The summarized data of reversal trades done by the Noticees and the Noticees wise reversal trade on BSE are annexed as Annexure-6ii.

Investigation observed that, the Noticees by entering the reversal trades as mentioned above have contributed around 9% to 12% of the market volume at BSE and NSE and that 95% of the transactions are of square off nature and their by the Noticees are alleged to have created artificial volume in the scrip of the company.

10. It was further observed from trade-log and order-log that the Noticees had entered into self trades during the investigation period.

10.1. The details of self trades executed by the Noticees wherein the same Noticees appeared as buyer and seller of the trades at the NSE are given below:

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

The Noticee wise, day wise self trades on NSE are placed at Annexure-7i

10.2. The details of self trades executed by the Noticees wherein the same Noticees appeared as buyer and seller of the trades at the BSE are given below:

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

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

It is observed that some of the Noticees as stated above had executed self trades during the investigation period. The Noticee wise, day wise self trades on BSE are placed at Annexure-7ii.

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

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

From the above table it was observed that, Vishu Enterprise has contributed Rs. 39.50 (59.58%) of total market NHP in BSE and Rs. 17.55 (25.11%) of total market NHP in NSE. Antala has contributed Rs. 16.65 (25.11%) of total market NHP in BSE and Rs. 13.55 (19.37%) of total market NHP in NSE.

12. Investigation further observed from trade-log and order-log/ price volume data that, Noticees connected/ related to each other had contributed to market positive LTP.

12.1. The LTP effect of the trading of the Noticees group at NSE is as given below:

Name	All trades			LTP Diff. >0			LTP Diff. < 0			LTP Diff. =0	
	Net Ltp	Sum Qty	No. of Trade	Ltp impact	Qty traded	No of Trades	Ltp Impact	Qty Traded	No. of Trades	Qty Traded	No. trades
Antala	1189.10	11,16,239	7,455	1,475.95	3,43,688	3,024	-286.85	4,21,653	1,153	3,50,898	3,278
Vishu	430.30	14,46,292	9,163	936.35	3,42,265	1,857	-506.05	4,16,969	1,898	6,87,058	5,408
Sagar	81.05	3,61,359	810	117.70	1,12,065	275	-36.65	1,33,673	155	1,15,621	380

Ashik	19.65	1,68,328	380	37.75	36,097	73	-18.10	59,437	71	72,794	236
Govind	13.30	3,71,979	308	29	1,31,558	92	-15.70	1,49,932	63	89,639	153
Babubhai	3	1,07,200	108	4.50	38,253	20	-8.10	35,718	16	33,229	72
Sunita	9.55	2,23,127	167	12.25	83,018	34	-2.7	49,211	20	90,898	113
Sajjan	8.6	1,07,000	62	11.20	55,267	25	-2.6	31,750	12	19,983	25
Dhirajlal	-135.90	13,99,198	4,026	291.80	2,41,661	560	-427.70	4,38,501	1,605	7,19,036	1,861
Total LTP	1,612.65	53,00,722	22,480	2,917.1	13,83,872	5,960	-1304.45	7,36,844	4,993	21,79,156	1,526
Market LTP	17	1,62,26,947	1,31,067	8,148.7	38,08,364	6,631	-8131.7	43,11,960	28,452	81,05,773	75,983

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

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

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

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

From the above it is observed that Noticees group have contributed Rs. 3191.45 (41.13%) in BSE and Rs. 2917.10 (35.80%) in NSE to market positive LTP. The market positive LTP is Rs. 7758.85 (BSE) and Rs. 8148.70 (NSE). The Noticees namely Antala and Vishu contributed 20.74% and 15.14% of total market positive contribution in BSE and 18.11% and 11.49% of total market positive contribution in NSE respectively.

13. Investigation further observed from trade-log and order-log/ price volume data that, Noticees connected/ related to each other had contributed Rs. 202.7 and Rs. 162.15 in BSE and Rs. 154.75 and Rs. 78.20 in NSE respectively in price rise by first trades. The details of first trades executed by the Noticees at the BSE and NSE are given below:

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

From the above it is observed that Noticees viz., Vishu Enterprises and Antala have contributed Rs. 202.7 and Rs. 162.15 in BSE and Rs. 154.75 and Rs. 78.20 in NSE respectively in price rise by first trades. There are 100 first trades of the group out of which 89 trades have been executed by Antala and Vishu. The details of first trade on BSE are annexed as Annexure-8i and the details of first trade on NSE are annexed as Annexure-8ii.

15. It is observed from the above that, the Noticees by trading in the scrip had made disproportionate gain.

15.1. The Quantifiable Profit and Loss made by the Noticees from the trading done on NSE is as follows:

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

Sagar	3,61,359	4,07,42,566	112.75	3,87,110	4,39,54,035	113.54	3,61,359	93.35	2,87,598
Total	53,00,722	66,14,35,299	123.32	52,93,999	66,28,06,983	124.42	50,65,567	95.62	26,53,215

15.2. The Quantifiable Profit and Loss made by the Noticees from the trading done on BSE is as follows:

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

8. The Noticees have submitted their reply to the SCN as under:

(a) The Noticee 1 - Shri Sajjankumar Nanwal vide letter dated July 22, 2015 and August 11, 2015 has submitted his reply to SCN and *inter alia* made the following submissions:

“Point No. 3

I would like to bring to your kind notice that as per the figures given in para 3 of your Notice EAD/PN/VRP/5746/2015/3 dated 27th February 2015, there has not been much of a change even after the investigation period. The price has ranged between Rs. 108 to Rs.148.40 per share.

The company's performance was good which can be verified from the table of quarterly results from June 2010 to December 2010 produced hereunder. It clearly indicates that the price and volume rise in the script of the company during the investigation period was in response to its financial performance and other announcements

Point No. 4

It may kindly be noted that I did my transactions in the equity shares of Kaveri Telecom Products Ltd through my Broker namely “Emkay Global Services Limited” and the name of my Broker does not appear in the list of top ten brokers furnished by you. As you may be aware, several others, FII's were trading at that point of time.

Point No. 5

I would like to inform you that I was working as an accountant with Shri. Dhirajlal V. Sanghvi and being his accountant he also inducted me on the board of Sanghvi Fincap Ltd and I was not the promoter director of the said company . Further, as I was looking after the accounts of his entire family, therefore my mobile number was being given in the account opening form (KYC). Further, please note that the mobile number mentioned in the form of Babubhai M. Desai is to just access back office of of the broker for account purpose only I, therefore, request you to take note of the same and also make necessary corrections.

Point No. 6

I would like to clarify that merely on the basis of common mobile number of other noticees I have been classified under the same group which is not true and therefore the details of total market volume at BSE and NSE in the said scrip as a group is not correct. I individually did not trade frequently in equity of the said company and the total volume carried out by me is around 0.5 percent of the total volume at BSE and NSE during the investigation period . Further, I have not indulged in the Intra-day trade in the said scrip and all my trades were delivery based. A table showing the trades done by me during the investigation period is attached herewith and marked as Annexure -1

Point No.7

I had transacted on a screen based trading in which I do not know who is the buyer or seller of the shares. There was no buying and selling transactions inter se amongst the noticees nor have I colluded with any of the other parties to create an artificial volume to deceive any investor.

It is said in your notice that there has been a synchronized trading. I would like to inform you that that during the trading on the screen it is not possible to know the shares sold by me are the same shares bought by the other persons. I would like to mention all the transactions were carried out on delivery basis. All the transactions were as per the norms of trading and there was never an intention to carry on synchronized trading. If the trading is carried with an intention of no actual delivery of the shares traded then it becomes a synchronized trading.

Point No. 8

Based on your findings under para nos 8.1 and 8.2 I have prepared a statement which clearly shows that on many occasions my daily volume was more than the trade between other noticees. Further, all those trades carried out by me were delivery based and on the current market price prevailing at that particular time. ANNEXURE----2

Point No. 9

As clarified under point No. 7 of my reply I do not know who is the buyer or seller of the shares to which and I have not indulged in any reversal trade as stated in your notice. Further, the table given in your notice under point no 9.1 and 9.2 also shows that the quantity of reversal trade at BSE is very nominal. However, it may also be noted that I have not indulged in any reversal trade in NSE and 4 on the BSE which is very nominal.

Point Nos. 10 and 11

It does not relates to me in any manner as I have not been mentioned in the table given under the said points of your notice.

Point no. 12

It is stated in your notice that I and my family members had contributed to market positive LTP. However, as per the tables given in 12.1 AND 12.2 the trading had also resulted in a negative LTP. It may be observed that I and my family have chosen to purchase the shares above the offer price. It is submitted that even when such transactions are appearing, same are too insignificant to be considered as violative of the PFUTP regulations.

I would like to mentioned that all the transactions were on delivery basis and the consideration was received and paid and all were not carried out above the LTP. Hence, the same were well as per the rules of trading framed by the stock exchanges. Thus, no violation of SEBI rules or regulations has been made. The open price of next day has always been above the closing price which clearly establishes the fact that I or my family members are not responsible for the price rise. The same are based on screen trading and under the market mechanism prescribed by by SEBI and the stock exchanges.

Point No. 13

It is to be noted that I have not carried out any First trades at BSE. Further, the number of First trades at NSE is also only one which can always happen in the normal course of trading.

Point No. 14

It may also be observed the there are no artificial or fictitious trades by me nor was there any allegation that the transactions were not at the current market price. This means that the trades were at the prevailing market price which goes to prove that the transactions would not affect the price movement, which does not amount to violation under the PFUTP regulations.

Point No. 15

It is also submitted that we have been holding the shares of the said company even prior to the investigation period which were bought at an average price of Rs. 96.76 (NSE & BSE combined) Further, the average price at which the shares were bought was Rs. 123.05 (BSE and NSE combined) and the sale was at Rs. 125.61 (NSE & BSE combined) during the investigation period. The difference in the purchase and sale price clearly indicates that no disproportionate gain has been made out of the trading in the scrip. Further, the amount towards STT and brokerage has not been considered. Annexure-3

In effect, if the expenses are taken into account while calculating the net proceeds from the trading, I and my family members have not gained any amount out of the said transactions and the same can be verified from the table attached herewith as annexure -4

Point No. 16

I would like to inform you that an appeal has already been with the SAT and the matter is under hearing process in SAT. I, therefore, request you to drop the said allegations against me which are not true and not supported by facts.

