BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. EAD-2/AO/DSR/RG/675- 685/2017]

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

In respect of:

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

In the matter of

TRADING IN FOUR SCRIPS VIZ. NAKODA TEXTILES INDIA LIMITED, GAYATRI PROJECTS LIMITED, NANDAN EXIM LIMITED & TRIMURTHI DRUGS & PHARMACEUTICALS LIMITED

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1. The Hon'ble Securities Appellate Tribunal (SAT), in Appeal Nos. 81 to 90 of 2014, vide order dated February 15, 2016, while setting aside the adjudication order dated January 28, 2014,remanded the case to the Adjudicating Officer to be adjudicated afresh after taking on record fresh replies to the show cause notice from the appellants viz. Rameshbhai V Shah, Dhirajilal V Sanghvi HUF, Vishu Enterprise (Proprietorship), Sagar D Sanghvi, Ashik D Sanghvi, Sajjankumar H Nanwal, Sunitadevi S Nanwal, Govindkumar H Varma, Babubhai Desai and Sanghvi Fincap Ltd. (referred to as the 'Sanghvi Group' in the Investigation Report and hereinafter referred to by their respective names and / or collectively referred to as the Noticees); and in accordance

with lawfor the alleged violation of Section 12A(a), (b) & (c) of the SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1) & 4(2)(a), (e) & (g) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as the PFUTP Regulations) by Rameshbhai V Shah, Dhirajilal V Sanghvi HUF, Vishu Enterprise (Proprietorship) and the violation of Section 12A(a), (b) & (c) of the SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1) & 4(2)(a) by Sagar D Sanghvi, Ashik D Sanghvi, Sajjankumar H Nanwal, Sunitadevi S Nanwal, Govindkumar H Varma, Babubhai Desai and Sanghvi Fincap Ltd in the matter of trading in four scrips namely, Nakaoda Textiles India Limited (**Nakoda**), Gayatri Projects Limited (**Gayatri**), Nandan Exim Limited (**Nandan**) and Trimurthi Drugs& Pharmaceuticals Limited (**Trimurthi**).The Hon'ble SAT, inter alia,observed as under:

"*The conclusions arrived at in the impugned order are based on certain facts which are partly correct and partly incorrect. No privy or concert is shown to exist in the impugned order, which could prove the charge of acting jointly by the appellants. There has to be unambiguous and clear evidence in respect of the connection sought to be established among the ten appellants by the learned Adjudicating Officer in the impugned order. The guilt or culpability of each of the appellants has to be analyzed and established separately before holding them guilty of forming an alleged group to manipulate the price or volume in a given case. Mere common landline number or that of accountant of the appellants would not by itself convert certain entities into a group or concert who could have jointly traded in a design. It is a serious charge and hence, cogent and convincing evidence is required to be brought on record before the said charge could be proved against the appellants.*

The learned adjudicating officer has also not examined the fact that all the transactions in question which were undertaken by the appellants at the prevailing market price are screen based and delivery was duly affected after making / receiving payments by the appellants……

Therefore, keeping in view the totality of the facts and circumstances of the case and also the fact that the appellants have filed an affidavit before us to the effect that there was no alleged group as Sanghvi Group, we quash and set aside the impugned order and restore that matter to the file of the adjudicating officer to be adjudicated afresh after taking on record fresh replies to the show cause notice from the

appellants; and in accordance with law. The respondent may also bring on record the Inspection Report or extracts thereof, in support of its case before the learned Adjudicating Officer, who will consider the same after supplying a copy thereof to the appellants and pass appropriate orders in the light of the observations and discussions made hereinabove as per law expeditiously and preferably within a period of four months from today."

2. Miscellaneous Application Nos. 284 to 293 of 2016 in Appeal Nos. 81 to 90 of 2014 were filed before the Hon'ble SAT for extension of time to pass final orders in the matter. Accordingly, while disposing of the said Miscellaneous Applications, vide order dated December 09, 2016, the Hon'ble SAT was pleased to extend the time for passing orders by further 8 months.

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

" In view of the fact that in the case of the client of the Appellant namely, Mr Dhirajlal V Sanghvi HUF Vs. SEBI, the Tribunal in Appeal No. 87 of 2014 has set aside the order of the Adjudicating Officer against the said client Mr, Dhirajlal V Sanghvi HUF and remanded the matter for fresh decision on merits and in accordance with law, the counsel for the parties state that the impugned order in the present appeal may also be quashed and set aside and restored to the file of the Adjudicating Officer for passing fresh order on merits and in accordance with law .

Accordingly, the impugned order dated May 09, 2014 is set aside and restored to the file of AO for passing fresh order on merits and in accordance with law"

Notice, Reply & Personal Hearing:

4. I have been reappointed as the Adjudicating Officer under Section 15-I of the SEBI Act, 1992 read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the Adjudication Rules) to inquire into and adjudge under Section 15HA of the SEBI Act, 1992 for the alleged contraventions of the provisions of law by the 10 Noticees and under Section 15HB of the SEBI Act, 1992 for the alleged contraventions of the provisions of law by MTL. As the matter has been remanded by the Hon'ble SAT for passing of fresh order, the common show cause notice dated May 15, 2013 (hereinafter referred to as the SCN) issued to the 10 Noticees and the allegations leveled against them stand for the purpose of the present proceeding. Similarly, the SCN dated May 15, 2013issued to MTL and the allegations levelled against it in the said SCN stand for the purpose of the present proceedings. I note that the following list of documents were already provided to the Noticees along with the SCN dated May 15, 2013:

(a) Order appointing the Adjudicating Officer (Annexure I)

(b) Details with regard to the connection among the entities (Annexure II)

(c) Price Volume data and price movement data for four scrips for the period before, during and after the investigation period (Annexure III)

(d) Client – wise trading summary in each of the four scrips (Annexure IV)

(e) Details of day wise self trades of each entity and percentage to market volume (Annexure V)

(f) Individual client wise contribution to Last Traded Price (LTP) in each scrip (Annexure VI)

(g) Transaction – wise details of trades by Sanghvi Group establishing New High Price (NHP) (Annexure VII)

(h) Details of approximate profit earned together by Sanghvi Group during the investigation period (Annexure VIII)

(i) Sample trades of Sanghvi Group Clients in different scrips wherein buy orders were placed at prices above the prevailing sell order prices or previous close prices (in case of first trades) (Annexure IX)

(j) KYC documents of Sagar Sanghvi giving power of attorney of his HSBC direct trading account to Sajjankumar Nanwal received from the trading member (Annexure X)

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

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

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

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

6. Vide separate letters, all dated October 07 – 08, 2016, the 10 Noticees acknowledged the receipt of the supplementary show cause notice dated September 22, 2016 along with the abovementioned annexures and requested extension of time to file their replies to the same. However, I note that no replies were received from the said Noticees in the matter. Further, vide letters dated February 09, 15 and 21, 2017 (i.e. approximately after 5 months from the date of the Supplementary SCN), all the 10 Noticees had sought an opportunity of inspection of documents in the matter. Accordingly, acceding to the said request, vide letters dated March 29, 2017, March 31, 2017 and April 07, 2017, an opportunity of inspection of documents was granted to the said Noticees which was to be availed by them on or before April 28, 2017, May 02, 2017 & May 08, 2017. However, I note that the letter dated March 31, 2017 granting inspection of documents sent to Babubhai Desai on the address "Rabari Vasahat, Nava Vadaj, Ahmedabad – 380016" could not get delivered to the said entity and was returned undelivered with a remark "Address incomplete / Not known" despite being sent on the address as appearing on Noticee's letter head vide which a request for inspection of documents in the matter was made by the Noticee and also as appearing on the SAT order dated February 15, 2016. Similarly, the letter of inspection dated March 29, 2017 issued to Sanghvi Fincap Limited on the address "B-54, Dhaval Avenue, Behind Associated Petrol Pump, C.G. Road, Ahmedabad-

380006” could not get delivered to the said entity and was returned undelivered with a remark "Left" despite being sent on the address as appearing on Noticee’s letter head vide which a request for inspection of documents in the matter was made by the Noticee and also on the SAT order dated February 15, 2016.

