

## BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

## ORDER

Under Section 11(4) read with 11B of the Securities and Exchange Board of India Act, 1992 read with regulations 11 and 12 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995.

**In respect of Sawaca Communications Ltd.**

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1. Sawaca Communications Ltd. (hereinafter referred to as “Sawaca” or the noticee) is a company having its shares listed at Bombay Stock Exchange Limited (BSE) and Ahmedabad Stock Exchange (ASE). During the period October 1999 to March 2000, a significant price rise accompanied with significant increase in volume was observed in the scrip of Sawaca. In view of the volatility in the price of the scrip of Sawaca, SEBI initiated investigation in the tradings in the scrip of Sawaca for the period October 1999 to March 2000 (hereinafter referred to as “the investigation period”).
2. The investigation *inter alia* revealed that:
  - (a). Sawaca was promoted by Mr. Kirtibhai Doshi, Mr. Kaushik Ramanuj, Mr. Pinakin Patel, Mr. Kalpesh Trivedi, Mr. Dilip Shah, Mr. Bakulbhai Shah, Mr. Jyotsanaben Shah, Sawaca Finance Ltd., Mr. Bhupendra Shah, Mr. Rajesh Jhaveri, Mr. Pankaj Desai, Mr. Satish Shah, Ms. Shetal Shah, Mr. Girishkumar Shah, Mr. Anantrai Desai.
  - (b). Mr. Satish Shah, Ms. Shetal Shah, Mr. Vishal Shah and Ms. Jyotsna Shah were the directors of Sawaca during the relevant time.
  - (c). The price of the scrip at BSE during the period October 01, 1999 to March 31, 2000 ranged between ₹19.35 and ₹106. prior to September 15, 1999, the trading in the scrip of Sawaca was more or less infrequent and the volumes started picking up from October 1999.
  - (d). Investigation also observed that the following were the top members in terms of gross purchase and gross sales during the period October 1999 to March 2000 on BSE.

**Table no. 1: Members having highest trading concentration**

Stock Broker	Purchase	Sales	Net	Gross
B M Gandhi	559200	671500	-112300	1230700
Shrikant G Mantri	150800	795300	-644500	946100
Prabhudas Leeladhar	181200	335000	-153800	516200

Ramanlal D Shah	196000	296800	-100800	492800
Acme Shares & Stock	148600	256000	-107400	404600
Dipachand Taswala	196300	199100	-2800	395400
BNR Capital Services P Ltd.	223600	170100	53500	393700
Active Fin stock P L	105300	123400	-18100	228700
Action Financial Services Ltd.	131400	93600	37800	225000
IKM Investor Ser P L	121500	83100	38400	204600
SSKI	126100	78100	48000	204200
Vyomit Sh St & Invest	80400	115000	-34600	195400
Latin Manharlal	110000	84000	26000	194000
Sykes & Ray Equities	56700	94500	-37800	151200
RBK Share Broking	67600	64600	3000	132200
TCP Stock Brokers	71800	35400	36400	107200
Veekarant Stock & Fin	6200	53700	-47500	59900

- (e). On January 05, 2000, Sawaca had made preferential allotment of 50,00,000 shares of ₹10/- at par amounting to a total of ₹5 crore. The details of preferential allotment is as under:

**Table no. 2: List of Preferential Allottees**

Sl. no.	Allottee	No. of Shares
1.	Mayekar Investments Pvt. Ltd	2,00,000
2.	Havmore Stock Broking Pvt. Ltd.	2,00,000
3.	Goldmist Equifin (P) Ltd.	2,00,000
4.	Harvic Management Services (P) Ltd.	2,00,000
5.	B. Kumar Overseas Ltd.	4,00,000
6.	Mr. Pankaj Desai	2,00,000
7.	Mr. Anantraï Desai	2,00,000
8.	Mr. Sumit Desai	2,00,000
9.	Mr. Rajesh Jhaveri	2,00,000
10.	Mr. Bhupendra Shah	1,00,000
11.	Mr. Hemang Jangla	2,00,000