- (b) The Noticee 2 - Ms Sunitadevi Sajjan Nanwal vide letter dated July 22, 2015 and August 11, 2015 submitted her reply to the SCN and *inter alia* made the following submissions:

“Point No. 3

I would like to bring to your kind notice that as per the figures given in para 3 of your Notice EAD/PN/VRP/5746/2015/4 dated 27th February 2015, there has not been much of a change even after the investigation period. The price has ranged between Rs. 108 to Rs.148.40 per share and the volume of shares trades also continued to be on the higher side. The company's performance was good which can be verified from the table of quarterly results from June 2010 to December 2010 produced hereunder. It clearly indicates that the price and volume rise in the scrip of the company during the investigation period was in response to its financial performance and other announcements.

Point No. 4

It may kindly be noted that I did my transactions in the equity shares of Kaaveri Telecom Products Ltd through my Broker namely “Religare Securities Limited”. However, it is essential to note that my name does not appear in the list of top 10 clients which clearly proves that there was never any intention of connivance or manipulation in the trading. I would like to state that though the name of the Broker figures in the top 10 list, it may be noted that several others including FII's were trading at that point of time.

Point No. 5

I would like to inform you that my husband used to look after my investment activities and as such his telephone number has been given for contact purposes.

Point No. 6

I would like to clarify that merely on the basis of common mobile number of other noticees I have been classified under the same group which is not true and therefore the details of total market volume at BSE and NSE in the said scrip as a group is not correct. I individually did not trade frequently in equity of the said company and the total volume carried out by me is around 1 percent of the total volume at BSE and NSE during the investigation period . Further, I have not indulged in the Intra-day trade in the said scrip and all my trades were delivery based. A table showing the trades done by me during the investigation period is attached herewith and marked as Annexure -1

Point No.7

I had transacted on a screen based trading in which I do not know who is the buyer or seller of the shares. There was no buying and selling transactions inter se amongst the noticees nor have I colluded with any of the other parties to create an artificial volume to deceive any investor.

It is said in your notice that there has been a synchronized trading. I would like to inform you that that during the trading on the screen it is not possible to know the shares sold by me are the same shares bought by the other persons. I would like to mention all the transactions were carried out on delivery basis. All the transactions were as per the norms of trading and there was never an intention to carry on synchronized trading. If the trading is carried with an intention of no actual delivery of the shares traded then it becomes a synchronized trading.

Point No. 8

Based on your findings under para nos 8.1 and 8.2 I have prepared a statement which clearly shows that on many occasions my daily volume was more than the trade between other noticees. Further, all those trades carried out by me were delivery based and on the current market price prevailing at that particular time. ANNEXURE----2

Point No. 9

As clarified under point No. 7 of my reply I do not know who is the buyer or seller of the shares to which and I have not indulged in any reversal trade as stated in your notice. Further, the table given in your notice under point no 9.1 and 9.2 also shows that the quantity of reversal trade at BSE is very nominal. However, it may also be noted that I have not indulged in any reversal trade in NSE and 4 on the BSE which is very nominal.

Point Nos. 10 and 11

Point No. 10 and 11 does not relates to me in any manner as I have not been mentioned in the table given under the said points of your notice.

Point no. 12

It is stated in your notice that I and my family members had contributed to market positive LTP. However, as per the tables given in 12.1 AND 12.2 the trading had also resulted in a negative LTP. It may be observed that I and my family have chosen to purchase the shares above the offer price. It is submitted that even when such transactions are appearing, same are too insignificant to be considered as violative of the PFUTP regulations.

I would like to mention that all the transactions were on delivery basis and the consideration was received and paid and all were not carried out above the LTP. Hence, the same were well as per the rules of trading framed by the stock exchanges. Thus, no violation of SEBI rules or regulations has been made. The open price of next day has always been above the closing price which clearly establishes the fact that I or my family members are not responsible for the price rise. The same are based on screen trading and under the market mechanism prescribed by SEBI and the stock exchanges.

Point No. 13

It is to be noted that I have not carried out any First trades at BSE. Further, the number of First trades at NSE is also only one which can always happen in the normal course of trading.

Point No. 14

It may also be observed the there are no artificial or fictitious trades by me nor was there any allegation that the transactions were not at the current market price. This means that the trades were at the prevailing market price which goes to prove that the transactions would not affect the price movement, which does not amount to violation under the PFUTP regulations.

Point No. 15

It is also submitted that we have been holding the shares of the said company even prior to the investigation period which were bought at an average price of Rs. 96.76 (NSE & BSE combined). Further, the average price at which the shares were bought was Rs. 123.05 (BSE and NSE combined) and the sale was at Rs. 125.61 (NSE & BSE combined) during the investigation period. The difference in the purchase and sale price clearly indicates that no disproportionate gain has been made out of the trading in the scrip. Further, the amount towards STT and brokerage has not been considered. Annexure-3

In effect, if the expenses are taken into account while calculating the net proceeds from the trading, I and my family members have not gained any amount out of the said transactions and the same can be verified from the table attached herewith as annexure -4

Point No. 16

I would like to inform you that an appeal has already been with the SAT and the matter is under consideration. I, therefore, request you to drop the said allegations against me which are not true and not supported by facts.

- (c) The Noticee 3 - Shri Govind Kumar Varma vide letter dated July 22, 2015 and August 11, 2018 has submitted his reply to SCN and *inter alia* made the following submissions:

“Point No. 3

I would like to bring to your kind notice that as per the figures given in para 3 of your Notice EAD/PN/VRP/5746/2015/5 dated 27th February 2015, there has not been much of a change even after the investigation period. The price has ranged between Rs. 108 to Rs.148.40 per share and the volume of shares trades also continued to be on the higher side.

The company’s performance was good which can be verified from the table of quarterly results from June 2010 to December 2010 produced hereunder. It clearly indicates that the price and volume rise in the scrip of the company during the investigation period was in response to its financial performance and other announcements. Annexure-1

Point No. 4

It may kindly be noted that I did my transactions in the equity shares of Kaveri Telecom Products Ltd through my Broker namely “Prabhudas Liladher Private Limited”. As per the list of top 10 Brokers, though the name of my broker figures in the list, it is pertinent to note that

the percentage to the total volume is 2.44% (Buy) on NSE and 2.57% (Buy) and 2.41%(Sell) on BSE out of the total traded volume of shares which as you would agree that it is very small.

Further, as per the list of top ten clients, the trading done in my account is only 2.29% (Buy) and 2.31% (Sell) against 39.80% (Buy) and 42.57% (Sell) on NSE and 2.02 (Buy) and 1.99 (Sell) out of 37.28% (buy) and 39.46% (Sell). I would like to state that volume of trading done in my account on BSE and NSE is very small which can influence the price and volume of the shares traded in this company.

I would like to state that though the name of my Broker figures in the top 10 list, it may be noted that several others including FII's were trading at that point of time.

Point No. 5

I would like to inform you that my brother used to look after my investment activities as per my instructions and as such his telephone number has been given for contact purposes. Beyond this, I do not have any connection with any of the other noticees.

Point No. 6

I would like to clarify that merely on the basis of common mobile number of other noticees I have been classified under the same group which is not true and therefore the details of total market volume at BSE and NSE in the said scrip as a group is not correct. I individually did not trade frequently in equity of the said company and the total volume carried out by me is around 2 percent of the total volume at BSE and NSE during the investigation period. Further, I have not indulged in the Intra-day trade in the said scrip and all my trades were delivery based. A table showing the trades done by me during the investigation period is attached herewith and marked as Annexure -2

Point No.7

I had transacted on a screen based trading in which I do not know who is the buyer or seller of the shares. There was no buying and selling transactions inter se amongst the noticees nor have I colluded with any of the other parties to create an artificial volume to deceive any investor.

It is said in your notice that there has been a synchronized trading. I would like to inform you that during the trading on the screen it is not possible to know the shares sold by me are the same shares bought by the other persons and vice versa. I would like to mention that all the

transactions were carried out on delivery basis. All the transactions were as per the norms of trading and there was never an intention to carry on synchronized trading. If the trading is carried with an intention of no actual delivery of the shares traded then it becomes a synchronized trading.

Point No. 8

Based on your findings under para nos 8.1 and 8.2 I have prepared a statement which clearly shows that on many occasions my daily volume was more than the trade between other noticees. Further, all those trades carried out by me were delivery based and on the current market price prevailing at that particular time. ANNEXURE-3

Point No. 9

As clarified under point No. 7 of my reply I do not know who is the buyer or seller of the shares in the transactions done by me and I have not indulged in any reversal trade as stated in your notice. Further, the table given in your notice under point no 9.1 and 9.2 also shows that the number of shares traded as reversal trade at BSE and NSE are very nominal. However, it may also be noted that the trades shown against my name as reversal trades are only 5 on NSE and 2 on BSE which is again very small and cannot have any sort of effect on the trading pattern of the scrip.

Point Nos. 10 and 11

Point No. 10 and 11 does not relates to me in any manner as I have not been mentioned in the table given under the said points of your notice.

Point no. 12

It is stated in your notice that I and my family members had contributed to market positive LTP. However, as per the tables given in 12.1 AND 12.2 the trading had also resulted in a negative LTP. It may be observed that I and my family have chosen to purchase the shares above the offer price. It is submitted that even when such transactions are appearing, same are too insignificant to be considered as violative of the PFUTP regulations.

I would like to mention that all the transactions were on delivery basis and the consideration was received and paid and all were not carried out above the LTP. Hence, the same were well as per the rules of trading framed by the stock exchanges. Thus, no violation of SEBI rules or regulations has been made. The open price of next day has always been above the closing price which clearly establishes the fact that I or my family members are not responsible for the

price rise. The same are based on screen trading and under the market mechanism prescribed by SEBI and the stock exchanges.

Point No. 13

It is to be noted that I have not carried out any First trades at BSE. Further, the number of First trades at NSE is also only one which can always happen in the normal course of trading.

Point No. 14

It may also be observed the there are no artificial or fictitious trades by me nor was there any allegation that the transactions were not at the current market price. This means that the trades were at the prevailing market price which goes to prove that the transactions would not affect the price movement, which does not amount to violation under the PFUTP regulations.

Point No. 15

It is also submitted that we have been holding the shares of the said company even prior to the investigation period which were bought at an average price of Rs. 96.76 (NSE & BSE combined). Further, the average price at which the shares were bought was Rs. 123.05 (BSE and NSE combined) and the sale was at Rs. 125.61 (NSE & BSE combined) during the investigation period. The difference in the purchase and sale price clearly indicates that no disproportionate gain has been made out of the trading in the scrip. Further, the amount towards STT and brokerage has not been considered. Annexure-2

In effect, if the expenses are taken into account while calculating the net proceeds from the trading, I have not gained any amount out of the said transactions and the same can be verified from the table attached herewith as annexure -4

Point No. 16

I would like to inform you that an appeal has already been with the SAT and the matter is under consideration.