7. Further, I find that vide e-mail dated May 30, 2017, Shri Ayush Agarwal, Authorized Representative for the Noticees informed that inspection of documents on behalf of Rameshbhai Vaghjibhai Shah, Dhirajlal V Sanghvi HUF, Sanghvi Fincap Ltd, Sagar Sanghvi and Ashik Sanghviwas availed by him on May 30, 2017 in the matter. In addition, vide email dated May 30, 2017, the Enforcement Department, SEBI, also informed that Shri. Ayush Agarwal, Authorized Representative for the Noticees has availed of the said opportunity of inspection of documents on May 30, 2017 and the minutes thereof are available on record. I note that Vishnu Enterprise, Sajjankumar Nanwal, Sunitadevi Nanwal and Govindkumar Varma did not avail of the said opportunity of inspection of documents despite the letters (granting the said inspection opportunity)being duly delivered to them.

8. Thereafter, in the interest of natural justice and in order to conduct an inquiry as per Rule 4 (3) of the Adjudication Rules, vide common hearing notice dated June 13, 2017, an opportunity of personal hearing was granted to all the Noticees on July 04, 2017.The hearing notices issued to all the Noticees were duly delivered except that of Babubhai Desai and Sanghvi Fincap Limited which came returned undelivered with comments “short address” and “left”, respectively. I note that on the scheduled date of hearing, Shri Prakash Shah, the Authorized Representative (AR) attended the hearing on behalf of MTL Share & Stock Brokers Limited and made oral submissions. The AR reiterated the submissions made by MTL vide its reply dated February 20, 2014. However, I note that none of the 8 Noticees viz. Rameshbhai Vaghjibhai Shah, Dhirajlal V Sanghvi HUF, Sagar Sanghvi, Ashik Sanghvi, Vishnu Enterprise, Sajjankumar Nanwal, Sunitadevi Nanwal and Govindkumar Varma, (to whom the hearing notice/s was duly delivered) attended the hearing on the scheduled date.

9. Further, vide letter dated June 28, 2017 (i.e. approximately after two months from the date of the letter granting them opportunity to inspect the documents), the Noticees viz. Vishnu Enterprise, Sajjankumar Nanwal, Sunitadevi Nanwal and Govindkumar Varma have stated that they were in receipt of the letter granting them an opportunity of inspection of documents but they could not avail the said opportunity. In view of the same, they once again have requested for inspection of documents in the matter. Similarly, vide letter dated June 28, 2017, Shri Babubhai Desai also stated that he could not avail the inspection opportunity due to certain personal difficulty and requested another opportunity to inspect documents in the matter. It may be noted that the letter granting inspection of documents sent to Shri Babubhai Desai had been returned undelivered. Therefore, I note that by replying to the same, it appears that the said Noticee has been avoiding the letters issued to him in the matter despite the same being sent on his current correspondence address. Further, vide letter dated June 27, 2017, the Noticees viz. Rameshbhai Vaghjibhai Shah, Dhirajlal V Sanghvi HUF, Sanghvi Fincap Limited, Sagar Sanghvi and Ashik Sanghvi have stated that they had availed of the inspection opportunity granted to them on May 30, 2017. However, the said Noticees stated that all the documents were not provided to them and therefore, have requested for all the relevant documents / materials in the matter.

10. I note that as per the directions of the Hon'ble SAT, all the relevant documents as mentioned in para 5 above, including the Investigation Report, have been furnished to the 10 Noticees. The Noticees have even acknowledged the receipt thereof. Further, an opportunity of inspection of documents had also been granted to the said Noticees on receipt of request letters from them which has been availed by 5 out of the 10 Noticees as mentioned above. I note that despite receiving the inspection letters, the Noticees viz. Vishnu Enterprise, Sajjankumar Nanwal, Sunitadevi Nanwal and Govindkumar Varma did not avail of the said opportunity. On perusal of the letters seeking inspection of documents by the Noticees, I also note that the documents requested by the said Noticees for inspection have already been forwarded to them vide the supplementary show cause notice dated

September 22, 2016 and therefore, I find that requesting inspection of the said documents is nothing but a tactic to delay the proceedings. Also, by not availing the inspection opportunity so granted, the Noticees have shown their negligence towards the present proceedings. Further, an opportunity of personal hearing was granted to all the Noticees which was only availed by MTL Share & Stock Brokers Limited. I find that by not availing the opportunity of hearing, despite receiving the hearing notices, the 10 Noticees have acted negligently once again and the conduct of the Noticees further indicate that they are not taking the present adjudication proceedings seriously. I even find that there is no correspondence on record to show that the Noticees, upon receipt of the said hearing notices, had sought for adjournment of the scheduled hearing before the date of the hearing.

11. In view of the above and in the light of the timeline given by the Hon'ble SAT to dispose of the present matter, I find that the written submissions made by the Noticees to the SCN dated May 15, 2013 are on record. Further, despite giving enough opportunities and time, the Noticees have failed to file their replies on the additional data so forwarded to them. By not submitting any replies to the supplementary show cause notice and personal hearing, the 10 Noticees are trying to procrastinate the adjudication proceedings initiated against them. Therefore, considering the facts and circumstances of the case, I find it fit to proceed further against the said 10 Noticees on the basis of the material as available on record in the matter.

Consideration of Issues, Evidence and Findings

12. I have carefully perused the charges leveled against the Noticees in the SCN, written submissions made by the Noticees and the material as available on record. The issues that arise for consideration in the present case are:

a. Whether Shri Rameshbhai Vaghjibhai Shah, Shri Dhirajlal V Sanghvi HUF and Vishu Enterprise have violated the provisions of Section 12A(a), (b), (c) of the SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1) and 4(2)(a), (e) & (g) of the PFUTP Regulations, 1992?

b. ***Whether Shri Sagar Sanghvi, Shri Ashik Sanghvi, Shri Sajjankumar Nanwal, Ms. Sunitadevi Nanwal, Shri Govindkumar Varma, Shri Babubhai Desai and Sanghvi Fincap Limited have violated the provisions of 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?***

c. ***Whether MTL has violated the provisions of Regulation 7 read with Clause A(1), A(2), A(3), A(4) and A(5) of the code of conduct for stock brokers as specified under Schedule II of the Broker Regulations?***

d. ***Whether the 10 Noticees at points (a) & (b) above are liable for monetary penalty prescribed under Section 15HA of the SEBI Act for the aforesaid violation?***

e. ***Whether MTL is liable for monetary penalty as prescribed under Section 15HB of the SEBI Act for the aforesaid violation?***

f. ***If so, what should be the quantum of monetary penalty?***

13. Before proceeding further, I would like to refer to the relevant provisions of law, which read as under:

Relevant provisions of SEBI Act, 1992:

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

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

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

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

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

provisions of this Act or the rules or the regulations made thereunder;

(d) *engage in insider trading;*

<u>Relevant provisions of PFUTP Regulations:</u>

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

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

(b) .....

(c).....

(d)…….

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

(f) ……

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

Relevant provisions of the Broker Regulations

Stock brokers to abide by Code of Conduct.

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

SCHEDULE II
CODE OF CONDUCT FOR STOCK BROKERS
[Regulation 7]

A. General.

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

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

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

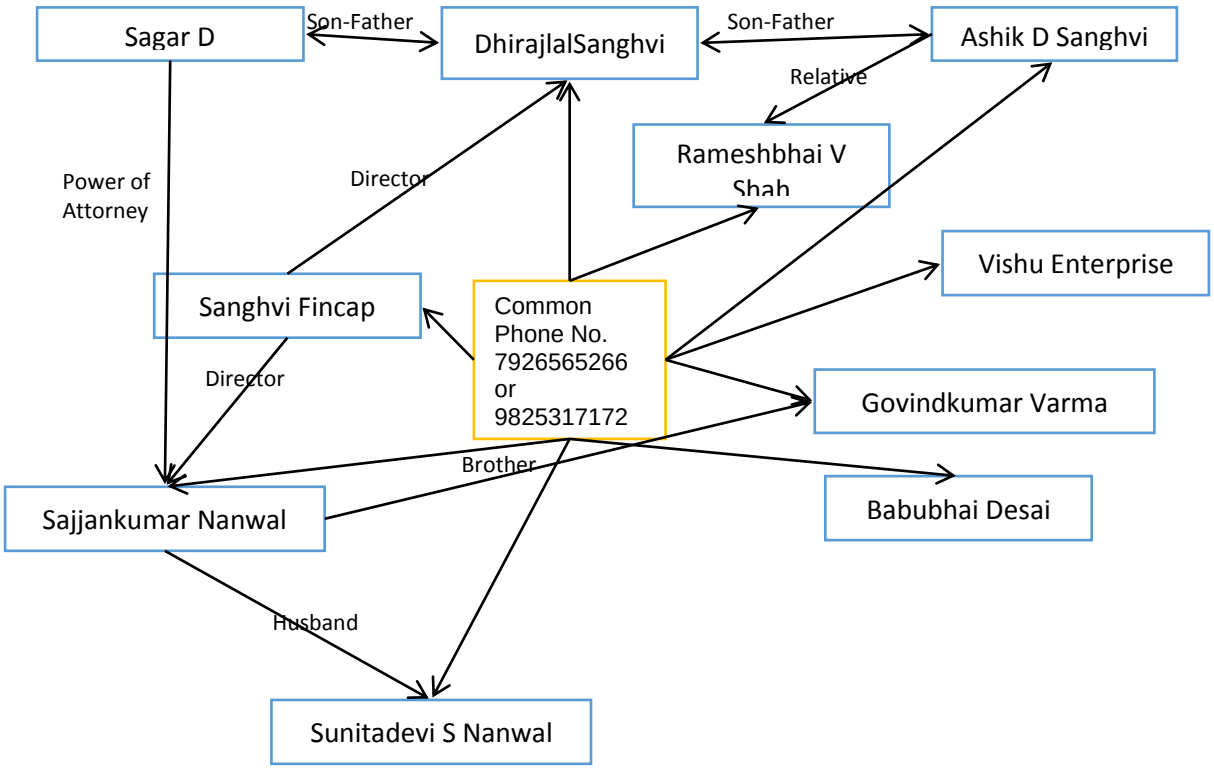
(4)*Malpractices: A stock-broker shall not create false market either singly or in concert with others or indulge in any act detrimental to the investors interest or which leads to interference with the fair and smooth functioning of the market. A stock-broker shall not involve himself in excessive speculative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