12.	Mr. Satish Shah	8,00,000
13.	Ms. Shetal Shah	7,00,000
14.	Mr. Vishal Shah	7,00,000
15.	Ms. Jyotsna Shah	3,00,000
16.	Mr. Dipen Shah	1,00,000
17.	Mr. Babulal Shah	1,00,000
	<b>Total</b>	<b>50,00,000</b>

- (f). However, as on January 05, 2000, i.e., the date of preferential allotment, only ₹4.76 crore were credited in the bank account of Sawaca as against total receivable consideration of ₹5 crore. Further, on the same date, approximately ₹4.71 crore were debited from the bank account of Sawaca. Thus, Sawaca did not receive actual consideration for shares allotted to the respective allottees in the preferential allotment.
- (g). From the transfer records submitted by share transfer agent, it was observed that the following promoter entities of Sawaca had sold their shares in the company during the period October 01, 1999 to March 31, 2000 as detailed in the following table:

**Table no. 3: Promoters /Sellers**

Folio No.	Seller	No. of Shares
0000016	Satishbhai R Shah	2,50,000
0000017	Jyotsnaben S Shah	2,58,300
0000009	Sawaca Finance Ltd.	4,01,500
	<b>Total</b>	<b>9,09,800</b>

- (h). Of the above seller promoters, Mr. Sathishbhai Shah and Ms. Jyotsnaben S. Shah had received shares pursuant to the preferential allotment also.
- (i). During the period October 1999 to March 2000, the following entities from the public category sold the shares of Sawaca (10,000 shares and above):

**Table no. 4: Public/Sellers**

Folio No.	Sellers	No. of Shares
0004974	Vijaykishan Daulal	11,300
0004978	Bhumica Lease Finance Ltd.	11,700
0004975	Rameshbhai Patel	14,900

0004976	Rita R Shah	23,000
0004981	Vinod Kumar Mohalal Patel	29,200
0004977	Dilip Kumar Haribhai Chaudhary	39,100
0004985	Willow Woods Corporation	92,000
0004986	Vijaya Bank A/c Shri Ram	1,18,200
0005144	Danhem Holding & Investments (P) Ltd.	19,200
0005149	Havemore Stock Broking Pvt. Ltd.	20,600
0005148	Havemore Financial Services India Ltd.	29,800
0005150	Aroma Fashions Ltd.	45,800
0005147	Glodmist Equifin Pvt. Ltd.	49,800
	<b>Total</b>	<b>5,04,600</b>

- (j). During the period October 1999 to March 2000, the following entities from the public category bought the shares of Sawaca (10,000 shares and above).

**Table no. 5: Public/Buyers**

<b>Folio No.</b>	<b>Sellers</b>	<b>No. of Shares</b>
0006571	Nina Puri	10,000
0006572	Rachna Jhunjhunwala	10,000
0006813	Sandeep Koshti	10,000
0007381	Reetika Puri	10,000
0005287	Sangeeta R Daryarani	10,800
0006371	Madhukar Sheth	12,200
0005324	Vishva Nath	13,000
0006367	Bandi Suresh Babu	13,800
0006164	Hemang D Jangla	50,000
0006167	Vibha Jangia	50,000
0006558	Kalpesh K Chawalla	50,000
0007246	Sangeeta Chawalla	51,500
0006163	Kirtida P Desai	1,00,000
0006605	R N Consultants Pvt. Ltd.	20,000

0006165	Shagufta Investments Pvt. Ltd.	50,000
0006166	Mayekar Investment Pvt. Ltd.	50,000
0005144	Danhem Holding & Investments (P) Ltd.	1,00,000
0005147	Goldmist Equifin Pvt. Ltd.	1,00,000
0005149	Havmore Stock Broking Pvt. Ltd.	1,00,000
0005150	Aroma Fashions Ltd.	1,00,000
0005148	Havmore Financial Services India Ltd.	1,03,300