I, therefore, request you to drop the said allegations against me which are not true and not supported by facts.

- (d) The Noticee 4 - M/s Dhirajlal Sanghvi HUF vide reply dated July 23, 2015 and August 14, 2015 has submitted its reply to SCN and *inter alia* made the following submissions:

"I am a regular investor in the stock market as informed to you earlier and has been in the business of investment in the market for the last 40 to 50 years. I, therefore, would like to bring to your kind notice that I am not a speculator but a long term investor and with an intent to do the same as per the law of the land.

Hence, I would like to once again state that the allegations made against me vide your Notice EAD/PJ/VRP/5753/2015/6 dated 27th February 2015 are unfounded and baseless.

Firstly, I would like to reiterate that all the transactions were screen based and delivery based. All the transactions were genuinely carried out without any intention of creating any fraud or artificial volumes and price increase. My trading in the scrip was purely based on the circumstances prevailing at that point of time i.e., the performance of the company, its announcements, and recommendations from various sources like electronic and investment media.

It has been alleged that there has been squared of quantities and as a result profit has been made on the same. As per paras 15.1 and 15.2 of your notice referred to above, the profit/loss made during the investigation period has been shown as Rs. (12,11,927/-) and Rs.42,32,766/- on NSE and BSE respectively. Assuming that there have been squared off transactions, the profit/loss (-) earned out of the trading of the said scrip during the entire financial year 2010-11 has been only Rs. Notional loss Rs.(-)28,91,529/- during the financial year 2010-11 even without taking financial and other cost into account.

It may kindly be noted that the above calculation of the profit earned does not take into the account the components viz., STT, brokerage, holding cost, and other miscellaneous expenses. I am attaching hereto a statement giving the details of my total sale and purchases of the equity shares of Kaaveri Telecom Limited during the financial year for your ready reference which clearly establishes that the loss incurred me was only Rs. -28,91,529/- (Annexure 1). Further, it clearly establishes that the trading was genuine and was not with any fraudulent intentions.

I am also enclosing my IT return for the Assessment year 2011-12 showing the details of the income earned by me during the investigating period. This also proves the point that there has not been any huge income earned by me during the investigation period and that the transactions were genuine and I had carried out my trading as per the laid down rules and regulations in this regard (Annexure 2).

There has been no significant increase neither in the price nor in the volume of shares traded. Even if there has been an increase it could not have created any impact neither on the price nor in the volume of shares traded.

As per the list of top 10 clients traded in the said share on NSE and BSE given in para 4 of your above referred notice, our share has been only to the extent of 8.63% (Buy) and 7.56% (Sell) out of 39.80 (Buy) and 42.57% (Sell) on NSE and 6.83 (Buy) and 6.96 (Sell) out of 37.28% (buy) and 39.46% (Sell) on BSE which shows that our part of the trading was not significant to create the impact for rise in price nor in the volume of shares.

Even if our broker appears in the said list of top 10 brokers and that they have indulged in carrying out huge volumes, we cannot be made responsible for the same nor it can be alleged that there has been connivance in the trading of the scrip because the said broker may be having huge number of clients trading in the market.

Several others including FII's had traded in this scrip during this period. Hence, it may kindly be noted that there can always be a common broker through whom the trades are executed but it is not necessary that every client of the broker knows about the trading of the other client.

The total contribution made by the top 10 clients on NSE and BSE is not even equivalent to 50% of the total traded volume. Further, out of the top 10 only 5 of the noticees figure in the alleged transactions which again shows that there has never been connivance in the trading for manipulation of price of the scrip or the volume of the shares traded.

Sri Sajjankumar Nanwal is an employee of our company, who takes care of our accounts and as such for convenience sake his phone number was given for collecting the details of the transactions. Otherwise, there is no other connection between him and us.

The address of Mr Babhubai Desai is mentioned as No.A14 Tirthbhumi Apartments, Near Lal Garden, Ellisbridge, Ahmedabad, on page No. 1 of your notice referred to above. However, on page No.4 it is mentioned as Rabari Vasahat, Nava Vadaj, Ahmedabad- 380 016 which is also the address as per the KYC documents enclosed by you to the notice referred to above. Hence, we would like to state that we do not have any connection with the others named in the notice.

Our trading activities are carried out through M/S MTL share and Stock Brokers Ltd. and Master Capital Services Ltd for BSE and NSE respectively and all the decisions in this regard are taken by me.

We have our own terminal and we carry out trading on our own. Our investments have always been on long term basis.

Merely because the phone number is common for some of the noticees it cannot be construed that we have been acting in concert or trading together.

It has been alleged in paras No. 6 to 6.3 that we had indulged in squared-off transactions along with others. However, it may be observed from the data enclosed that the total quantity traded by us is all delivery basis on BSE and NSE respectively. The enclosed statement gives the details of the purchase and the sale of shares made by us which clearly indicates that there was no squaring off but there has been genuine trading in the stock.

It is submitted that in case of online trading we fail to understand how it is possible to trade amongst each other when the trades are from different brokers. Further, we fail to understand when there are lakhs of shares being traded, how is it possible to identify that the shares sold by us are the same shares purchased by one of the noticees and vice-versa since there have been several transactions.

There has been no synchronised trading by us since there was no connivance of each in carrying out the trading. Further, all the transactions were carried out on delivery basis which shows the genuineness of the transactions.

The number of shares shown under reversal trades in NSE and BSE are 88,353 and 55,228 equivalent to 0.54% and 0.32% to the market volume of trading respectively, which is insignificant and cannot have any impact neither on the volume of shares being traded nor on the price at which they are traded.

When a trading takes place on the screen, there is a possibility of a match between shares purchased by an individual and the shares sold by another. This does not necessarily should be construed as reversal trade or group trading in order to influence the market in respect of the volume or the price.

The number of shares traded and shown as self trades is shown as 2,513 shares on NSE and 3,318 shares on BSE equivalent to 0.016% and 0.02% to the market volume which is very insignificant. This cannot create any influence on the volume of shares to be traded nor on the price since the same is very insignificant.

This can happen to any person when trading is happening electronically, you may punch the wrong code and you realize you have sold or bought the scrip which you did not intended to do so. The insignificant number of shares alleged to have been traded under the category of "self-trades" proves the point. It may also kindly be noted that out of the alleged 9 noticees there are only 3 and 5 entities which figure in the list of self trades on NSE and BSE respectively. The number of trades shown against us is 1 and 3 in NSE and BSE respectively which is totally insignificant.

The trade details given in paras 11 relating to New High Price(NHP) is 13 out of 135 trades and 18 out of 219 trades which is equivalent to 9.63% and 8.22% respectively of the trades alleged to have been carried out under by us and others have entered into trades resulting into creation of New High Price. Further, the number of trades shown against our name are 2 and Nil in BSE and NSE respectively which is again totally insignificant. You would appreciate that in a screen based trading, there can always be a chance that the trade put by one person can always be either a first or last one. There is a possibility that when there are several other trades listed for the NHP your trade hits the screen and is recorded as a transaction. Thus, the number of trades which have occurred on this basis are very insignificant and can never impact the trading of the scrip.

The company's performance has been improving and several milestones were also being achieved by the company. The same were reported on the Bombay Stock Exchange and National Stock Exchange. Further, it may also be noted that there were lot of recommendations in the electronic media and others about the company and its performance.

It is further submitted that there was no intention to hike the price and all the trades executed in the said scrip was purely based on commercial terms. I had transacted online and I do not know who is the buyer or seller of the shares.

There was no buying and selling transactions inter se amongst me and the other noticees nor have I colluded with any of the other parties to create an artificial volume or increase the price of the scrip to deceive any investor.

There is no allegation that the shares were available below the buy order price. It may be observed that I chosen to purchase the shares above the offer price which was also mentioned in Para Nos.12.1 and 12.2 of your notice. It is submitted that even when such transactions are appearing, same are too insignificant to be considered as violative of the PFUTP regulations.

It is also submitted that all the transactions were delivery based for which payment was made and all were not carried out above the LTP. The same were within the limits prescribed by the stock exchanges. Therefore, there is no violation of SEBI rules or regulations.

Even in many cases, the open price of next day is much above the close price of earlier day, from where it can be culled out that we are not responsible for the price rise. It is also submitted that a transaction above LTP does not per se violate the provisions of the SEBI Act. The same are based on screen trading and under the market mechanism set up by SEBI itself.

There are no artificial or fictitious trades by us nor was there any allegation that the transactions were not at the current market price. This means that the trades were at the prevailing market price which goes to prove that the transactions would not affect the price movement, which does not amount to violation under the PFUTP regulations.

The percentage of first trades alleged to have been carried out by the noticees amount to around 11 % on BSE and 9.67 % on NSE out of which our trades were 5 on BSE and 7 on NSE which again is an insignificant percentage to be considered for creating any impact on the price and volume of shares to be traded.

We have been holding the shares of the said company even prior to the investigation period which were bought at an average of Rs.97.47 (NSE & BSE both). Further, the average price at which the shares were bought was at Rs. 125.90 (NSE and BSE) and the sale was at Rs. and Rs. 126.43 (NSE & BSE both combined) during the investigation period. It may be observed from the above that the surplus gained out of the same is very minimal since the above mentioned prices are inclusive of STT and brokerage.

The said scrip subsequent to the investigation period continued to do well on the stock exchanges and the price had gone upto Rs. 246-250 by August 2012. It may kindly be noted that I nor my family members indulged in any trading during the said period.

If the proceeds are arrived at taking into account the various expenses, etc. I have not gained any amount out of the said transactions.

There was no intention to manipulate the price of the scrip. In case, if our intention was to manipulate the price and gain out of the same, you would appreciate that we would have continued the same and probably waited till we could have made substantial gains out of the same, since as you are aware the price of the scrip rose upto Rs.250/- subsequently.

The volumes of the scrip continued to be similar in nature and even after our exit which can be seen from the enclosed statement. (Annexure – 3).

I once again submit and reiterate that at no point of time there was any intention to defraud or mislead any persons or investors. As mentioned in our submission earlier all the transactions were on delivery and payment basis which goes to prove that they were genuine but not fake.”

- (e) The Noticee 5 - Shri Sagar Sanghvi vide letters dated July 23, 2015 and August 14, 2015 submitted his response to the SCN and *inter alia* made the following submissions:

“I am a regular investor in the stock market as informed to you earlier as my father has been in the business of investment in the market for the last 40 to 50 years. I, therefore, would like to bring to your kind notice that I am not a speculator but a long term investor and with an intent to do the same as per the law of the land.