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

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

Sr. No.	Name	Address	Phone	Email	Connections
1	Dhirajlal V Sanghvi HUF	No A-14 Tirthbhumi Apartments Near Lal Garden Ellisbridge Ahmedabad Gujrat India 380006	9825317172	Sanghvifincap@gmail.com	Common address with Sr. No. 2,3 and father of Ashik, Sagar Sanghvi; Director in Sanghvi Fincap (common with Sr. No. 4); Common Phone No. with Sr. No. 3,5,7,9
2	Sagar Sanghvi	No A-14 Tirthbhumi Apartments Near Lal Garden Ellisbridge Ahmedabad Gujrat India 380007	9979150828	Sanghvifincap@gmail.com	Power of attorney to Sajjankumar Nanwal, Son of Dhirajlal Sanghvi;Common address with Sr. No. 1, 2;
3	Ashik Dhirubhai Sanghavi	No A-14 Tirthbhumi Apartments Near Lal Garden Ellisbridge Ahmedabad Gujrat India 380008	9825317172	Sanghvifincap@gmail.com	Common address with Sr. No. 1, 2;Son of Dhirajlal Sanghvi; common phone No. with Sr. No. 1,3,4,7,9
4	Sajjankumar Nanwal	D 176,Padmavati Society,Naroda, Ahmedabad Gujarat India 382330	9376017172, 7926565266, 9825317172	Sajjan_kumar36@yahoo.com	POA of Sagar Sanghvi, Common directorship with Sr. No. 1 in Sanghvi Fincap, Off-market transactions with Sr. No. 1, 5, 3, 10,
5	Sunitadevi Sajjan Nanwal	D 176,Padmavati Society,Naroda, Ahmedabad Gujarat India 382331	9825317172	---	Wife of Sajjan Nanwal, common address with 5,6,7, common phone No. with Sr. No. 1,3,4,7,9
6	Govindkumar Varma	D 176,Padmavati Society,Naroda, Ahmedabad Gujarat India 382332	9825317172; 7926565266;	---	Brother of Sr. No. 4; Common address with Sr. No. 4, 5,7; common phone No. with Sr. No. 1,3,4,7,9
7	Vishu Enterprise	D 176,Padmavati Society,Naroda, Ahmedabad Gujarat India 382333	9825317172; 7926565266	Sanghvifincap@gmail.com	Common address with Sr. No. 4,5,6; Common Phone No. with Sr. No. 1,3, 4, 5,9,10; Common email with Sr. No 1, 2,3
8	Rameshbhai Vaghjibhai Shah	19, Pancharatna Society,Ta. Vishnagar, Mahesana Mahesana Gujarat India 384315	9925358326; 7926565266; 9825317172	---	Common Phone No. with Sr. No. 4,7,9,10; Relative of Sr. 1,2, 10 - (as per entities replies)
9	Babubhai Desai	Rabari Vasahat,Nava Vadaj,Ahmedabad, Ahmedabad Gujarat India 380016	9825317172, 7926565266	---	Same Phone No. as Sr. No. 4,9,8,10; Indirect associate of Sr. no. 1,2, 10 (As per Entities replies)
10	Sanghvi Fincap Ltd.	B-54 Dhaval Avenue. Dehind Associated Petrolpump , C.G Road, Ahmedbabd Ahmedabad Gujarat India 380006	7926565266	---	Directors - Dhirajlal, Sajjankumar; Same Phone No. as 4,7,8,9; Indirect associates with Sr. No. 9,10 as per own reply

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



15. Upon analyzing the trading of the top 10 clients and top 10 brokers in the four scrips, it was observed thatthe top 10 buy/sell brokers had accounted for more than 40% of the total quantity traded during the investigation period for all the scrips.In Nakoda and Nandan, the top 10 buy/sell clients had accounted for around 50% of the market volume, while in Gayatri the volume of top 10 clients contributed to around 30% of the market volume. In Trimurthi, the top 10 client concentration was the highest at around 60% the market volume.It was observed that in all the four scrips,at least 5 of the Sanghvi Group clients featured in the top 10 clients list.Following is the scrip-wise trading summary of the 10 Noticees i.e. the Sanghvi Group entities during investigation period:

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

16. From the above table, it was observed that the Sanghvi Group had contributed significantly (between 17.67% and 59.67%) to the market volume of the said scrips during the investigation period. Out of these trades, about 25% of market volume in Nakoda and about 28.5% of market volume in Trimurthi was due to trades executed among the entities belonging to Sanghvi Group.

17. It was further observed that during the investigation period, the Sanghvi Group i.e. the 10 Noticees had indulged in synchronized trades,i.e. where the buy and sell order quantity and rate were identical and orders for these transactions were placed within time gap of one minute, in all the four scrips. The details of the synchronized trades in the four scrips is as under:

ScripName	Market Volume	Sync Trade Volume	Sync Trade volume within the Group	% to Market	Sync Trade LTP within Group
Nakoda	2,25,48,566	35,41,121	25,27,969	**11.21%**	**3.65**
Nandan	9,05,21,616	24,27,811	1,22,648	**0.14%**	**0**
Trimurthi	1,60,42,702	15,37,744	6,78,704	**4.23%**	**8.27**
Gayatri	92,62,632	9,59,073	3,00,776	**3.25%**	**2.6**

18. It was observed that the Sanghvi Group, by indulging in synchronized trades, had contributed to the market volumes in the said four scrips between 0.14% and 11.21%. The Sanghvi Group was observed to have contributed significantly i.e. 11.21% to the market volume in the scrip of Nakoda by indulging in the synchronized trades. Further, in the scrip of Trimurthi, by indulging in synchronized trades, the Sanghvi Group had affected the LTP by ₹ 8.27.

19. It was further alleged in the SCN that four Noticees from the Sanghvi Group had even indulged in self trades while trading in all the four scrips. The details of the self trades executed by the four Noticees wherein the same client appeared on both buy and sell side of the trades are as under:

Scrip Name	**Nakoda**		**Gayatri**		**Trimurthi**		**Nandan**	
Client Name	**Volume**	**No. of trades**	**Volume**	**No. of trades**	**Volume**	**No. of trades**	**Volume**	**No. of trades**
Dhirajlal V Sanghvi	2699	12	244	5	5949	10	18816	2

HUF								
Ashik Sanghvi	0	0	0	0	166	2	0	0
Vishu Enterprise	2725	14	93	4	1575	3	9150	1
Rameshbhai V Shah	337	9	147	10	3329	14	0	0

20. It was observed that the broker through whom Dhirajlal V Sanghvi HUF executed these self trades was MTL. It was observed that the Noticee, Dhirajlal V Sanghvi HUF, had executed the said manipulative trades (self trades) through the terminal of MTL and both buy and sell orders were placed through same broker and same terminal (terminal no. 3800090422001001). Details of the self trades executed in all the four scrips was annexed at Annexure V of the SCN and is reproduced as under:

Trade date	**Scrip Name**	**Self trade count**	**Self trade volume**	**Total sale trade count of the client**
09.07.2009	Nakoda	1	1	5
15.07.2009	Nakoda	1	17	20
23.07.2009	Nakoda	2	899	21
29.07.2009	Nakoda	1	2	153
05.08.2009	Nakoda	2	743	12
06.08.2009	Nakoda	1	611	62
09.09.2009	Nakoda	1	53	2
05.10.2009	Nakoda	1	83	6
10.11.2009	Nakoda	2	290	133
03.09.2009	Nandan	1	56	20
23.09.2009	Nandan	1	18760	55
27.08.2009	Trimurthi	1	3	12
31.08.2009	Trimurthi	1	284	12
10.11.2009	Trimurthi	3	2701	8
20.11.2009	Trimurthi	1	1	12
23.12.2009	Trimurthi	4	2960	5
30.09.2009	Gayatri	2	137	38
06.10.2009	Gayatri	1	15	17
04.12.2009	Gayatri	1	91	53
18.01.2010	Gayatri	1	1	44
	Total	**29**	**27708**	**690**

21. Further, the details of trades by Sanghvi Group entities as buyer, which resulted in Last Traded Price (LTP) influence are as under:

Scrip Name	Total No. of Trades	Group Total Trades	% to Market	Group No. of Trades with -ve LTP	Market -ve Trades	% to Market	Group No. of Trades with +ve LTP	Market + ve LTP trades	% to Market	Group No of trades with zero LTP	Market zero LTP trades	% to Market
Nakoda	86,962	16,134	18.55%	2,735	19,506	14.02%	4,989	18,617	**26.80%**	8,410	48,839	17.22%
Nandan	33,390	4,554	13.64%	941	5,117	18.39%	783	5,978	**13.10%**	2,830	21,354	13.25%
Trimurthi	16,475	11,183	67.88%	2,079	3,473	59.86%	2,260	2,972	**76.04%**	6,844	10,030	68.24%
Gayatri	84,779	17,486	20.63%	4,248	22,763	18.66%	6,970	22,206	**31.39%**	6,268	39,810	15.74%

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

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

23. It was observed that the Sanghvi Group had contributed significantly (44%-80%) to the positive LTP in scrips Nakoda, Gayatri and Trimurthi, whereas their contribution to positive LTP in Nandan was 15.92%. I find from Annexure VI of the SCN that the individual client-wise contribution to LTP in each of the scrip was as under:

Client Name	Scrip	Buy Qty	+ve LTP	-ve LTP	Net LTP	No. of First Trades (buy)	% +ve to Market +ve LTP
DHIRAJLAL V SANGHVI HUF	Nakoda	2597989	335.3	-218.6	116.7	29	7%
	Nandan	10018660	2.7	-10.85	-8.15	9	3%
	Gayatri	1047749	831.8	-1093.35	-261.55	9	5%
	Trimurthi	2638193	100.07	-151.98	-51.91	25	15%
RAMESHBHAI VAGHJIBHAI SHAH	Nakoda	1130548	1354.1	-215.4	1138.7	84	30%
	Nandan	1399060	9.02	-1.77	7.25	22	10%
	Gayatri	141625	5224.75	-579.5	4645.25	73	33%
	Trimurthi	1800109	309.69	-98.38	211.31	77	46%
VISHU ENTERPRISE	Nakoda	2385155	287.05	-147.15	139.9	8	6%
	Nandan	4694494	2.68	-1.71	0.97	2	3%
	Gayatri	437418	643.45	-334.5	308.95	3	4%
	Trimurthi	1537508	81.78	-50.95	30.83	8	12%
GOVINDKUMAR HETRAM VARMA	Nakoda	730181	37.4	-15.05	22.35	--	1%
	Nandan	637591	0.08	-0.02	0.06	--	0%
	Gayatri	246940	138.25	-49.6	88.65	--	1%
	Trimurthi	1211534	3.15	-3.67	-0.52	--	0%
ASHIK DHIRUBHAI SANGHAVI	Nakoda	651424	67.7	-43.35	24.35	3	2%
	Nandan	440765	0.13	-0.16	-0.03	--	0%
	Gayatri	28552	79.25	-30.6	48.65	2	0%
	Trimurthi	935242	22.2	-12.56	9.64	2	3%
SUNITADEVI SAJJAN NANWAL	Nakoda	545229	27.5	-8.1	19.4	4	1%
	Nandan	365000	0.06	-0.03	0.03	--	0%
	Gayatri	133811	69.8	-13.85	55.95	--	0%
	Trimurthi	439574	10.6	-3.55	7.05	1	2%
SAJJANKUMAR HETRAM NANWAL	Nakoda	220630	8.25	-7.95	0.3	--	0%
	Nandan	334337	0.05	0	0.05	--	0%
	Gayatri	5370	10.85	-5	5.85	--	0%
	Trimurthi	417113	2.58	-2.77	-0.19	--	0%
BABUBHAI MOHANBHAI DESAI	Nakoda	180710	10.5	-4.35	6.15	2	0%
	Nandan	205000	0.04	0	0.04	--	0%
	Gayatri	2000	0.5	0	0.5	--	0%
	Trimurthi	305569	4.44	-5.15	-0.71	--	1%
SAGAR D SANGHVI	Nakoda	256634	11.45	-3.35	8.1	1	0%
	Nandan	NA	NA	NA	NA	NA	NA
	Gayatri	5425	0.95	-4.1	-3.15	--	0%
	Trimurthi	156122	3.23	-0.37	2.86	2	0%
SANGHVI FINCP LTD	Nakoda	14000	0.35	-1.25	-0.9	--	0%
	Nandan	40000	0.02	0	0.02	--	0%
	Gayatri	NA	NA	NA	NA	NA	0%
	Trimurthi	131600	0.6	-0.35	0.25		0%

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

Scrip Name	Open	High	Low	Close	NHP (High-Open)
Nakoda	43.7	93.2	33.3	59.5	**49.5**
Nandan	2	3.23	1.45	2.63	**1.23**
Gayatri	183.5	469.4	156.1	412.55	**285.9**
Trimurthi (Before split)	31.55	52.9	23.65	51.05	**21.35**
Trimurthi (after split)	5.35	7.46	4.91	6.32	**2.11**

25. It was observed from the above table that the market NHP contribution for Nakoda, Nandan and Gayatri was ₹49.50, ₹ 1.23 and ₹ 285.90, respectively. In Trimurthi the total NHP contribution was ₹ 21.35 during the period before the stock split and was ₹ 2.11 after the stock split. The contribution made to the NHP by the Sanghvi Group i.e. the 10 Noticees while dealing in the four scrips during the investigation period is as under:

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

26. It was observed from the above table that as much as 98.48% of the NHP in Nakoda was contributed by the Sanghvi Group entities. The NHP contribution in Trimurthi was also high i.e. 75.23% and in Gayatri it was 45.47%. NHP contribution of Sanghvi Group in Nandan was low i.e. 11.38% in comparison to the other three scrips. It was alleged that Rameshbhai V Shah (30%-79%) and Dhirajlal V Sanghvi HUF (5.51%-17.27%) had contributed significantly to the NHP.

27. I find from the SCN and the investigation report that analysis of first day trades (each day) during the investigation period in each of the four scrip was carried out and it was observed that high percentage of first trades were contributed by Sanghvi Group in three scrips viz. Nakoda, Nandanand Gayatri. The first day trade details in all the four scrips during the investigation period is as under:

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

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

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

29. It was observed that almost all the NHP and LTP contribution (more than 90%) in Nakoda and Trimurthi and significant NHP and LTP in Gayatri (90% LTP and 45% NHP) has been contributed to by Sanghvi Group entities. It was observed that price was raised by Sanghvi Group entities through multiple first trades. The Order book analysis carried out during the investigation period shows that the buy orders were placed at a much higher

rate (5%-20%) than the previous close price by the Sanghvi Group entities which resulted in large LTP/ NHP contribution in each of the scrips.

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

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

32. It was observed that in the scrip of Trimurthi that Rameshbhai V Shah was increasing price through first trades (77 out of 132 total first trades) and

intraday trades, wherein buy orders were placed by him at a rate higher than previous close price/last traded price. Here too, Dhirajlal V Sanghvi HUF (25 out of 132 first trades) and Vishu Enterprise contributed to price rise both through first trades and intraday trades wherein buy orders were placed by them at a rate significantly higher than previous traded price/close price. It was noted that Dhirajlal V Sanghvi HUF's total LTP contribution was negative in Trimurthi.