- (k). Out of the aforesaid entities, Mr. Bandi Suresh Babu, Mr. Hemang D Jangla, Mr. Kalpesh K Chawalla, Ms. Sangeeta Chawalla, Mr. Kirtida P Desai, Shagufta Investments Pvt. Ltd., Mayekar Investment Pvt. Ltd., Goldmist Equifin Pvt. Ltd., Havmore Stock Broking Pvt. Ltd., Aroma Fashions Ltd. and Havmore Financial Services India Ltd. were connected to Mr. Mahendra A Shah, Harvic Management Services Ltd. and Mayekar Investment Pvt. Ltd., who have been involved in the manipulations of the scrip.
- (l). Mr. Mahendra A. Shah who was later appointed as the Managing Director of Sawaca was by far the largest seller in the scrip of Sawaca.
- (m). Mr. Mahendra A. Shah resorted to creating artificial volumes through Harvic Management Services Ltd. and Mayekar Investment Pvt. Ltd. and at the same time offloaded the shares through Mr. Rajesh N. Jhaveri and others.
- (n). The trading pattern indicated that Mr. Mahendra A. Shah, Harvic Management Services Ltd. and Mayekar Investment Pvt. Ltd. were responsible for the creation of artificial volume and price rise in the scrip during the investigation period.
- (o). The total quantity of shares traded during the period under consideration was approximately 1.05 crore shares and the gross quantity traded by Mr. Mahendra A. Shah 19.61 lakhs shares (approximately 19% of the total shares of Sawaca traded on the exchange).
- (p). The scrip of Sawaca was more or less dormant till September 1999 and volumes started picking up only when Mr. Mahendra A. Shah, Harvic Management Services Ltd. and Mayekar Investment Pvt. Ltd. started trading in the scrip.
- (q). Between October 01, 1999 to January 04, 2000 the price of the scrip varied between ₹19.35 and ₹106.
- (r). Mr. Rajesh N. Jhaveri, one of the promoters of Sawaca, was also the authorized representative of M/s. Rajesh N. Jhaveri (Proprietor: Mr. Gautam N. Jhaveri, brother of Mr. Rajesh N. Jhaveri).
- (s). Mr. Rajesh N. Jhaveri gave huge orders to influence the price of the scrip and also created artificial/ false appearance of market in the scrip.

- (t). Mr. Rajesh N Jhaveri helped the entities connected with the management in offloading the shares in the market.
- (u). Sawaca and its directors viz; Mr. Satish N. Shah, Ms. Sheetal S. Shah, Ms. Jyotsna S. Shah and Mr. Vishal S. Shah were aware of these developments and allowed the manipulation to take place and it was because of the connivance of Sawaca with Mr. Mahendra A. Shah, Mr. Rajesh N. Jhaveri, Harvic Management Services Ltd. and Mayekar Investment Pvt. Ltd. that the price of the scrip was artificially increased without any genuine buy or sell interest in the scrip.
3. In view of the aforesaid facts, it was alleged that Sawaca and its directors viz; Mr. Satish N. Shah, Ms. Sheetal S. Shah, Ms. Jyotsna S. Shah and Mr. Vishal S. Shah have violated the provisions of regulation 4(a),(b) and (d) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 (the PFUTP Regulations, 1995) (since repealed). In view of the same, a show cause notice dated October 26, 2003 (SCN) was issued to the Noticees, under section 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 calling upon them to show cause as to why suitable directions should not be issued against it for the aforesaid alleged violations. The Noticees had filed their reply.
4. From the records, it is noted that an opportunity of personal hearing was granted to all the Noticees in the SCN by the then Whole Time Member. Further, while the proceedings commenced against the directors of Sawaca, Viz; Mr. Satish N. Shah, Ms. Sheetal S. Shah, Ms. Jyotsna S. Shah and Mr. Vishal S. Shah vide the SCN, have been settled by respective consent orders the proceedings against Sawaca remained pending for logical conclusion. In the interest of justice, before deciding the case in respect of Sawaca, another opportunity of personal hearing was granted to Sawaca before me. The notice in this regard issued to Sawaca sent at its addresses available with SEBI, BSE and the website of the Ministry of Corporate Affairs, was returned undelivered. The notice was also put up on SEBI website under the head '*Unserved Summons/Notices*'. Since no response was received from Sawaca in this regard, another opportunity of personal hearing was granted to it and the notice of the same was served on Sawaca through substituted service by way of pasting at its last known address. However, despite such service Sawaca did not avail the opportunity.
5. In view of the above, I am convinced that the principles of natural justice have been complied with in this case and the case can be proceeded with on the basis of material available on record. I note that the charge against Sawaca as alleged in the SCN is that Sawaca and its directors knowingly allowed the manipulation. Further, because of the connivance of Sawaca with Mr. Mahendra A. Shah, Mr. Rajesh N. Jhaveri, Harvic Management Services Ltd. and Mayekar Investment Pvt. Ltd., the price of the scrip was