Hence, I would like to once again state that the allegations made against me vide your notice Notice EAD/PJ/VRP/5753/2015/7 dated 27th February 2015 are unfounded and baseless.

Firstly, I would like to reiterate that all the transactions were screen based and delivery based. All the transactions were genuinely carried out without any intention of creating any fraud or artificial volumes and price increase. My trading in the scrip was purely based on the circumstances prevailing at that point of time i.e., the performance of the company, its announcements, and recommendations from various sources like electronic and investment media.

It has been alleged that there has been squared of quantities and as a result profit has been made on the same. As per paras 15.1 and 15.2 of your notice referred to above, the profit/loss

made during the investigation period has been shown as Rs. 2,87,598/- and Rs.12,89,221/- on NSE and BSE respectively. Assuming that there have been squared off transactions, the profit earned out of the trading of the said scrip during the entire financial year 2010-11 has been only Rs.14,54,992/-.

It may kindly be noted that the above calculation of the profit earned does not take into the account the components viz., STT, brokerage, holding cost, and other miscellaneous expenses. I am attaching hereto a statement giving the details of my total sale and purchases of the equity shares of Kaaveri Telecom Limited during the financial year for your ready reference which clearly establishes that the profit made by me was only Rs.14,54,992 (Annexure 1). Further, it clearly establishes that the trading was genuine and was not with any fraudulent intentions.

I am also enclosing my IT return for the Assessment year 2011-12 showing the details of the income earned by me during the investigating period. This also proves the point that there has not been any huge income earned by me during the investigation period and that the transactions were genuine and I had carried out my trading as per the laid down rules and regulations in this regard (Annexure 2).

There has been no significant increase neither in the price nor in the volume of shares traded.

Even if there has been an increase it could not have created any impact neither on the price nor in the volume of shares traded.

M/S HSBC DIRECT INVEST Limited (shown as HSBC Investdirect Securities (India) Limited) does not figure in the list of top 10 Brokers traded in the said scrip on BSE.

In case of top ten clients, my share has been only to the extent of 2.23% (Buy) and 2.39% (Sell) out of 39.80 (Buy) and 42.57% (Sell) on NSE and 2.10 (Buy) and 2.07 (Sell) out of 37.28% (buy) and 39.46% (Sell) on BSE which is very insignificant.

Several others including FIIs had traded in this scrip during the investigation period. Hence, it may kindly be noted that there can always be a common broker through whom the trades are executed but it is not necessary that every client of the broker knows about the trading of the other client.

The total contribution made by the top 10 clients on NSE and BSE is not even equivalent to 50% of the total traded volume.

Out of the top 10 clients only 5 of the noticees figure in the alleged transactions which again shows that there has never been connivance in the trading for manipulation of price of the scrip or the volume of the shares traded.

Sri Sajankumar Nanwal is an employee of our company, who takes care of our accounts and as such for convenience sake his phone number was given for collecting the details of the transactions. Otherwise, there is no other connection between him and me.

It may be noted that the address of Mr Babhubai Desai is mentioned as No.A14 Tirthbhumi Apartments, Near Lal Garden, Ellisbridge, Ahmedabad, on page No. 1 of your notice referred to above. However, on page No.4 it is mentioned as Rabari Vasahat, Nava Vadaj, Ahmedabad-380 016 which is also the address as per the KYC documents enclosed by you to the notice referred to above.

There is no connection between me and the other noticees of whatsoever nature except for Noitcees No.6 and 8 who are related to me as mentioned earlier.

Each one of us have our own terminal and we carry out trading on our own. Our investments have always been on long term basis. Hence, it is submitted that merely because the phone number is common for some of the noticees it cannot be construed that we have been acting in concert or trading together.

It has been alleged in paras No. 6 to 6.3 that I had indulged in squared-off transactions along with others. However, it may be observed from the data enclosed that the total quantity traded by me is all delivery basis on BSE and NSE respectively. The enclosed statement gives the details of the purchase and the sale of shares made by me which clearly indicates that there was no squaring off but there has been genuine trading in the stock.

It is submitted that in case of online trading I fail to understand how it is possible to trade amongst each other when the trades are from different brokers. Further, when there are lakhs of shares being traded, how is it possible to identify that the shares sold by me are the same shares purchased by one of the noticees and vice-versa since there have been several transactions.

There has been no synchronized trading by me since there was no connivance of each in carrying out the trading. Further, all the transactions were carried out on delivery basis which shows the genuineness of the transactions.

The number of shares shown under reversal trades in NSE and BSE are 88,353 and 55,228 shares equivalent to 0.54% and 0.32% to the market volume of trading respectively, which is insignificant and cannot have any impact neither on the volume of shares being traded nor on the price at which they are traded.

The number of shares traded and shown as self trades is shown as 2,513 shares on NSE and 3,318 shares on BSE equivalent to 0.016% and 0.02% to the market volume which is very insignificant.

Out of the alleged 9 noticees there are only 3 and 5 entities which figure in the list of self trades on NSE and BSE respectively.

In a screen based trading, there can always be a chance that the trade put by one person can always be either a first or last one. There is a possibility that when there are several other trades listed for the NHP your trade hits the screen and is recorded as a transaction. Thus, the number of trades which have occurred on this basis are very insignificant and can never impact the trading of the scrip.

The company's performance was improving and several milestones were also being achieved by the company which were reported on the Bombay Stock Exchange and National Stock Exchange. Further, it may also be noted that there were lot of recommendations in the electronic media and others about the company and its performance.

It is further submitted that there was no intention to hike the price and all the trades executed in the said scrip was purely based on commercial terms. I had transacted offline with my broker and I do not know who is the buyer or seller of the shares.

There was no buying and selling transactions inter se amongst me and the other noticees nor have I colluded with any of the other parties to create an artificial volume or increase the price of the scrip to deceive any investor.

There is no allegation that the shares were available below the buy order price. I have chosen to purchase the shares above the offer price which was also mentioned in Para No. 12.1 and 12.2 of your notice.

The NHP transactions shown in the notice are too insignificant to be considered as violative of the PFUTP regulations.

All the transactions were delivery based for which payment was made and were not carried out above the LTP. The same were within the limits prescribed by the stock exchanges. Therefore, there is no violation of SEBI rules or regulations. Even in many cases, the open price of next day is much above the close price of earlier day, from where it can be culled out that I am not responsible for the price rise. Any transaction above LTP does not per se violate the provisions of the SEBI Act. The same are based on screen trading and under the market mechanism set up by SEBI itself.

There are no artificial or fictitious trades by me nor was there any allegation that the transactions were not at the current market price. This means that the trades were at the prevailing market price which goes to prove that the transactions would not affect the price movement, which does not amount to violation under the PFUTP regulations.

During the investigating period the number of days the trading took place was 900 which means that there could have been 900 first trades. Out of the above, the percentage of first trades alleged to have been carried out by the noticees amounts to around 11 % on BSE and 9.67 % on NSE out of which my trades were 3 on BSE which is an insignificant percentage to be considered for creating any impact on the price and volume of shares to be traded.

The number of first trades on NSE were Nil.

I have been holding the shares of the said company even prior to the investigation period which were bought at an average of Rs.97.47 (NSE & BSE both). Further, the average price at which the shares were bought was at Rs. 125.90 (NSE and BSE) and the sale was at Rs. and Rs. 126.43 (NSE & BSE both combined) during the investigation period. It may be observed from the above that the surplus gained out of the same is very minimal since the above mentioned prices are inclusive of STT and brokerage.

The said scrip continued to do well on the stock exchanges after the investigation period and the price had gone upto Rs. 246-250 by August 2012. It may kindly be noted that I have not indulged in any trading during the said period.

In effect, if the proceeds are arrived at taking into account the various expenses, etc., I have not gained any amount out of the said transactions.

It may kindly be noted that based on the above submissions, there was no intention to manipulate the price of the scrip. In case, if our intention was to manipulate the price and gain out of the same, you would appreciate that we would have continued the same and probably waited till we could have made substantial gains out of the same, since as you are aware the price of the scrip rose upto Rs.250/- subsequently. Further, the volumes of the scrip continued to be similar in nature and even after our exit which can be seen from the enclosed statement (Annexure – 3).

I once again submit and reiterate that at no point of time there was any intention to defraud or mislead any persons or investors. As mentioned in my submission earlier all the transactions were on delivery and payment basis which goes to prove that they were genuine but not fake.

It is, therefore, submitted that the allegations are false and baseless. I, therefore request you to drop the allegations and treat the matter as closed.”

- (f) The Noticee 6 - Shri Ashik Sanghvi vide letters dated July 23, 2015 and August 14, 2015 submitted his response to the SCN and *inter alia* made the following submissions:

“I am a regular investor in the market as informed to you earlier, my father has been in the business of investment in the market for the last 40 to 50 years. I, therefore, would like to bring to your kind notice that I am not a speculator but a long term investor and with an intent to do the same as per the law of the land.

Hence, I would like to once again state that the allegations made against me vide your notice Notice EAD/PJ/VRP/5753/2015/8 dated 27th February 2015 are unfounded and baseless.

Firstly, I would like to reiterate that all the transactions were screen based and delivery based. All the transactions were genuinely carried out without any intention of creating any fraud or artificial volumes and price increase. My trading in the scrip was purely based on the

circumstances prevailing at that point of time i.e., the performance of the company, its announcements, and recommendations from various sources like electronic and investment media.

It has been alleged that there has been squared of quantities and as a result profit has been made on the same. As per paras 15.1 and 15.2 of your notice referred to above, the profit/loss made has been shown as Rs. (28,340/-) and Rs.3,93,529/- on NSE and BSE respectively. Assuming that there have been squared off transactions, no profit was earned out of the same out of the trading of the said scrip during the entire financial year 2010-11. In fact I have incurred a loss of Rs. 23,586/- which can be observed from the attached statement giving the details of the same (Annexure 1).

It may kindly be noted that the above calculation of the profit/loss earned does not take into the account the components viz., STT, brokerage, holding cost, and other miscellaneous expenses. I am attaching hereto a statement giving the details of my total sale and purchases of the equity shares of Kaaveri Telecom Limited during the financial year for your ready reference which clearly establishes that there was no profit made by me. Further, it also proves that the trading was genuine and was not with any fraudulent intentions.

I am also enclosing my IT return for the Assessment year 2011-12 showing the details of the income earned by me during the investigating period. This also proves the point that there has not been any huge income earned by me during the investigation and that the transactions were genuine and I had carried out my trading as per the laid down rules and regulations in this regard (Annexure 2).

There has been no significant increase neither in the price rise nor in the volume of shares traded. Even if there has been an increase it could not have created any impact neither on the price nor in the volume of shares traded.