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

34. It was alleged in the SCN that the Noticees by carrying out trades in the abovementioned manipulative fashion had earned an approximate profit of ₹1,10,99,947. Details of the same were annexed at Annexure VIII of the SCN.

35. In view of the above, it was alleged in the SCN that:

(a) Shri Rameshbhai Vaghjibhai Shah, Shri Dhirajlal V Sanghvi HUF and Vishnu Enterprise have violated the provisions of 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.

(b) Shri Sagar Sanghvi, Shri Ashik Sanghvi, Shri Sajjankumar Nanwal, Ms. Sunitadevi Nanwal, Shri Govindkumar Varma, Shri Babubhai Desai and Sanghvi Fincap Limited have violated the provisions of 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

(c) MTL Share & Stock Brokers Limited, being the broker who executed the manipulative self trades on behalf of its client Dhirajlal V Sanghvi HUF, has violated the provisions of Regulation 7 read with Clause A(1), A(2), A(3), A(4) and A(5) of the code of conduct for stock brokers as specified under Schedule II of the Broker Regulations.

36. Vishu Enterprise, Ashik Sanghvi, Sunitadevi S Nanwal, Govindkumar Varma, Babubhai Desai & Sanghvi Fincap Limited vide separate but identical letters, all dated May 30, 2013,submitted their replies to the SCN. The said Noticees while denying the allegations made against them in the SCN submitted that the connection between all the Noticees / Sanghvi Group as detailed in the SCN does not mean that the Noticees had transacted in the scrips of the said four companies with an object to affect the price and / or volume during the period of investigation. The transactions done by the Sanghvi Group as a whole were carried out as trader and investor in the capital market. The Noticees further submitted that the trades so done were based purely on commercial terms with no intention to do any type of manipulation in the volumes of the four scrips. The price movement in said scrips were dependent on the market conditions, performance of the company, trend and sentiments of the market, sentiments of the investors and traders and overall positive atmosphere of the capital market and Indian economy. The trades referred as self trades were not carried out with any intention to create artificial volumes or give misleading appearance of trading in the scrips. With respect to the allegation of profits made by way of the above manipulative trading, the Noticees submitted that the calculation of profits given in the SCN is subject to verification and further stated that any such alleged profit earned by the group was from its trading and investment activity in the said four scrips. The Noticees even stated that the allegation of contributing positively to the LTP and NHP by executing trades in the said four scrips was purely based on trading decisions taken based on various factors and the same was with no mala fide intention. The Noticees vide the said identical letters all dated May 30,2013 at para no. 16 stated as follows:

" *As a group we once again clarify that any trades done by the group in the said 4 scrips was purely a commercial transaction based on the calculation of gain / loss in commercial terms and with no intention to influence price and / or volume in any of the said 4 scrips."*

37. Vide letter dated February 20, 2014, MTL submitted its reply to the SCN. Along with the reply, MTL enclosed a copy of analysis and comparison of self

trade volumes in the said four scrips executed on behalf of its client, Dhirajlal V Sanghvi HUF. MTL submitted that as a stock broker, it had executed few self trades in the four scrips in the ordinary course of its businesson behalf of one of its client viz. Dhirajlal V Sanghvi HUFduring the investigation period. MTL further submitted that the value and volume of orders placed by Dhirajlal V Sanghvi HUF were within its financial capabilities and whenever required, Dhirajlal V Sanghvi HUF has given and taken delivery of the shares. MTL stated that only on 20 trading days out of nearly 7 months of investigation period, selftrades were executed by it and the count of the said trades was a meagre 29 trades out of thousands of trades executed for the said client through the broker. Also, MTL stated that the percentage of self trades to the day's market volume was very negligible, even much less than 1% on around 17 days out of the alleged 20 days. The percentage of self trades to total buy volume of the client was 0% and less than 5% on 7 days out of the alleged 20 days. The Noticee submitted that the said self trades were executed at the then prevailing market price. The Noticee submitted that the execution of self trades was normal, incidental and devoid of any pointers.

38. MTL further submitted an analysis of self trades with the relevant data for four scrips showing day wise comparison of time, volume, rate and log terminal details of the buy and sell order of the alleged self trades and the client's self trade volume viz- a-viz total volume and market volume of the day. The Noticee submitted that the said self trades were not synchronized in nature and hence were not intended to match with each other at any point in time. Further, in most of cases the login terminal for placement of buy and counter sell order were different. Therefore, the Noticee stated that there was no lapse on the part of the dealer / trading Terminal Operator. The Noticee further stated that the volume of alleged self trades to that of the market volumes for the day was quite negligible and the price of the alleged self trades also falls within the open, high and low price range of the market for the day. The analysis also shows that comparison of Dhirajlal's self trade volumes to that of the total volumes during the investigation period. The Noticee stated that on perusal of the said analysis it can be noticed that same was very negligible. Thus, it is the case of the Noticee that the said trades were executed by

coincidence as the same just matched with the pending orders of the client with the same counterparty. MTL stated that all the trades executed for the client were on its instructions and that it had no knowledge, idea or means to know that they were self trades.

39. MTL submitted that the present case is that of years 2009-2010 wherein there were no systems in place at the Broker's office or even at the stock exchanges which generated alerts on execution of such alleged trades. However, since February / March 2013, both BSE and NSE have been providing alerts on daily basis to the trading members. The Noticee has enclosed two circulars issued by BSE and NSE in support of his submissions. Further, it stated that it does not have any relation or connection with the said client viz. Dhirajlal Sanghvi except merely a broker – client relation. The nature of trading of the client was jobbing / arbitrage in addition to delivery based trades hence, its volumes were high.

40. Upon perusal of the facts of the case and the material available on record, I find that the 10 Noticees viz. Rameshbhai V Shah, Dhirajilal V Sanghvi HUF, Vishu Enterprise (Proprietorship), Sagar D Sanghvi, Ashik D Sanghvi, Sajjankumar H Nanwal, Sunitadevi S Nanwal, Govindkumar H Varma, Babubhai Desai and Sanghvi Fincap Ltd. are all connected and related entities not only by way of sharing common addresses and telephone numbers but also by way of forming part of a family. I note that Dhirajlal Sanghvi is the father of Sagar Sanghvi & Ashik Sanghvi. Shri Rameshbhai V Shah is a relative of Ashik Sanghvi which in turn means that the said entity is related to Dhirajlal Sanghvi and Sagar Sanghvi. Further, Sajjankumar Nanwal and Govindkumar Varma are brothers and upon perusal of the KYC documents of Sagar Sanghvi, it is noted that he has given his HSBC direct trading account Power of Attorney to Sajjankumar Nanwal. Thus, I note that Sajjankumar Nanwal and Sagar Sanghvi are connected entities. I also find from the relationship table that Dhirajlal Sanghvi and Sajjankumar Nanwal are both the directors of Sanghvi Fincap Limited. Further, Sajjankumar Nanwal and Sunitadevi S Nanwal are husband and wife. Thus, I find that Sajjankumar Nanwal, Sunitadevi S Nanwal and Govindkumar Varma are all related to each

other. Vishnu enterprise has the same address and telephone number as that of Sajjankumar Nanwal, Sunitadevi S Nanwal and Govindkumar Varma. Also, Babubhai Desai is an associate of Dhirajlal Sanghvi, Sagar Sanghvi and Sanghvi Fincap Limited. I also note from the replies filed by some of the Noticees that they all have admitted the existence of the Sanghvi Group as mentioned in para no. 36 above. In view the same, I find that all the said 10 Noticees being family members in one way or the other are connected entities.

41. I further find from para nos. 15 and 16 above that the said 10 Noticees have traded significantly in the four scrips viz. Nakoda, Gayatri, Trimurthi and Nandan. I find from the analysis of price volume data and price movement data carried out for the four scrips in the investigation report that the average volume in the scrip of Nakoda was 77620 for the pre investigation period i.e. June 01, 2009 to June 30, 2009 which rose to 164588 during the investigation period and further increased to 273316 post investigation period. Similarly, the average volume in the scrip of Trimurthi was 58569 for the pre investigation period i.e. June 01, 2009 to June 30, 2009 which rose to 117096 during the investigation period and further increased to 276520 post investigation period. Average volume in the scrip of Gayatri was 91831 for the pre investigation period which fell to 67610 during the investigation period and further fell to 44461 post investigation period. Also, the average volume in the scrip of Nandan was 354957 for the pre investigation period which rose to 660742 during the investigation period and later fell to 295097 post investigation period.