artificially increased without any genuine buy or sell interest in the scrip.

6. I note that Sawaca has made following submissions in its reply to the SCN:

"(a) *The names of sellers of shares of the company during the period October 1999 to March 2000.*

*In the said list of sellers, the names of Satishbbhai R. Shah, Jyotsnaben S. Shah and Sawaca Finance Ltd do not appear and rightly so because none of the said three persons sold any shares during October 1999 to March 2000. The list of buyers of shares of the company during the period October 1999 to March 2000 may be correct subject to verification of records of the Transfer Agent. The company is not aware whether some of the sellers and buyers of shares during the period October 1999 to March 2000 and shown in italics are connected to Shri Mahendra A. Shah or Harvic Management Services Ltd or Mayekar Investment Private Limited as alleged or otherwise. It is not true and it is denied that there was any manipulation in the prices of the company's shares as alleged or otherwise. In any case, the company is not concerned with or involved in any such price movement of the company's shares. The company is not concerned with any private dealings of Shri Mahendra A. Shah.*

*(b) As regards the payments received against preferential allotment of shares, it is not true that only ₹4,76,00,000/- came into the account of the company as against the preferential issue of a total value of ₹5,00,00,000/-. The entire amount of ₹5,00,00,000/- has been credited into the account of the Company which if required the company will be able to establish by producing necessary Bank statements.*

*(c) It is not true that Sawaca Communications Ltd or its Directors were aware of the various developments alleged in your notice or that there was any manipulation in the price of shares of the Company or that they allowed the alleged or otherwise. It is submitted that neither Sawaca nor any of its Directors is guilty of violating provisions of Regulation 4(a), (b) and (d) of SEBI (PFUTP), Regulations 1995 or that they are liable for exemplary actions under Sections 11B or 11(4) of SEBI Act, 1992. You are requested to withdraw the said notice."*

7. I have considered the charges against Sawaca and its submissions. Before dealing with charges in this case, I deem it relevant to refer to the provisions of regulations 4(a), (b) and (d) of the PFUTP Regulations, 1995(since repealed) alleged to have been violated by Sawaca. Those provisions are reproduced hereunder:

### ***Prohibition against Market Manipulation***

#### ***4. No person shall -***

*(a) effect, take part in, or enter into, either directly or indirectly, transactions in securities, with the intention of artificially raising or depressing the prices of securities and thereby inducing the sale or purchase of securities by any person;*

*(b) indulge in any act, which is calculated to create a false or misleading appearance of trading on the securities market;*

.....

.....

*(d) enter into a purchase or sale of any securities, not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress, or cause fluctuations in the market price of securities;"*

8. It is noted from the SCN that on the date of its preferential allotment on January 05, 2001, the following debit and credit entries were noted in the bank account of Sawaca with India Overseas Bank:

**Table No. 6: Extract of Bank Account Statement of Sawaca**

Date	Cheque No.	Particular	Debit (₹)	Credit (₹)	Balance(₹)
05/01/2000		By clearing		4,00,000	51,688.22
05/01/2000		By clearing		40,00,000	40,51,647.22
05/01/2000	662368	To transfer	40,00,000		51,647.22
05/01/2000		By transfer		40,00,000	40,51,647.22
05/01/2000	369	To transfer	40,00,000		51,647.22
05/01/2000		By transfer		40,00,000	40,51,647.22
05/01/2000	371	To transfer	30,00,000		51,647.22
05/01/2000		By transfer		30,00,000	30,51,647.22
05/01/2000	372	To transfer	4,01,000		51,647.22
05/01/2000		By transfer		30,00,000	30,51,647.22
05/01/2000	370	To transfer	40,00,000		51,647.22
05/01/2000		By transfer		40,00,000	40,51,647.22
05/01/2000	375	To transfer	40,00,000		24,51,647.22
05/01/2000		By transfer		20,00,000	44,51,647.22
05/01/2000	384	To transfer	25,50,000		40,50,647.22
05/01/2000		By transfer		40,00,000	50,647.22
05/01/2000	376	To transfer	40,00,000		40,50,647.22
05/01/2000		By transfer		30,50,000	50,647.22
05/01/2000	377	To transfer	40,00,000		40,50,647.22
05/01/2000		By transfer		10,00,000	50,647.22
05/01/2000	378	To transfer	40,00,000		31,00,647.22
05/01/2000		By transfer		40,00,000	41,00,647.22
05/01/2000	379	To transfer	40,00,000		1,00,647.22
05/01/2000		By transfer		40,00,000	41,00,647.22
05/01/2000	380	To transfer	40,00,000		1,00,647.22
05/01/2000		By transfer		25,50,000	41,00,647.22
05/01/2000	381	To transfer	40,00,000		15,50,647.22
05/01/2000		By transfer		40,00,000	41,00,647.22
05/01/2000	382	To transfer	40,00,000		1,00,647.22
05/01/2000		By transfer		6,00,000	6,88,472.00
05/01/2000	386	To transfer	6,00,000		3,472.00
05/01/2000		<b>Total</b>	<b>4,71,51,000</b>	<b>4,76,00,000</b>	

9. In view of the above, it has been alleged that Sawaca had not received the real funds in



response to its preferential allotment. It is noted that all the debit and credit entries are of the same day, i.e., the date of preferential allotment. Further, the net balance in the aforesaid bank account has remained almost same even after the last credit entry. Sawaca has denied this allegation but has failed to explain by any cogent evidence as to how it had received the consideration in its preferential allotment. I, therefore, have no reason to hold otherwise than alleged in the SCN and find that the aforesaid receipt of consideration for preferential allotment was only a book entry and shares were allotted to several entities including promoter group entities without infusion of funds by them in the company.

10. It is noted that Mr. Mahendra A. Shah along with Harvic Management Services Ltd. and Mayekar Investment Pvt. Ltd. were trading in the scrip through BSE Members and were the largest contributor to the total volumes in the scrip. Further, these clients/sub brokers formed a cartel and traded through the brokers/sub brokers of BSE during the investigation period. Mr. Mahendra A. Shah along with Harvic Management Services Ltd. and Mayekar Investment Pvt. Ltd. were responsible for the creation of artificial volume and the price in the scrip during investigation period as alleged in the SCN.
11. Admittedly, Mr. Mahendra A. Shah had entered in the management of Sawaca from about September 1999 and was formally appointed as its Managing Director on about January 28, 2000. It is undisputed fact that the promoter group entities of Sawaca were connected to Mr. Mahendra A. Shah, Harvic management Services Ltd. and Mayekar Investment Pvt. Ltd. It is also undisputed fact that the promoter entities to whom the shares were allotted in preferential allotment also traded in the scrip during the investigation period.
12. It is further noted that Mr. Rajesh N. Jhaveri, a member of Ahmedabad Stock Exchange had sold the shares mainly on behalf of Mr. Mahendra A. Shah and his associates. Mr. Rajesh N. Jhaveri had admitted that all the trades alleged in this case were on behalf of Mr. Mahendra A. Shah who was the main client trading in the scrip along with Harvic Management Services Ltd. and Mayekar Investment Pvt. Ltd., through Mr. Rajesh N. Jhaveri. I note that Mr. Rajesh N. Jhaveri was also one of the allottees in the preferential allotment made by Sawaca and is also shown as a promoter group person as per the information provided by the Share Transfer Agent.
13. From the order log of BSE, it is observed that the Brokers/sub-brokers have put large orders in the system on several occasions as described in the SCN. It is noted that Brokers/sub-brokers initially sold the shares on behalf of their clients and subsequently also put purchase orders in the system as tabulated below:

**Table no. 7 Details of sale and purchase orders in the scrip of Sawaca**

<b>Broker</b>	<b>B/S</b>	<b>Rate</b>	<b>Quantity</b>	<b>Disclosed</b>	<b>Date</b>	<b>Time</b>	<b>Order No.</b>	<b>Client</b>
738	S	27	1000	1000	13/10/1999	10:00:02	738040103	R
738	S	32.30	25000	1000	20/10/1999	12:40:04	7380400073	R0038
738	S	32.30	25000	2500	20/10/1999	12:40:13	7380400074	R0038
738	S	32.30	15000	1500	20/10/1999	12:40:52	7380400075	R0038
738	S	32.30	25000	2500	20/10/1999	12:54:14	7380400079	R0038
738	S	32.30	40000	4000	20/10/1999	13:11:05	7380400082	R0038
738	S	32.30	10000	1000	20/10/1999	14:14:32	7380400094	R0038
738	S	32.30	10000	1000	20/10/1999	14:14:59	7380400095	R0038
738	S	32.30	10000	1000	20/10/1999	14:15:26	7380400096	R0038
738	S	32.30	10000	1000	20/10/1999	14:15:42	7380400096	R0038
738	S	32.30	20000	2000	20/10/1999	14:34:24	738040101	R0038
738	S	32.30	20000	2000	20/10/1999	14:34:50	738040102	R0038
738	S	32.30	10000	1000	20/10/1999	15:12:51	738040107	R0038
738	S	32.30	10000	1000	20/10/1999	15:13:17	738040108	R0038
738	S	32.30	13000	1300	20/10/1999	15:13:48	738040109	R0038
738	S	32.30	10000	1000	20/10/1999	15:14:11	738040110	R0038
738	S	32.30	15000	1500	20/10/1999	15:14:32	738040111	R0038
738	S	34.85	10000	1000	20/10/1999	10:21:59	738040124	R0038
738	S	34.85	10000	10000	21/10/1999	10:22:28	738040125	R0038
738	S	34.85	10000	10000	21/10/1999	10:22:51	738040126	R0038
738	S	34.85	10000	1000	21/10/1999	10:23:10	738040127	R0038
738	S	34.85	10000	1000	21/10/1999	11:38:45	738040165	R0038
738	S	34.85	10000	10000	21/10/1999	11:39:10	738040166	R0038
738	S	34.85	40000	40000	21/10/1999	11:39:32	738040167	R0038
738	S	34.85	56000	56000	21/10/1999	11:42:55	738040169	R0038
738	S	29.80	50000	50000	21/10/1999	11:46:43	738040174	R0038
738	B	29.80	25000	25000	21/10/1999	13:39:25	738040233	R0038
738	B	30	25000	25000	21/10/1999	13:39:37	738040234	R0038