As per the list of top 10 brokers furnished it may be noted that I had done online trading through M/S Arihant Capital Services Limited which does not figure in the same nor my name figures in the major clients list of BSE and NSE.

It is a well-known fact that several others including FIIs had traded in this scrip during this period.

Sri Sajjankumar Nanwal is an employee of our company, who takes care of our accounts and as such for convenience sake his phone number was given for collecting the details of the transactions. Otherwise, there is no other connection between him and me.

The address of Mr Babhubai Desai is mentioned as No.A14 Tirthbhumi Apartments, Near Lal Garden, Ellisbridge, Ahmedabad, on page No. 1 of your notice referred to above. However, on page No.4 it is mentioned as Rabari Vasahat, Nava Vadaj, Ahmedabad- 380 016 which is also the address as per the KYC documents enclosed by you to the notice referred to above.

There is no connection between me and the other noticees of whatsoever nature.

Each one of us have our own terminal and we carry out trading on our own. Our investments have always been on long term basis. Hence, it is submitted that merely because the phone number is common for some of the noticees it cannot be construed that we have been acting in concert or trading together.

In case of online trading how is it possible to trade amongst each other when the trades are from different brokers. Further, when there are lakhs of shares being traded, how is it possible to identify that the shares sold by me are the same shares purchased by one of the noticees and vice-versa since there have been several transactions.

There has been no synchronised trading by me since there was no connivance of each in carrying out the trading. Further, all the transactions were carried out on delivery basis which shows the genuineness of the transactions.

The number of shares shown under reversal trades in NSE and BSE are 88,353 and 55,228 equivalent to 0.54% and 0.32% to the market volume of trading respectively, which is insignificant and cannot have any impact neither on the volume of shares being traded nor on the price at which they are traded.

When a trading takes place on the screen, there is a possibility of a match between shares purchased by an individual and the shares sold by another. This does not necessarily should be construed as reversal trade or group trading in order to influence the market in respect of the volume or the price. I once again state that your conclusion that there have been reversal trades is not correct.

The number of shares shown as self trades amounts to 2,513 shares on NSE and 3,318 shares on BSE equivalent to 0.016% and 0.02% equivalent to the market volume. This cannot create any influence on the volume of shares to be traded nor on the price since the same is very insignificant. Further, this can happen to any individual when trading is happening electronically you may punch the wrong code and you realize you have sold or bought the scrip which you did not intend to do so. The insignificant number of shares alleged to have been traded under the category of “self-trades “proves the point.

In a screen based trading, there can always be a chance that the trade put by one a person can always be either a first or last one. There is a possibility that when there are several other trades listed for the NHP your trade hits the screen and is recorded as a transaction. Thus, the number of trades which have occurred on this basis are very insignificant and can never impact the trading of the scrip.

The company’s performance has been improving and several milestones were also being achieved by the company. The same were reported on the Bombay Stock Exchange and National Stock Exchange. Further, it may also be noted that there were lot of recommendations in the electronic media and others about the company and its performance.

It is further submitted that there was no intention to hike the price and all the trades executed in the said scrip was purely based on commercial terms. I had transacted on a screen based trading in which I do not know who is the buyer or seller of the shares. There was no buying and selling transactions inter se amongst me and the other noticees nor have I colluded with any of the other parties to create an artificial volume or increase the price of the scrip to deceive any investor.

There is no allegation that the shares were available below the buy order price. I had always chosen to purchase the shares above the offer price which was also mentioned in Para No. 12.1 & 12.2 of your notice.

It is submitted that the NHP transactions shown in the notice are too insignificant to be considered as violative of the PFUTP regulations.

All the transactions were delivery based for which payment was made and all were not carried out above the LTP. The same were within the limits prescribed by the stock exchanges. Therefore, there is no violation of SEBI rules or regulations. Even in many cases, the open

price of next day is much above the close price of earlier day, from where it can be culled out that I or my family members are not responsible for the price rise. It is also submitted that a transaction above LTP does not per se violate the provisions of the SEBI Act. The same are based on screen trading and under the market mechanism set up by SEBI itself.

There are no artificial or fictitious trades by me nor was there any allegation that the transactions were not at the current market price. This means that the trades were at the prevailing market price which goes to prove that the transactions would not affect the price movement, which does not amount to violation under the PFUTP regulations.

During the investigation period the number of days the trading took place was 900 which means that there could have been 900 first trades. Out of the above, the percentage of first trades alleged to have been carried out by the noticees amounts to around 11 % on BSE and 9.67 % on NSE out of which my trades were 2 each on BSE and BSE which again is an insignificant percentage to be considered for creating any impact on the price and volume of shares to be traded.

I have been holding the shares of the said company even prior to the investigation period which were bought at an average of Rs.97.47 (NSE & BSE both). Further, the average price at which the shares were bought was at Rs.125.90 (NSE and BSE) and the sale was at Rs. Rs. 126.43 (NSE & BSE both combined) during the investigation period. It may be observed from the above that the surplus gained out of the same is very minimal since the above mentioned prices are inclusive of STT and brokerage.

The said scrip subsequent to the investigation period continued to do well on the stock exchanges and the price had gone upto Rs. 246-250 by August 2012. However, I have never indulged in any trading during the said period.

In effect, if the proceeds are arrived at taking account the various expenses, etc., I have not gained any amount out of the said transactions.

It may kindly be noted that based on the above submissions, there was no intention to manipulate the price of the scrip. In case, if our intention was to manipulate the price and gain out of the same, you would appreciate that we would have continued the same and probably waited till we could have made substantial gains out of the same, since as you are aware the price of the scrip rose upto Rs.250/- subsequently. Further, the volumes of the scrip continued

to be similar in nature and even after our exit which can be seen from the enclosed statement. (Annexure –3).

I once again submit and reiterate that at no point of time there was any intention to defraud or mislead any persons or investors. As mentioned in my submission earlier all the transactions were on delivery and payment basis which goes to prove that they were genuine but not fake.

It is, therefore, submitted that the allegations are false and baseless. I, therefore request you to drop the allegations and treat the matter as closed.”

- (g) The Noticee 9 - Shri Babubhai Desai vide letter dated August 03, 2018 submitted his response to the SCN and *inter alia* made the following submissions:

“I have not in any way indulged in the price rigging of the scrip and price of the scrip gone up or down was purely on market condition and company’s financial performance, various recommendation made by equity analysts. Further, the price of the scrip has touched high Rs. 295 in the year 2015 with huge volume even there was no single trade done by me.

It may kindly be noted that I have been holding the shares in KAVERI TELECOM PRODUCTS LIMITED and my holding on 1st June 2010 was 9702 Equity Shares of Rs.10/- each. I have traded in the share purely for investment basis and not for any other purpose.

The above said shares were acquired by me upto 1st June 2010 at average price Rs. 102.10 per share. A copy of the demat account confirming my holding is enclosed vide.

My address is correct that is mentioned in your notice but you are sending me notice on a wrong address. I have no connection with the other Noticees mentioned in your notice. I am Director of “Antala Real Broking & Impex Pvt. Ltd., but my trading /Investment is absolutely in my individual capacity and based on my personal decisions. Mr. Sajjan Kumar’s Mobile number was only given to access back office of broker’s site and get trade details only for the purpose of preparing my accounts.

I am attaching hereto the statement giving the details of the purchase and sale quantity of the said shares and also the prices at which the same were bought and sold during 1-06-2010 to 31-12-2010. It is observed from your notice that my trade in the script is almost minimal i.e.,

grossbuy % is merely 0.66 and Net Trade % to total trade is only 0.03, Such minimal % of trade cannot be reason of price rigging.(Para 6.1/2/3)

I have done my trading through my Broker namely Emkay Global Services Ltd. on offline trade and it is a fact that in electronic online trading no one knows who is the buyer and seller at any particular time. However, I am providing the details of my bought and sale quantity on the dates on which I was alleged to have carried synchronized trading.(7.1-2)

Your Good self has given me the data mentioned in your Notice para No.8 which shows that my trade is only 0.39% and LTP diff Rs. 0.1 which is just minimal. However I strongly deny that I have not done any synchronized trading.

It may be observed that the average price at which the shares were bought was Rs. 124.67(excluding STT and other charges) and the sale price was Rs. 127.51 (excluding STT and other charges) for the investigating period.

In Para no. 10, it may kindly be noted that my name is not mentioned which proves that I have not indulged in Malpractice trading.

Similarly in Para No.11 also my name is not mentioned which again proves that there was fraud committed by me.

I have given details of my sale and purchase in the particular scrip date wise and all trade was done according to the market condition. I have not carried out any trade with any mala fide intention. As per the data provided in your notice my Net positive LTP is just 0.06%, which cannot make me responsible for anything wrong.

There is only one trade in my name in para no. 13 of your Notice which cannot help for any fraudulent trading.

Your Good self has alleged me for violation of various sections of SEBI's regulation and I strongly deny as being small and normal investor and always done my trade/investment as per the rules and regulations of the Exchanges.

I have given all details of my sale and purchase of this particular scrip for the investigation period and got all my accounts audited and paid taxes on whatever profit and loss I have made in my trading and investment activities. I am enclosing hereto the same for your reference.

I have also made an appeal in SAT against the order of the adjudicating officer in the said cases mentioned in your notice.

It may be noted from the statement enclosed at Annexure-C that during the said period there were several other persons who had traded in the scrip who are neither connected to us one associated with us. There are several FII mutual funds who had traded in the scrip.

It may kindly be noted that the price of the scrip during the said period has ranged between Rs. 100.00 to Rs.155.00. The price had risen to the levels of Rs. 246-250 after the said period. I had not bought nor sold the said shares during that period. (BSE and NSE Daily Report attached herewith).

From the above, it may be observed that the trading in shares on my behalf was based on the factors which are normally taken into account while any investor would consider at the time of taking a decision to invest his money in any scrip in the market.

As already informed to you I am a regular trader in the capital market since 5-6 years and have been following the rules and regulations prescribed by SEBI in this regard.

I reiterate that I or my family members were never a party to any group and for any price rigging of the scrip.

Hence, I submit that the allegations made by you in your notice dated 27th February 2015 are false, baseless and untrue and we have not violated any of the provisions of SEBI (Prohibition of Fraudulent and Unfair trade Practice relating to securities Market),2008.

I therefore, request you to take the above on record and drop the allegations made against me.”