42. Upon perusal of the trade logs and order logs for the four scrips during the relevant period and the analysis of synchronized trades executed (the said data was also provided to the 10 Noticees), I find that the Sanghvi Group had carried out significant volumes of synchronized trades amongst themselves in the four scrips (para 17 & 18 above). I find that Sanghvi Group had indulged in synchronized trades within the group for a total volume of 2527969 shares constituting 11.21% of the market volume in the scrip of Nakoda. Similarly, the Sanghvi Group had indulged in synchronized trades within the group for total

volume of 122648 shares, 678704 shares and 300776 shares constituting to 0.14%, 4.23% and 3.25% of the market volume in the scrips of Nandan, Trimurthi and Gayatri, respectively.

43. I find that the details of synchronized trades entered into by the Sanghvi Group entities in the four scrips were given to the 10 Noticees as annexure to the supplementary show cause notice dated September 22, 2015. I find from said data that the said Noticees had executed synchronized trades in the said four scrips on various occasions during the relevant period and few of the instances of the said manipulative trades are as under:

Nakoda:

Date	Scrip Name	Buy Client Name	Sell Client Name	Buy Order No.	Buy Order Time	Buy Order Price	Buy Order Qty	Sell Order No.	Sell Order Time	Sell Order Price	Sell Order Qty	Difference in Order time
24/07/2009	NAKODA TEXT	ASHIK DHIRUBHAI SANGHAVI	DHIRAJLAL V SANGHVI HUF	2000004501134	10:45:31	43.7	5000	2300004801483	10:45:31	43.7	5000	00:00:00
03/08/2009	NAKODA TEXT	ASHIK DHIRUBHAI SANGHAVI	VISHU ENTERPRISE	1500004500940	12:00:42	43.85	5000	2200005300875	12:00:41	43.7	5000	00:00:01
02/09/2009	NAKODA TEXT	BABUBHAI MOHANBHAI DESAI	VISHU ENTERPRISE	1900006602430	11:29:59	50.25	5000	1300005101494	11:30:01	50.25	5000	00:00:02
09/10/2009	NAKODA TEXT	DHIRAJLAL V SANGHVI HUF	VISHU ENTERPRISE	1600001901473	11:43:00	68.9	10000	1300002201414	11:42:49	68.9	10000	00:00:11
05/11/2009	NAKODA TEXT	GOVINDKUMAR HETRAM VARMA	RAMESHBHAI VAGHJIBHAI SHAH	2100006202901	14:21:05	74.2	2000	1200005601917	14:21:08	74.2	2000	00:00:03

44. From the above table, I find that the trades have been executed by the Sanghvi Group entities in the scrip of Nakoda wherein the price and the quantity of the shares so traded were exactly the same and the trades got executed within 60 seconds. I also find that on July 24, 2009, Ashik Dhribhai Sanghvi entered into a buy order of 5000 shares at a price of ₹ 43.7 at

10:45:31 which got synchronized with the sell order entered into by Dhrirajlal V Sanghvi HUF for the same price and quantity at 10:45:31 i.e. at the same time. Therefore, I find that the three criterions of the synchronized trades i.e. matching of price, quantity and time (within 60 seconds) were present in the trades executed by the Sanghvi Group which shows their manipulation in the scrip of Nakoda. I find that various such trades were executed by the Sanghvi Group entities i.e. the 10 Noticees in the scrip of Nakoda during the relevant period which created artificial volumes in the scrip.

Gayatri:

Date	Scrip Name	Buy Client Name	Sell Client Name	Buy Order No.	Buy Order Time	Buy Order Price	Buy Order Qty	Sell Order No.	Sell Order Time	Sell Order Price	Sell Order Qty	Difference in Order time
03/11/2009	GAYATRI PROJ	RAMESHBHAI VAGHJIBHAI SHAH	DHIRAJLAL V SANGHVI HUF	13000051002928	09:58:21	346.7	1000	21000064001249	09:58:11	346.7	1000	00:00:10
04/08/2009	GAYATRI PROJ	SAJJANKUMAR HETRAM NANWAL	VISHU ENTERPRISE	23000028003265	09:58:14	257	200	21000026002441	09:58:27	257	200	00:00:12
28/08/2009	GAYATRI PROJ	SUNITADEVI SAJJAN NANWAL	DHIRAJLAL V SANGHVI HUF	13000038071066	14:47:52	283	1000	23000043051297	14:47:10	283	1000	00:00:42
01/12/2009	GAYATRI PROJ	VISHU ENTERPRISE	DHIRAJLAL V SANGHVI HUF	14000046006179	13:11:39	378.3	2000	17000044036166	13:11:37	378.3	2000	00:00:02
09/09/2009	GAYATRI PROJ	SAGAR D SANGHVI	VISHU ENTERPRISE	20000047030216	15:16:08	294.25	1000	15000040061002	15:16:13	294.25	1000	00:00:05

45. From the above table, I find that the trades have been executed by the Sanghvi Group entities in the scrip of Gayatri wherein the price and the quantity of the shares so traded were exactly the same and the trades got executed within 60 seconds. I also find that on December 01, 2009, Vishu Enterprise entered into a buy order of 2000 shares at a price of ₹378.3 at 13:11:39 which got synchronized with the sell order entered into by Dhrirajlal V Sanghvi HUF for the same price and quantity at 13:11:37 i.e. with a

difference in time of 00:00:02 (less than 60 seconds). Therefore, I find that the three criterions of the synchronized trades i.e. matching of price, quantity and time (within 60 seconds) were present in the trades executed by the Sanghvi Group which shows their manipulation in the scrip of Gayatri.I find that various such trades were executed by the Sanghvi Group entities i.e. the 10 Noticees in the scrip of Gayatri during the relevant period which created artificial volumes in the scrip.

Trimurthi:

Date	Scrip Name	Buy Client Name	Sell Client Name	Buy Order No.	Buy Order Time	Buy Order Price	Buy Order Qty	Sell Order No.	Sell Order Time	Sell Order Price	Sell Order Qty	Difference in Order time
31/07/2009	TRIMURTHI DR	ASHIK DHIRUBHAI SANGHAVI	GOVINDKUMAR HETRAM VARMA	1100000703278 6	13:43:06	28.8	2500	1900000402745 3	13:42:58	28.8	2500	00:00:08
05/08/2009	TRIMURTHI DR	BABUBHAI MOHANBHAI DESAI	VISHU ENTERPRISE	1500000701728 8	12:34:01	31.6	8000	1600000601475 6	12:33:50	31.6	8000	00:00:12
04/09/2009	TRIMURTHI DR	DHIRAJLAL V SANGHVI HUF	SAJJANKUMAR HETRAM NANWAL	1400006300507 5	09:59:17	33.25	5000	1800006600678 9	09:59:11	33.25	5000	00:00:06
26/10/2009	TRIMURTHI DR	GOVINDKUMAR HETRAM VARMA	DHIRAJLAL V SANGHVI HUF	2300005803517 7	15:21:56	5.9	20000	2000006203725 8	15:21:59	5.9	20000	00:00:02
20/11/2009	TRIMURTHI DR	RAMESHBHAI VAGHJIBHAI SHAH	VISHU ENTERPRISE	1500005402452 4	15:21:07	5.44	5000	2000006504403 1	15:21:05	5.44	5000	00:00:03

46. I also find from the table above that the trades have been executed by the Sanghvi Group entities in the scrip of Trimurthi wherein the price and the quantity of the shares so traded were exactly the same and the trades got executed within 60 seconds., I also find that on October 26, 2009, Govindkumar Varma entered into a buy order of 20000 shares at a price of ₹5.9 at 15:21:56 which got synchronized with the sell order entered into by Dhrirajlal V Sanghvi HUF for the same price and quantity at 15:21:59 i.e. with a difference in time of 00:00:02 (less than 60 seconds). Therefore, I find that

the three criterions of the synchronized trades i.e. matching of price, quantity and time (within 60 seconds) were present in the trades executed by the Sanghvi Group which shows their manipulation in the scrip of Trimurthi.I find that various such trades were executed by the Sanghvi Group entities i.e. the 10 Noticees in the scrip of Trimurthi during the relevant period which created artificial volumes in the scrip.