738	B	30.10	60000	60000	22/10/1999	10:15:37	738040285	R0038
738	S	33.65	50000	5000	22/10/1999	10:51:10	738040307	R0038
738	S	33.60	50000	5000	22/10/1999	10:51:22	738040308	R0038
738	S	33.65	10000	10000	22/10/1999	14:34:47	738040406	R0038
738	S	36.25	20000	20000	22/10/1999	10:35:21	7380200010	R0038
738	S	36.25	10000	10000	25/10/1999	11:35:54	738040024	R0038
738	B	35	35000	35000	25/10/1999	13:06:03	738040057	R0038
738	S	36.25	15000	15000	25/10/1999	14:25:27	738040090	R0038
738	S	39	10000	1000	27/10/1999	10:11:01	738040189	R0038
738	B	36	55000	55000	27/10/1999	12:07:04	738040243	R0038
738	B	36.10	60000	60000	27/10/1999	14:06:14	738040278	R0038
738	S	36	10000	1000	28/10/1999	10:06:11	738040306	R0038
738	B	35	25000	25000	28/10/1999	10:13:10	738040314	R0038
738	B	35.05	25000	25000	28/10/1999	10:13:27	738040315	R0038
738	B	35.10	25000	25000	28/10/1999	10:14:14	738040316	R0038
738	S	36	10000	1000	28/10/1999	11:02:23	738040342	R0038
738	B	34.50	50000	50000	29/10/1999	11:01:08	738040487	R0038
738	B	34.40	20000	20000	29/10/1999	11:01:25	738040488	R0038
738	B	34.55	30000	3000	29/10/1999	11:59:45	738040518	R0038
738	B	32.40	45000	45000	02/11/1999	14:26:15	738040161	R0038
738	B	32.50	35000	35000	02/11/1999	14:26:44	738040162	R0038
738	B	33	27000	27000	02/11/1999	14:27:56	738040163	R0038
738	S	32.50	400000	4000	03/11/1999	13:19:21	738040231	R0038
738	S	32.50	21100	2100	07/11/1999	19:21:21	738040006	R0038
738	S	32.50	21100	2500	07/11/1999	19:21:32	738040007	R0038
738	S	32.45	21100	2500	07/11/1999	19:21:50	738040008	R0038
738	B	30	10000	10000	09/11/1999	11:14:51	738040097	R0038
738	S	30	14000	14000	11/11/1999	15:23:11	738040265	R0038
738	S	30.50	10000	1000	12/11/1999	10:21:22	738040282	R0038
738	S	43	10000	1000	22/11/1999	10:54:03	738040016	R0038

738	S	46.40	10000	1000	24/11/1999	10:19:18	738040060	R0038
738	B	43.05	10000	1000	26/11/1999	09:44:11	738040224	R0038
738	B	51.60	50000	50000	30/11/1999	15:04:10	738040171	R0038
738	B	53.80	10000	1000	01/12/1999	14:16:45	738040261	R0038
738	B	53.20	10000	1000	01/12/1999	14:17:02	738040262	R0038
738	B	0	10000	1000	01/12/1999	14:27:52	738040261	
738	B	0	10000	1000	01/12/1999	14:27:54	738040262	
738	S	59	10000	1000	06/12/1999	10:12:13	738040002	R0038
738	B	59.05	50000	50000	06/12/1999	15:08:22	738040059	R0038
738	B	54.05	10000	10000	09/12/1999	10:15:27	738040272	R0038
738	S	62.10	25000	25000	22/12/1999	12:17:58	738010097	R0038
738	B	62.10	100000	100000	22/12/1999	13:58:39	738010130	R0038
738	B	68	30000	30000	24/12/1999	11:30:38	738040351	R0038
738	S	104.90	25000	25000	03/01/2000	09:59:07	738040001	R0038
738	S	104.90	10000	10000	03/01/2000	13:36:51	738040005	R0038
738	B	101	15000	15000	03/01/2000	10:37:19	738040006	R0038
738	B	102	15000	15000	03/01/2000	10:37:34	738040007	R0038
738	B	103	15000	15000	03/01/2000	10:37:42	738040008	R0038
738	S	104.90	15000	15000	03/01/2000	10:45:16	738040012	R0038
738	S	104.90	10000	1000	03/01/2000	11:14:55	738040013	R0038
738	S	104.90	10000	1000	03/01/2000	12:40:24	738040019	R0038
738	B	100	30000	30000	04/01/2000	11:24:31	738040030	R0038
738	B	0	9100	9100	04/01/2000	12:00:39	738040030	R0038
738	S	100	20900	20900	04/01/2000	21:01:11	738040036	R0038
738	B	92.10	25000	2500	05/01/2000	10:18:31	738040086	R0038
738	B	0	23300	1900	05/01/2000	14:04:29	738040086	
738	S	92.10	100000	100000	05/01/2000	14:20:42	738040148	R0038
738	S	0	55500	55500	05/01/2000	15:10:41	738040148	
738	S	84.75	70000	70000	06/01/2000	13:42:52	738040232	R0038
738	B	72	40000	40000	10/01/2000	10:32:47	738040007	R0038