9. In order to conduct an inquiry as per Rule 4(3) of the Adjudication Rules, the Noticees were granted an opportunity of hearing on June 29, 2015 vide hearing notice dated June 08, 2015. The Noticee 1 - Sajjan appeared in person and on

behalf of himself, Noticee 2 - Sunita and Noticee 3 - Govind for hearing. The Noticee 3 - Sajjan requested for one month time to submit their reply to the SCN & for personal hearing and the same was acceded to. Authorised Representatives (AR) appeared on behalf of Noticee 4 – Dhirajlal, Noticee 5 – Sagar and Noticee 6 - Ashik at hearing and requested for one month time, which was acceded to. The Noticee 7 - Babubhai did not appear for the hearing.

10. In the interest of natural justice, another opportunity of hearing was granted to the Noticees on August 04, 2015 vide hearing notice dated July 09, 2015. The AR appeared on behalf of the Noticees 1 to 3 (viz. Sajjan, Sunita and Govind) and reiterated the submissions made vide letters dated July 22-23, 2015, and requested to grant time till August 10, 2015 to submit additional reply. The AR appeared on behalf of the Noticee 4 to 6 (viz. Dhirajlal, Sagar and Ashik) and reiterated the submission made vide letter dated July 23, 2015. The Noticee 7 - Babubhai failed to appear for the second opportunity of hearing. The AR of Noticees 1 to 3 (viz. Sajjan, Sunita and Govind) vide letters dated August 10-11, 2015 made additional submissions in the matter. The AR on behalf of the Noticees 4 to 6 (viz. Dhirajlal, Sagar and Ashik) made their additional submissions vide letters dated August 09-14, 2015.

11. Consequent to transfer of the proceedings, a fresh opportunity of hearing was granted to all the Noticees on October 10, 2017 vide hearing notice dated September 14, 2017. The Noticee 1 - Sajjan on behalf of himself, Noticee 2 – Sunita and Noticee 3 - Govind requested to reschedule the hearing on October 25, 2017, which was acceded to. The AR for Noticee 4 to 6 (viz. Dhirajlal, Sagar and Ashik) vide email dated October 10, 2017 requested to reschedule the hearing on October 25, 2017, which was acceded to. The hearing notice dated September 14, 2017 sent to the Noticee 7 - Babubhai returned undelivered with a remark 'not known'. The Noticee 7 - Babubhai vide letter dated September 27, 2017 stating the same address as stated in hearing notice dated September

14, 2017 requested to reschedule the hearing to October 25, 2017. The request of Noticee 7 - Babubhai was acceded to vide letter dated October 09, 2017. However, the letter returned undelivered with a remark 'not known'.

12. The Noticee 1 - Sajjan for himself and for Noticee 2– Sunita and Noticee 3 - Govind appeared for hearing on October 25, 2017 and reiterated their earlier submissions and submitted additional submissions vide letters dated October 23-25, 2017. The AR for the Noticees 4 to 6 (viz. Dhirajlal, Sagar and Ashik) appeared for hearing on October 25, 2017 and reiterated the earlier submissions and submitted additional submissions vide letters dated October 23-25, 2017.

13. Thereafter, the matter was transferred to the undersigned and in the interest of natural justice, an opportunity of hearing was provided to the Noticees on March 19, 2018 vide hearing notice dated March 05, 2018. The hearing notices were served on the Noticees 1 to 6 (viz. Sajjan, Sunita, Govind, Dhirajlal, Sagar and Ashik) in terms of the Adjudication Rules. The hearing notice to Noticee 7 – Babubhai returned undelivered and could not be affixed at the last known address. The Noticee 1 - Sajjan for himself and for Noticee 2 – Sunita and Noticee 3 - Govind appeared for hearing on March 19, 2018 and reiterated their earlier submissions and submitted additional submissions vide letters dated March 19, 2018. The AR for the Noticees 4 to 6 (viz. Dhirajlal, Sagar and Ashik) appeared for hearing on March 19, 2018 and reiterated the earlier submissions and submitted additional submissions vide letters dated March 19, 2018. I note from the additional submissions made by the Noticees that the content of the said submissions is similar to the replies of the Noticees referred earlier.

14. A newspaper publication was made on May 08, 2018 intimating Noticee 9 – Babubhai about the change in the Adjudicating Officer and granting of hearing

opportunity on May 28, 2018. However, the Noticee 9 – Babubhai failed to avail of the hearing opportunity on May 28, 2018.

CONSIDERATION OF EVIDENCE AND FINDINGS

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

- (a) Whether the Noticees were connected with other members of the group as alleged?
- (b) Whether the Noticees (viz. Sajjan, Sunitad, Govind, Dhirajlal, Sagar, Ashik and Babubhai) had executed synchronised and reversal trades with other connected Noticees of the group thereby contributed in creation of artificial volume has violated the Provisions of Regulation 3 (a)(b)(c)(d) and 4(1) 4(2) (a) and (g) of SEBI PFUTP Regulations?
- (b) Whether the Noticees have repeatedly violated Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a), (b), (e) and (g) of PFUTP Regulations?
- (c) Does the violations, if any, on the part of the Noticees attract monetary penalty under sections 15HA respectively of SEBI Act?
- (a) If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in section 15J of SEBI Act?

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

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

- (a) buy, sell or otherwise deal in securities in a fraudulent manner;*
- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*
- (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

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

(b) dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;

(c) advancing or agreeing to advance any money to any person thereby inducing any other person to offer to buy any security in any issue only with the intention of securing the minimum subscription to such issue;

(d) paying, offering or agreeing to pay or offer, directly or indirectly, to any person any money or money's worth for inducing such person for dealing in any security with the object of inflating, depressing, maintaining or causing fluctuation in the price of such security;

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

(f) publishing or causing to publish or reporting or causing to report by a person dealing in securities any information which is not true or which he does not believe to be true prior to or in the course of dealing in securities;

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

(h) selling, dealing or pledging of stolen or counterfeit security whether in physical or dematerialized form;

(i) an intermediary promising a certain price in respect of buying or selling of a security to a client and waiting till a discrepancy arises in the price of such security and retaining the difference in prices as profit for himself;

(j) an intermediary providing his clients with such information relating to a security as cannot be verified by the clients before their dealing in such security;

(k) an advertisement that is misleading or that contains information in a distorted manner and which may influence the decision of the investors;

(l) an intermediary reporting trading transactions to his clients entered into on their behalf in an inflated manner in order to increase his commission and brokerage;

(m) an intermediary not disclosing to his client transactions entered into on his behalf including taking an option position;

(n) circular transactions in respect of a security entered into between intermediaries in order to increase commission to provide a false appearance of trading in such security or to inflate, depress or cause fluctuations in the price of such security;

(o) encouraging the clients by an intermediary to deal in securities solely with the object of enhancing his brokerage or commission;

(p) an intermediary predating or otherwise falsifying records such as contract notes.

(q) an intermediary buying or selling securities in advance of a substantial client order or whereby a futures or option position is taken about an impending transaction in the same or related futures or options contract.

(r) planting false or misleading news which may induce sale or purchase of securities.

17. It was observed that Noticees along with other members of the group have altogether purchased 53,00,722 which amounted to 32.68% of the total market and sold 52,93,999 which amounted to 32.64 % of the total market on NSE. Similarly, Noticees along with other members of the group have altogether purchased 52,11,071 shares of the company which accounted for 30.32% of

total market volume and sold 50,46,530 shares which accounted for 29.36% of total market volume on BSE.

18. Investigation observed that a group of clients, who were connected to each other, were the major clients dealing in the scrip during the investigation period.

The basis of connection was observed as follows:

Sr. No.	Name	Address	Phone	Email	Connections
1	Dhirajlal V Sanghvi HUF (Dhirajlal)	No A-14 Tirthbhumi Apartments Near LalGarden Ellisbridge Ahmedabad Gujrat India 380006	9825317172 079-26565266	Sanghvinca@gmail.com	Common address with Sr. No. 2,3 and father of Ashik & Sagar Sanghvi; Director in Sanghvi Fincap Ltd (common with Sr. No. 4); Common Phone No. with Sr. No. 3,4,5,6,7,8.
2	Sagar D Sanghvi (Sagar)	No A-14 Tirthbhumi Apartments Near Lal Garden Ellisbridge Ahmedabad Gujrat India 380007	9979150828	Sanghvinca@gmail.com	Son of Dhirajlal Sanghvi Common address with 1 and 3, common email id. Authorised Sajjankumar Nanwal (sr.no 4) to trade a/c with HSBC and mentioned as cousin in the authorisation letter.
3	Ashik D Sanghvi (Ashik)	No A-14 Tirthbhumi Apartments Near Lal Garden Ellisbridge Ahmedabad Gujrat India 380008	9825317172	Sanghvinca@gmail.com	Common address with Sr. No. 1, 2; Son of Dhirajlal Sanghvi; common phone No. with Sr. No. 1,3,4,5,6,7,8
4	Sajjankumar Nanwal (Sajjan)	D 176, Padmavati Society, Naroda, Ahmedabad Gujarat India 382330	9376017172, 079-26565266	Sajjan_kumar36@yahoo.com	Authorised person of Sagar Sanghvi, Common directorship with Sr. No. 1 in Sanghvi Fincap, Ltd, common address with sr.no 5,6,7. and common emailid with Sr.no 5,6,7. Accountant of Babubhai Desai sr.no 8 and common phone No. with Sr. No. 1,3,4,5,6,7,8
5	Sunitadevi Sajjan Nanwal (Sunita)	D 176, Padmavati Society, Naroda, Ahmedabad Gujarat India 382331	9825317172 079-26565266	Sajjan_kumar36@yahoo.com	Wife of Sajjan Nanwal, common address with 5,6,7, common phone No. with Sr. No. 1,3,4,5,6,7,8
6	Govindkumar Varma (Govind)	D 176, Padmavati Society, Naroda, Ahmedabad Gujarat India 382332		sajjan_kumar36@yahoo.com	Brother of Sr. No. 4; Common address with Sr. No. 4, 5,7; common email Id with sr.no 4,5, &7. and common phone No. with Sr. No. 1,3,4,5,6,7,8
7	Vishu Enterprise through Vishwanath Varma	D 176, Padmavati Society, Naroda, Ahmedabad Gujarat India 382333	9825317172	Sajjana_kumar36@yahoo.com	Common address with Sr. No. 4,5,6; Common Phone No. with Sr. No. 1,3, 4, 5,6 &8 common mail id l with Sr. No 4,5,& 6
8	Babubhai Desai (Babubhai)	Rabari Vasahat, Nava Vadaj, Ahmedabad, Ahmedabad Gujarat India 380016	9825317172, 079-26565266		Sajjankumar is accountant. common phone No. of Sr. No. 1,3,4,5,6&7.