Nandan:

Date	Scrip Name	Buy Client Name	Sell Client Name	Buy Order No.	Buy Order Time	Buy Order Price	Buy Order Qty	Sell Order No.	Sell Order Time	Sell Order Price	Sell Order Qty	Difference in Order time
24/09/2009	NANDAN EXIM	ASHIK DHIRUBHAI SANGHAVI	SAJJANKUMAR HETRAM NANWAL	2100004905502	15:24:00	2.45	10000	1200004203042	15:23:47	2.45	10000	00:00:13
05/08/2009	NANDAN EXIM	DHIRAJLAL V SANGHVI HUF	VISHU ENTERPRISE	1800005802887	13:44:22	1.91	50000	1500005002031 2	13:43:52	1.91	50000	00:00:30
15/09/2009	NANDAN EXIM	VISHU ENTERPRISE	RAMESHBHAI VAGHJIBHAI SHAH	1200004103357 8	11:37:30.361497	2.44	50000	1700004702718 2	11:37:24.064355	2.44	50000	00:00:06

47. Similarly, I even find that the trades have been executed by the Sanghvi Group entities in the scrip of Nandan wherein the price and the quantity of the shares so traded were exactly the same and the trades got executed within 60 seconds. For example, I find that on September 24, 2009, Ashik Sanghvi entered into a buy order of 10000 shares at a price of ₹2.45 at 15:24:00 which got synchronized with the sell order entered into by Sajjankumar Nanwal for the same price and quantity at 15:23:47 i.e. with a difference in time of 00:00:13 (less than 60 seconds).Therefore, I find that the three criterions of the synchronized trades i.e. matching of price, quantity and time (within 60 seconds) were also present in the trades executed by the Sanghvi Group which shows their manipulation in the scrip of Nandan.I find that various such trades were executed by the Sanghvi Group entities i.e. the 10 Noticees in the

scrip of Nandan during the relevant period which created artificial volumes in the scrip.

48. I find that by indulging in the said manipulative trades, the Noticees not only created artificial volumes in the said four scrips but also gave a misleading appearance of trading in the said scrips.The said synchronization of trades during the investigation period for such volumes and over a period of time further establishes that the 10 Noticees were all acting in concert and such trades could not have been carried out without meeting of minds. I do not find any merit in the arguments advanced by the Noticees that the said trades were executed based on the market conditions, performance of the company, trend of the market and sentiments of the investors in asmuchas such trading cannot be based on such factors and a prior understanding / collusion of minds is clearly required for such manipulation in the market. Thus, I conclude that the 10 Noticees, being related / connected with one another, had traded in the said four scrips in a manipulative manner i.e. synchronized trading and thereby, have violated the provisions of 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 warranting imposition of monetary penalty under Section 15HA of the SEBI Act, 1992.

49. Here, I note that the Hon'ble Securities Appellate Tribunal (SAT), in the case of ***Nirmal Bang Securities Pvt. Ltd Vs. SEBI*** (Appeal No. 54-57 of 2002) had observed that:

"Synchronized trading is violative of all prudential and transparent norms of trading in securities. Synchronized trading on a large scale can create false volumes……

There are many transactions giving an impression that these were all synchronized, otherwise there was no possibility of such perfect matching of quantity, price, etc……In a synchronized trading intention is implicit."

50. I further find from para no. 19 and 20 above that four Noticees forming part of the Sanghvi Group viz. Dhirajlal V Sanghvi HUF, Ashik D Sanghvi, Vishu Enterprise & Rameshbhai V Shah have been alleged in the SCN to have

executed self trades while trading in the four scrips.I note that Dhirajlal V Sanghvi HUF had indulged in 12 self trades in the scrip of Nakoda, 5 self trades in the scrip of Gayatri, 10 self trades in the scrip of Trimurthi and 2 self trades in the scrip of Nandan. Ashik Sanghvi had indulged in 2 self trades only in the scrip of Trimurthi. Vishnu Enterprise had indulged in 14 self trades in Nakoda, 4 self trades in Gayatri, 3 self trades in the scrip of Trimurthi and 1 self trade in the scrip of Nandan. Similarly, Rameshbhai V Shah had also indulged in 9 self trades in the scrip of Nakoda, 10 self trades in the scrip of Gayatri and 14 self trades in the scrip of Trimurthi. I find that the said Noticees had traded in this manipulative manner i.e. indulged in self trades which are fictitious in nature and thereby had affected the volumes of the said scrips during the relevant period. I find that the said group entities had been trading significantly in the four scrips and also had executed various trades which were synchronized in nature, and conclude that the said Noticees had a mala fide intention of creating misleading appearance of trading in the said scrips . In view of the same, I conclude that Dhirajlal V Sanghvi HUF, Ashik D Sanghvi, Vishu Enterprise & Rameshbhai V Shah by indulging in manipulative trades such as self trades have created artificial volumes in the said four scrips during the relevant period, thereby,violating the provisions of Section 12A(a), (b), (c) of the SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1) and 4(2)(a) and (g) of the FUTP Regulations warranting imposition of monetary penalty under Section 15HA of the SEBI Act, 1992.

51. Here, I would like to rely on the order passed by the Hon'ble SAT in the case of ***Chirag Tanna vs. The Adjudicating Officer*** wherein it has held that "we have on record the trade and order logs from which it has been pointed out by the learned counsel for the Respondent Board that the appellant had executed self trades i.e. trades in which he was both the buyer and the seller. Such trades are, admittedly, fictitious and create artificial volumes in the traded scrip." Also, the Hon'ble SAT in the case of ***Triumph International Finance Ltd Vs. SEBI***has observed that "…the buyer and the seller were also the same. It is obvious that these trades were fictitious to which appellant was a party. They were fictitious because the buyer and the seller were the same…"

52. I further note that it has been alleged in the SCN that the broker through whom the self trades were executed by Dhirajlal V Sanghvi HUF was MTL. I note from the submissions of the Broker / Noticee that it was executing trades for its client Dhirajlal V Sanghvi HUF in various scrips including the said four scrips during the relevant period. Here, it is important to refer to the Supreme Court judgement in the case of ***SEBI vs. Kishore Ajmera*** along with other civil appeals wherein the Apex Court observed that-

"…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 naïve 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 Regulations framed thereunder are concerned……

The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in 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 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 period of time or in receipt 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 forbidden limits thereby attracting the provisions of the FUTP Regulations……..

Upto an extent such conduct on the part of the broker / sub-broker 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."

53. I find that in the present case, Dhirajlal V Sanghvi HUF had carried out 29 self trades to the tune of 27708 shares in the four scrips over a period of 7 months i.e. from July 2009 to January 2010. I do not find any merit in the submissions of MTL that the said self trades have contributed insignificantly to the total volume traded by its client during the relevant period and thus are negligible as the said self trades have contributed around 5% to the market volume on 7 trading days out of the 20 trading days on which such trades were carried out during the relevant period. The said fact has also been admitted by MTL in its reply dated February 20, 2014. Also, the submissions made by MTL that it was executing the said trades on behalf of its client on his instructions and had no knowledge of any manipulation in the scrip cannot be accepted in the light of the Supreme Court judgment referred to above wherein a clear observation has been made by the Apex court that while deciding a case, the fact that the Broker is putting in orders which are matching with the opposite order put in by the same Broker for the same client repetitively should raise a doubt in the mind of a reasonable man as to whether the trades are genuine. I find that 29 such manipulative trades have been executed by the dealer of the broker through its terminal over a period of 7 months in four different scrips should have raised a doubt with respect of the said trades. Thus, I find no merit in the submissions of the Noticee that there were no systems in place , the occurrence of such trades could not be noticed by the Broker and there was no means to know matching of trades.

54. I find that there is no charge against the broker of aiding and abetting its clients in creating artificial volumes by executing manipulative trades in the four scrips and therefore, the submission of the MTL that it was in no way related /connected to its client Dhirajlal V Sanghvi HUF is of no relevance. I also find that the Noticee has brought on record a recent order passed by another Adjudicating Officer in the matter of Unitech Limited wherein the SEBI policy with respect to on-going cases dealing with non-manipulative self trades has been reproduced. I find that the said policy specifically talks about

self trades and dealing with non-manipulative self trades. The policy states that *"Accordingly, mere occurrence of self trades should not be considered as per se illegal in the absence of any other additional evidence to prove manipulation or intent to defraud as is done in synchronized trades. Therefore, in all the matters of self trades, an assessment has to be made regarding whether the said trade was intentional or unintentional on the basis of supporting evidence and the manipulation caused by indulging in self trades should be clearly brought out"*. It may be noted that the said policy has been framed by SEBI to address cases wherein there is a charge of violation of PFUTP Regulations by way of indulging in self trades. Therefore, in my opinion, the same does not have much relevance in the case of MTL as there is no charge of violation of PFUTP Regulations by the Broker. Also, with respect to the other Noticees who have been held guilty of executing self trades and thereby manipulating the four scrips, I find that apart from indulging in self trades, the Noticees have also indulged in synchronized trades, trades which have contributed positively to the LTP, created NHP by executing first trades and affected the price and volumes in the four scrips ..In view of the above, I conclude that MTL, by executing such manipulative trades in the four scrips on behalf of its client has shown lack of due care and caution thereby violated provisions of Regulation 7 read with Clause A (1), A(2), A(3), A(4) and A(5) of the code of conduct for stock brokers as specified under Schedule II of the Broker Regulations thereby warranting imposition of monetary penalty as prescribed under Section 15HB of the SEBI Act, 1992.