738	B	75	40000	40000	10/01/2000	10:50:45	738040013	R0038
738	B	0	40000	40000	10/01/2000	10:50:56	738040007	
738	B	66.80	15000	15000	11/01/2000	11:19:05	738040070	R0038
738	B	82	30000	30000	19/01/2000	10:49:20	738040153	R0038
738	B	82.50	30000	30000	19/01/2000	10:49:39	738040154	R0038
738	B	83	10000	10000	19/01/2000	10:49:52	738040155	R0038
738	B	82.05	9000	9000	19/01/2000	10:50:12	738040156	R0038
738	B	0	26000	26000	29/01/2000	15:22:36	738040487	R0038
738	B	0	20000	20000	29/01/2000	15:22:38	738040488	R0038
738	B	34.50	20000	20000	29/01/2000	15:32:15	738040668	R0038

14. It is noted from the SCN that the transactions described therein had resulted in the artificial increase in price and volume of the scrip without there being any genuine buy or sell interest in the scrip. Sawaca has not been able to substantiate its denial by any cogent evidence. In the facts and circumstances as described in the SCN and discussed hereinabove, I note that Mr. Rajesh N. Jhaveri had helped the entities connected with management of Sawaca in offloading its shares in the market. The aforesaid facts and circumstances particularly, that Mr. Rajesh N. Jhaveri being one of the preferential allottees connected with management of Sawaca, he placing orders for the Managing Director of Sawaca and entities connected with him and Sawaca in same trading pattern, etc. clearly indicate that the manipulation in this case was orchestrated and effected with the connivance of Sawaca, its management, Mr. Mahendra A. Shah, Mr. Rajesh Jhaveri, Harvic Management Services Ltd. and Mayekar Investment Pvt. Ltd. I, therefore, find that Sawaca also contravened the provisions of regulations 4(a), (b) and (d) of the PFUTP Regulations, 1995.

15. I am of the considered view that such acts as found in this matter definitely have potential to disturb the market equilibrium and disturb the fair, equitable and efficient functioning of securities market. These types of transactions also pose prudential threat to the market integrity and orderly development of securities market. I, however, note that the transaction in question had taken place long back in the year 1999-2000. The SCN had been issued in the year 2003. I further note that the proceedings commenced by the present SCN against the directors of Sawaca had been settled through consent orders during the year 2008/2009 on payment of monetary settlement terms of ₹10,000/- each by Ms. Sheetal S. Shah, Ms. Jyotsna S. Shah and Mr. Vishal S. Shah, and payment of monetary terms of ₹1,00,000/- and voluntary debarment for two years in

case of Mr. Satish N. Shah, but the instant proceedings against Sawaca remained for conclusion. Further, in separate proceedings against Mr. Mahendra A. Shah, he had already been debarred vide order dated January 13, 2009.

16. Considering the fact and circumstances of this case and the abovementioned mitigating factors, I, in exercise of powers conferred upon me under section 19 read with section 11(4) and 11B of the Securities and Exchange Board of India Act, 1992, regulation 11 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 read with regulation 13 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 hereby restrain Sawaca Communications Ltd. from accessing the securities market and prohibit it from buying, selling or otherwise dealing in securities, directly or indirectly, in any manner, whatsoever, for a period of one year from the date of this order.
17. A copy of this order shall be served on all recognized stock exchanges and depositories to ensure that the direction given in this order are complied with.
18. This order shall come into force with immediate effect

Sd/-

**DATE: NOVEMBER 14<sup>th</sup>, 2014**

**PLACE: MUMBAI**

**RAJEEV KUMAR AGARWAL**

**WHOLE TIME MEMBER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**