9	Antala Real Broking & mpex Pvt Ltd (Antala)	D79, Azad medanRoad Near Shiv mandir, Kubern nagar, Ahmedabad, Gujarat 382340	982409842 2 992535832 6	antalarealbroking@gmail.com	Babubhai Desai(sr.no 8) is the director of the company.
---	---	---	----------------------------------	--	---

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

- (a) The Noticee 1 - Sajjan has submitted that he was working as an accountant with Noticee 4 – Dhirajlal. Being the accountant, Noticee 4 – Dhirajlal also inducted the Noticee 1 - Sajjan on the board of Sanghvi Fincap Ltd and the Noticee 1 was not the promoter director of the said company. Further, the Noticee 1 - Sajjan was looking after the accounts of Shri. Dhirajlal V. Sanghvi's entire family, and therefore mobile number of Noticee 1 – Sajjan was being given in the account opening form (KYC). The Noticee 1 – Sajjan, further, submitted that his mobile number was mentioned in the form of Noticee 7 - Babubhai just to access back office of the broker for account purposes only.
- (b) The Noticee 2 - Sunita has submitted that her husband used to look after her investments activities and as such Noticee 1 – Sajjan's telephone number has been given for the contact purposes.
- (c) The Noticee 3 - Govind has submitted his brother Noticee 1 - Sajjan used to look after his investment activities as per his instructions and as such Noticee 1 – Sajjan's telephone number has been given for contact purposes and beyond this he does not have any connection with any of the other Noticees.
- (d) The Noticees 4 to 6 (viz. Dhirajlal, Sagar and Ashik) have submitted that Noticee 1 - Sajjan is an employee of their company, who takes care of our accounts and as such for convenience sake his phone number was given for collecting the details of the transactions. There is no other connection between Noticee 1 and Noticees 4 to 6 (viz. Dhirajlal, Sagar and Ashik). They further submitted that the address of Noticee 7 -

Babubhai is mentioned as No.A14 Tirthbhumi Apartments, Near Lal Garden, Ellisbridge, Ahmedabad, on page No.1 of the SCN. However, on page No.4 it is mentioned as Rabari Vasahat, Nava Vadaj, Ahmedabad-380016, which is also the address as per the KYC documents enclosed to the SCN and hence, they do not have any connection with the other Noticees. They submitted that they carried on trading activities offline themselves through M/s HSBC Direct invest Limited and had online transactions with M/s Arihant Capital Services Limited and their trust carries online trading through M/s MTL Share and Stock Brokers Limited for BSE and Master capital Services Limited for NSE. The said Noticees further submitted that each one of them had their own terminal and they carry out trading on their own. Their investments have always been on long term basis. Hence, they have submitted that merely because the phone number is common for some of the Noticees it cannot be construed that we have been acting in concert or trading together.

- (e) The Noticee 7 - Babubhai has submitted that the address is mentioned in SCN is correct but was being sent on wrong address. The Noticee 7 - Babubhai submitted that he did not have any connection with the other Noticees mentioned in the SCN. He is a Director of M/s Antala Real Broking & Impex Pvt. Ltd., but his trading/ Investment is absolutely in his individual capacity and based on his personal decisions. The Noticee 1 - Sajjan's mobile number was only given to access back office of broker's site and get trade details only for the purpose of preparing his accounts.

20. I observe from the replies of the Noticees that they have not denied the basis of connection such as common address, common telephone numbers and the other relations appearing in the SCN. However, they have stated different objects/ purpose of the common address, common telephone numbers, etc. I

note that the Noticee 1 – Sajjan is the authorized person of Noticee 5 – Sagar to trade account with HSBC and as per the investigation report, he has been mentioned as cousin in the authorization letter. I also note that the Noticee 7 – Babubhai is the director of one of the group members - Antala. 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* 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.”

21. Further 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.”

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

23. The next issue for consideration is whether the Noticees have violated the Provisions of Regulation 3 (a), (b), (c), (d) and 4(1), 4(2) (a) and (g) of PFUTP Regulations by executing synchronised and reversal trades with other Noticees of the connected group and contributed in creation of artificial volume in the scrip of the company.
24. It is observed from the order log and the trade log that the Noticees along with other group entities have altogether purchased 53,00,722 shares of the company which accounted for 32.68% of total market volume and sold 52,93,999 shares which accounted for 32.64% of total market volume on NSE. Further, the Noticees along with other group entities have traded for 33,76,156 shares on NSE among themselves, which was 63.69% of their total purchase quantity and 63.77% of their sale quantity on NSE. Similarly, Noticees along with other group entities have altogether purchased 52,11,071 shares of the company which accounted for 30.32% of total market volume and sold 50,46,530 shares which accounted for 29.36% of total market volume on BSE. Further, the Noticees along with other group entities have traded for 30,23,465 shares on BSE among themselves, which was 58.02% of their total purchase quantity and 59.91% of their sale quantity on BSE.
25. I observe from the replies of the Noticees that they have *inter alia* stated that the company's performance was good and the company had announced many developments, which caused the price and volume rise in the scrip of 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 to around 30% of the total buy and sell volume in the scrip during the IP. Such a high volume of trading by the Noticees along with other group entities in the scrip cannot be justified only on the basis of the performance and announcements made by the

company. As noted earlier, the average volume of shares traded in the scrip of Kavveri during the IP increased to 1,13,833 shares from 76,302 shares in the immediate 3 – month period before the start of IP. The average volume of shares traded decreased to 1,00,062 in the immediate quarter after the IP.

26. I note that the Noticees 1 to 6 (viz. Sajjan, Sunita, Govind, Dhirajlal, Sagar and Ashik) have stated in their replies that they were holding shares of the company even prior to the IP. In this respect, I observe from the data submitted by NSDL and CDSL, vide their respective emails dated June 29, 2018, that only three of the Noticees were holding shares of the company at the start of IP (i.e., opening stock as on June 01, 2010):

S. No.	Name	No. of shares held at the start of IP
1	Babubhai Desai	2
2	Govind Kumar Varma	19060
3	Sagar D Sanghvi	3147

I observe from the above table that the quantum of shares held by the above 3 Noticees is miniscule when compared to the overall buy and sell volume of the Noticees during the entire investigation period. In view of the same, it is difficult to make a meaningful conclusion that the said shares were only used for trading during IP.

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

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

28. Entity wise synchronised trade details of the Noticees along with members of the group on NSE are given in tabular form as under:

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

It is observed from the above table that, 58.41% of the trading amongst the group was synchronized which accounts for 12.16% of the market volume in NSE. The entity wise synchronized trades are approximately in the range of 20% to 71% of their individual traded volume.

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

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

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

Name of entity	No sync Trade	Synchronised Qty	% of Client Synchronized Vol. to Client's Total Vol	% of Client Synchronized Vol. to Mkt. Vol
Sajjan	23	71,023	59.91	0.41
Govind	62	1,94,547	56.01	1.13
Babubhai	18	50,407	45.41	0.29
Antala	168	5,63,787	42.77	3.28
Sagar	52	1,30,219	36.07	0.76
Sunita	9	35,050	26.58	0.2
Ashik	17	43,448	24.41	0.25
Dhirajlal	74	2,70,514	23.04	1.57
Vishu	85	2,43,546	16.56	1.42
Total	508	16,02,541	53	9.32

It is observed from the above table that, 53% of the trading amongst the Noticees group was synchronized which accounts for 9.32% of the market volume in BSE. The entity wise synchronized trades are approximately in the range of 16% to 60% of their individual traded volume.

31. I note from the replies of the Noticees that:

- (a) The Noticees 1 to 3 (viz. Sajjan, Sunita and Govind) have submitted that they transacted on a screen based trading in which they do not know who is the buyer or seller of the shares. There was no buying and selling inter se amongst the Noticees nor have they colluded with any of the other parties to create an artificial volume to deceive any investor. Further, they have also submitted that during the trading on the screen it is not possible to know the shares sold by them are the same shares bought by the other persons and vice versa. They have further submitted that all the transactions were carried out on delivery basis and they were as per the norms of trading and there was never an intention to carry on synchronized trading and if the trading is carried with an intention of no actual delivery of the shares traded then it becomes a synchronized trading.
- (b) The Noticees 4 to 6 (viz. Dhirajlal, Sagar and Ashik) have submitted similar replies on synchronised trading. The said Noticees submitted that each of them have their own terminal and they carried out trading on their own. Their investments have always been on long term basis. They have submitted in respect of para No. 6 to 6.3 of the SCN that the total quantity traded by them were all delivery basis on BSE and NSE respectively. They have also enclosed statement showing details of the purchase and the sale of shares made by them and stated that that there was no squaring off but there has been genuine trading in the stock. In respect of paras 7 to 7.2 of the SCN the Noticee submitted that, in case of online trading, they fail to understand how it was possible to trade amongst each other when the

trades are from different brokers. Further, they failed to understand when there are lakhs of shares being traded, how is it possible to identify that the shares sold by them are the same shares purchased by one of the Noticees and vice-versa since there have been several transactions. Hence, the said Noticees have submitted that the said allegation is false and baseless. They have stated that the brokers through whom they have traded are totally different from others. As such there is no possibility of any synchronized trading and the said allegations are not correct.

- (c) The Noticee 9 – Babubhai has stated that the data mentioned in paragraph 8 of the SCN shows that his trade is only 0.39% of the market volume, which is minimal.

32. I note from above that the Noticees have denied the allegation of synchronized trading levelled against them in the SCN. However, I also note that the synchronized trading volume given in the tables in para 28 and 30 show that more than half of the trading between the group members was synchronised. Had there been no synchronization of trades; the trades would not have matched repeatedly on a number of occasions across many days. The fact that such transactions took place repeatedly over a period of time reinstates the fraudulent nature of such trades. I also note that the Noticees had made purchase and sale transactions in the scrip on the same day on multiple occasions during the IP, which negates the Noticees' claims that all of their transactions in the scrip were delivery based.

33. Hence, I find that the submissions of the Noticees are not tenable and that they have created artificial volume in the scrip of the company at BSE and NSE by acting in concert with each other. Thus, they have created an artificial demand in the scrip and gave false or misleading appearance of trading in the securities market with respect of the scrip. In this respect, I place reliance on the ratio given in 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.”

34. I also place reliance on the ratio decided in *Hon'ble SAT Judgment* in the matter of *Nabera group namely Sparkline Mercantile Co. Pvt. Ltd. Vs SEBI* decided on 16.01.2012 (See *Supra* at para 15). 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.”