55. Further, I find from the NHP, first trades, LTP and order book analysis that the trades of the three Sanghvi Group entities viz. Rameshbhai V Shah, Dhirajlal V Sanghvi HUF and Vishu Enterprise had affected the price of the scrips under investigation. I find that the said Noticees, by putting in buy orders at rates higher than the LTP for intraday trades and higher than previous close price for first trades, had influenced the price in the said four scrips. I find that on multiple occasions, such buy order rates were higher than the available sell order rates. Also, on few instances, the sell orders of higher rates by Sanghvi Group entity were matched with the corresponding buy orders from another Sanghvi Group entity. With respect to first trades, I find that the buy

orders were placed consistently at higher rates than the previous close price and often no sell orders were available for such first trades.

56. Here, it is important to refer to the observations made by the Hon'ble SAT in its order dated March 21, 2014 in ***Saumil Bhavnagari Vs. SEBI*** which are as under:

"… but by purchasing shares at the higher price in LTP in most of the trades, the noticee had given a wrong impression about the liquidity of the scrip in the market. It must not be forgotten that every trade establishes the price of the scrip and the noticee's trading at higher than LTP resulted in the price of the scrip going up and were done with a view to set the price at a desired level and thereby influencing the innocent/gullible investors. By purchasing at a higher price in most of his trades, the noticee had given the wrong impression about the price of the scrip in the market. It is an accepted state of affairs that in cases of manipulation of the volume and / or price of a particular scrip, it is usually an arduous task to obtain direct evidence. However, the analysis of the trade and order logs as undertaken hereinabove, establishes the malafide intention of the appellant."

57. It may be relevant to refer to the observations of the Hon'ble Securities Appellate Tribunal (SAT) in its order dated 14.7.2006 in ***Ketan Parekh Vs. SEBI*****,** wherein it was held that:

"When a person takes part in or enters into transactions in securities with the intention to artificially raise or depress the price he thereby automatically induces the innocent investors in the market to buy /sell their stocks. The buyer or the seller is invariably influenced by the price of the stocks and if that is being manipulated the person doing so is necessarily influencing the decision of the buyer / seller thereby inducing him to buy or sell depending upon how the market has been manipulated. We are therefore of the view that inducement to any person to buy or sell securities is the necessary consequence of manipulation and flows therefrom. In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof in this regard is required. The market, as already observed, is so wide

spread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and law can never impose on the Board a burden which is impossible to be discharged. This, in our view, clearly flows from the plain language of Regulation 4(a) of the Regulations."

58. In the light of the above observations of the Hon'ble SAT, I note from the tables at para 22 and 25 above that Rameshbhai V Shah, Dhirajlal V Sanghvi HUF and Vishu Enterprise had contributed to the positive LTP in the four scrips significantly on number of occasions and thus, had influenced the price of the scrip by executing first trades at prices higher than the prevailing market prices in the scrips and thereby, creating NHP. Here, it is important to note that the said four scrips can be said to be illiquid in nature and a sudden increase in volumes and price of the said scrips gave a misleading appearance of trading in the said scrips. In view of the above, I conclude that by executing such trades, Rameshbhai V Shah, Dhirajlal V Sanghvi HUF and Vishu Enterprise have violated the provisions of 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 warranting imposition of monetary penalty under Section 15HA of the SEBI Act, 1992.

59. Section 15HA and 15HB of the SEBI Act, 1992 reads as under:

Penalty for fraudulent and unfair trade practices

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

Penalty for contravention where no separate penalty has been provided

15HB. *Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees.*

60. Here, it is important to refer to the observation of the Hon'ble Supreme Court of India in the matter of ***SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC)*** wherein it was observed that *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant…"*

61. While determining the quantum of penalty under Section 15HA of the SEBIAct, 1992 it is important to consider the factors stipulated in Section 15J of the SEBI Act, 1992 which reads as under:-

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

While adjudging quantum of penalty under section 15-I, theadjudicating 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 ofinvestors as a result of the default;
(c) the repetitive nature of the default."

Explanation: *For removal of doubts, it is clarified that the power to 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.*

62. The defaults of the Noticees 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. I observe from Annexure IV of the SCN and the investigation report that the formula for calculating the profit earned by the Sanghvi Group is [profit = (average sell price – average buy price) * (total quantity squared off through self trades, first trades and intra-day trades, synchronized trades)]. The details of the individual profit / loss incurred by the 10 Noticees are as under:

Sr. No	Name of the Noticee	Gayatri	Nakoda	Nandan	Trimurthi	Total Profit/loss
1	Rameshbhai Vaghjibhai Shah	-46,726	22,083	17,848	321,633	314,837
2	Dhirajlal V Sanghvi HUF	315,912	9,142,419	-51299	2519269	11926301
3	Vishu Enterprise	-802225	-595515	-300725	-64456	-1762922
4	Sagar Sanghvi	14720	19651	0	923420	957791
5	Ashik Sanghvi	52354	1261988	-4586	3983959	5293714
6	Sajjan Kumar Nanwal	9625	311516	10357	1452644	1784142
7	Sunitadevi Nanwal	-249612	1093072	-27667	-89610	726183
8	Govindkumar Varma	249178	1692053	-20331	1287373	3208273
9	Babubhai Desai	565	288436	27159	476126	765127
10	Sanghvi Fincap Ltd.		-62322	18000	198817	136495

ORDER

63. In view of the above, after considering all the facts and circumstances of the case and exercising the powers conferred upon me under Section 15-I (2) of the SEBI Act, 1992 read with Rule 5 of the Adjudication Rules, I hereby impose the following penalties on the 11 Noticees mentioned below:

Sr. No.	Name of the Noticee	Penalty (in ₹)	Violations	Penal Provisions
1.	Shri Rameshbhai Vanghjibhai Shah	3,15,000/- (Rupees Three Lakh Fifteen 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), (g) & (e) of the PFUTP Regulations, 1992	Section 15HA of the SEBI Act, 1992
2.	Dhirajbhai V Sanghvi HUF	1,20,00,000/- (Rupees One Crore Twenty Lakh Only)		
3.	Vishu Enterprise	5,00,000/- (Rupees Five Lakh Only)		
4.	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
5.	Shri Ashik Sanghvi	52,95,000/- (Rupees Fifty Two Lakh Ninety Five Thousand Only)		
6.	Shri Sajjankumar	17,85,000/- (Rupees		

	Nanwal	Seventeen Lakh Eighty Five Thousand Only)		
7.	Ms. Sunitadevi Nanwal	7,30,000/- (Rupees Seven Lakh Thirty Thousand Only)		
8.	Shri Govindkumar Varma	32,10,000/- (Rupees Thirty Two Lakh Ten Thousand Only)		
9.	Shri Babubhai Desai	7,65,000/- (Rupees Seven Lakh Sixty Five Thousand Only)		
10.	Sanghvi Fincap Limited	2,00,000/- (Rupees Two Lakh Only)		
11.	MTL Share & Stock Brokers Limited	5,00,000/- (Rupees Five Lakh Only)	Regulation 7 read with Clause A (1), A(2), A(3), A(4) and A(5) of the code of conduct for stock brokers as specified under Schedule II of the Broker Regulations	Section 15HB of the SEBI Act, 1992
	Total Penalty:	2,62,60,000/- (Rupees Two Crore Sixty Two Lakh Sixty Thousand Only)		

64. In my view, the penalties imposed on the Noticees are commensurate with the defaults committed by them.

65. The amount of penalties shall be paid either by way of demand draft/s in favor 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. The said demand draft/s or forwarding details and confirmation of e-payment made in the format as given in table below should be forwarded to " The Division Chief (Enforcement Department - DRA-IV), Securities and

Exchange Board of India, SEBI Bhavan, Plot no. C- 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 052.

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

66. In terms of the Rule 6 of the Adjudication Rules, copies of this order are sent to the Noticees and also to Securities and Exchange Board of India.

Date: July 31, 2017
Place: Mumbai

D.SURA REDDY
GENERAL MANAGER &
ADJUDICATING OFFICER