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

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

36. The details of reversal trades executed by the Noticees 1, 3, 4, 5 and 6 (viz. Sajjan, Govind, Dhirajlal, Sagar and Ashik) and other members of the group on BSE are given below:

PAN 1 Client Name	PAN 2 Client Name	Qty. (PAN 2(Sell) to PAN 1(Buy))	Qty. (PAN 1(Sell) to PAN 2(Buy))	% of Reversal Qty. to mkt vol	Sum Of Reversal Qty	No. of Reversal trades	No. of days of Reversal trades
Dhirajlal	Antala	27,053	11,700	0.05	8,037	35	6

Dhirajlal	Govind	3,426	1,950	0.01	1,950	2	1
Dhirajlal	Vishu	35,788	58,907	0.09	14,532	40	10
Antala	Govind	2,000	9,156	0.01	2,000	11	1
Antala	Vishu	72,377	26,237	0.11	18,856	57	13
Antala	Ashik	6,501	7,449	0.03	4,451	15	3
Antala	Sagar	3,000	2,457	0.01	2,457	6	1
Sajjan	Vishu	334	1,000	0.00	334	4	1
Govind	Sagar	3,988	2,000	0.01	2,000	2	1
Vishu	Ashik	1,774	311	0.00	311	6	1
Vishu	Sagar	5,348	300	0.00	300	16	1
Total		1,61,589	1,21,467	0.32	55,228	194	39

37. I note from the replies of the Noticees that:

- (a) The Noticees 1 to 3 (viz. Sajjan, Sunita and Govind) have submitted that they do not know who is the buyer or seller of the shares in the transactions done by them and they have not indulged in any reversal trade as stated in the SCN. Further, the table given in the SCN under point no 9.1 and 9.2 also shows that the number of shares traded as reversal trade at BSE and NSE are very nominal.
- (b) The Noticees 4 to 6 (viz. Dhirajlal, Sagar and Ashik) have submitted that they fail to understand how this conclusion could have been drawn. Even if we presume that such a trade has occurred, the number of shares shown under reversal trades in NSE and BSE are 88,353 and 55,228 equivalent to 0.54% and 0.32% to the market volume of trading respectively, which is insignificant and cannot have any impact neither on the volume of shares being traded nor on the price at which they are traded. When a trading takes place on the screen, there is a possibility of a match between shares purchased by an individual and the shares sold by another. This does not necessarily should be construed as reversal trade or group trading in order to influence the market in respect of the volume or the price. They once again state that the conclusion that there have been reversal trades is not correct. They have also submitted that their name does not figure in the list of reversal trades which again shows that there has never been a trading with connivance.

38. I observe from the investigation report and trade log that the total trade quantity for 88,353 shares got matched through 571 reversal trades on NSE in respect

of the members of the group including the Noticees 2 to 6 (viz. Sunita, Govind, Dhirajlal, Sagar and Ashik) . Similarly, trades for 55,228 shares were matched through 194 reversal trades on BSE in respect of the members of the group including the Noticees 3 to 6 (viz. Govind, Dhirajlal, Sagar and Ashik) . In view of the same, I find that the Noticees 2 to 6 (viz. Sunita, Govind, Dhirajlal, Sagar and Ashik) have entered into reversal trades in scrip of the company. I note that the investigation report states that reversal transactions among the group entities is not a substantial part of the total trading amongst themselves. However, these trades have to be looked in conjunction with the synchronized trades done by the Noticees. Further, in case of *Galaxy Broking Ltd V SEBI (Appeal No.3 of 2010)* dated January 29, 2010 Hon'ble SAT had held that:

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

39. In view of the foregoing, I am of the view that the allegation against the Noticees that they had contributed in creation of artificial volume by executing synchronized / reversal trades or both with other members of the group is established. I also observe that it was stated in the SCN that the Noticees had entered into self trades during the investigation period. However, I note from the investigation report that no adverse inference has been drawn from these trades. Further, the SCN does not allege creation of artificial volume by the Noticees through self trades.

40. I also note that it was stated in the SCN that SEBI had initiated adjudication proceedings in respect of Noticees in the scrips of Nakoda Textiles India Limited, Gayatri Projects Limited, Nandan Exim Limited and Trimurthi Drugs and Pharmaceuticals Limited and the Adjudicating Officer vide order dated January 28, 2014 had imposed penalty of Rs 5 Crore on the above Noticees for violation of section 12A(a), (b) and (c) of the SEBI Act, 1992 read with Regulation 3(a), (b), (c) and (d) and 4(1), (2)(a) of PFUTP Regulations. Hence, it was alleged in

the SCN that the Noticees had repeatedly violated SEBI Act and PFUTP Regulations. I observe that the said order of the Adjudicating Officer was challenged in the Hon'ble SAT by the above Noticees. The Hon'ble SAT, vide order dated February 15, 2016, had set aside the said adjudication order dated January 28, 2014 and remanded the case to the Adjudicating Officer to be adjudicated afresh. In view of the same, the adjudication proceedings were initiated afresh and the Adjudicating Officer vide order dated July 31, 2017 imposed the following penalty on the Noticees in the said matter:

S. No.	Name of the Noticee	Penalty (in Rs.)	Violations	Penal Provisions
1	Dhirajlal V Sanghvi HUF	1,20,00,000/- (Rupees One Crore Twenty Lakh Only)	Section 12A(a), (b), (c) of the SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1) and 4(2)(a), (g) & (e) of the PFUTP Regulations, 1992	Section 15HA of the SEBI Act, 1992
2	Shri Sagar Sanghvi	9,60,000/- (Rupees Nine Lakh Sixty Thousand Only)	Section 12A(a), (b), (c) of the SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1) and 4(2)(a) of the PFUTP Regulations, 1992	Section 15HA of the SEBI Act, 1992
3	Shri Ashik Sanghvi	52,95,000/- (Rupees Fifty Two Lakh Ninety Five Thousand Only)		
4	Shri Sajjankumar Nanwal	17,85,000/- (Rupees Seventeen Lakh Eighty Five Thousand Only)		
5	Ms. Sunitadevi Nanwal	7,30,000/- (Rupees Seven Lakh Thirty Thousand Only)		
6	Shri Govindkumar Varma	32,10,000/- (Rupees Thirty Two Lakh Ten Thousand Only)		
7	Shri Babubhai Desai	7,65,000/- (Rupees Seven Lakh Sixty Five Thousand Only)		

41. In view of the above, I am of the view that the allegation of repeated violation of Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a), (b), (e) and (g) of PFUTP Regulations is established against the Noticees.

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

SEBI Act, 1992

Penalty for fraudulent and unfair trade practices.

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

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

“Factors to be taken into account by the adjudicating officer.

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

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

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

(c) the repetitive nature of the default.

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

44. From the foregoing, it has been established that the Noticees 1 to 7 (viz. Sajjan, Sunita, Govind, Dhirajlal, Sagar, Ashik and Babubhai) have committed the following trading violations:

S. No.	Name	Violation
1	Sajjan	Synchronised and reversal trades
2	Sunita	Synchronised and reversal trades
3	Govind	Synchronised and reversal trades
4	Dhirajlal	Synchronised and reversal trades
5	Sagar	Synchronised and reversal trades
6	Ashik	Synchronised and reversal trades
7	Babubhai	Synchronised trades

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

45. The defaults of the Noticees 1 to 7 (viz. Sajjan, Sunita, Govind, Dhirajlal, Sagar, Ashik and Babubhai) are repetitive in nature. I find from the material on record that the loss caused to an investor or group of investors as a result of the said defaults cannot be quantified. As per the investigation report, the Noticees along with other members of the group have made the following profit / loss during the investigation period in the scrip of Kavveri:

Client Name	Profit/Loss on NSE (INR)	Profit/Loss on BSE (INR)	Total Profit / Loss (INR)
Dhirajlal	-12,11,927	42,32,766	30,20,839
Antala	35,02,825	36,659	35,39,484
Sajjan	1,26,717	5,09,296	6,36,013
Sunita	5,28,626	1,43,987	6,72,613
Govind	6,68,803	-6,90,693	-21,890
Vishu	-14,73,105	-3,85,848	-18,58,953
Babubhai	2,52,018	2,44,150	4,96,168
Ashik	-28,340	3,93,529	3,65,189
Sagar	2,87,598	12,89,221	15,76,819
Total	26,53,215	57,73,067	84,26,282

I note from the documents available on record that the above calculation is based on the formula: Profit / Loss = (Squared-off quantity) x ((Wt. Avg. Sell

Price) – (Wt. Avg. Buy Price)). The “squared–off quantity” has been calculated as: Minimum of (Total Quantity bought during the investigation period, Total Quantity sold during the investigation period). I note from above profit/ loss table that the Noticee 3 - Govind has made a net loss in the scrip during the IP. However, I also note that the violations in respect of synchronised trades and reversal trades have been established against Noticee 3 – Govind.

46. I also note from the documents available on record that the cumulative self trade volume of the Noticees on NSE and BSE was as below:

S. No.	Name	Self Trade Volume
1	Sajjan	0
2	Sunita	0
3	Govind	0
4	Dhirajlal	651
5	Sagar	1
6	Ashik	1
7	Babubhai	0

I observe that the above self trade volume is very miniscule when compared with the trading volume of the Noticees and it will not have any meaningful impact on the calculation of profit / loss of the Noticees.

ORDER

47. 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 penalties under the provisions of Section 15HA of the SEBI Act on the Noticees:

S. No.	Name of the Noticee	Penalty
1	Shri Sajjankumar Nanwal	Rs. 10,00,000/- (Rupees Ten Lakh only)
2	Ms Sunitadevi Sajjan Nanwal	Rs. 15,00,000/- (Rupees Fifteen Lakh only)
3	Shri Govind Kumar Varma	Rs. 50,00,000/- (Rupees Fifty Lakh only)
4	M/s Dhirajlal Sanghvi HUF	Rs. 80,00,000/- (Rupees Eighty Lakh only)
5	Shri Sagar Dhirubhai Sanghvi	Rs. 30,00,000/- (Rupees Thirty Lakh only)
6	Shri Ashik Dhirajlal Sanghvi	Rs. 8,00,000/- (Rupees Eight Lakh only)
7	Shri Babubhai Desai	Rs. 8,00,000/- (Rupees Eight Lakh only)

48. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticees. The amount of penalty shall be paid either by way of demand draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, or by e-payment in the account of "SEBI - Penalties Remittable to Government of India", A/c No. 31465271959, State Bank of India, Bandra Kurla Complex Branch, RTGS Code SBIN0004380 within 45 days of receipt of this order.

49. The said demand draft or forwarding details and confirmations of e-payments made (in the format as given in table below) should be forwarded to "The Division Chief, Enforcement Department (EFD1-DRA II), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C -4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051":

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

50. 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 29, 2018

Place: Mumbai

**K SARAVANAN
GENERAL MANAGER &
ADJUDICATING OFFICER**