

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CONSENT ORDER**

CO/IVD/2054/AO/SP/12/2010

**In respect of
M/s. Pathik Merchandise Pvt. Ltd.
(PAN: AACCP5777G)
In the matter of Radico Khaitan Ltd.**

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI'), vide order dated May 29, 2009, initiated adjudication proceedings against **M/s. Pathik Merchandise Pvt. Ltd.**, (hereinafter referred to as '**PMPL**'), 27, Nathore Colony, Kolkatta- 700 061 in the matter of Radico Khaitan Limited (hereinafter referred to as '**RKL**').
2. SEBI had conducted an investigation into the trading and dealings in the scrip of RKL during the period from July 1, 2006 to August 22, 2006 (hereinafter referred to as '**Investigation period**'). Investigations conducted by SEBI revealed that there was a relationship between PMPL, an entity connected to broker and the other counterparty client were dealing in the scrip of RKL during the investigation period. It was also alleged that PMPL along with its broker and the other counterparty clients created artificial volume in the scrip and created a false market by entering into cross trades on August 08, 09 & 21, 2006 with counterparties related to the broker.
3. The undersigned was appointed as Adjudicating Officer vide order dated May 29, 2009 under section 15I of the SEBI Act read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalty by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the '**Rules**') to inquire into and adjudge under section 15HA of the SEBI Act, 1992, the alleged violations of said provisions of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations**').
4. Subsequently, a Show Cause Notice AO-3/SP/RKL/184678/2010 dated January 18, 2010 was issued to the Noticee under rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalty by Adjudicating Officer) Rules, 1995.
5. While Adjudication Proceedings were in progress, PMPL submitted an application dated July 06, 2010 before SEBI and the Undertaking / Waivers in terms of SEBI Circular No. EFD/ Cir.-1/2007 dated April 20, 2007 for Consent Orders in respect of the aforesaid proceedings. Subsequently, vide letter dated August 9, 2010 PMPL proposed to pay a sum of ₹8,50,000/- (Rupees Eight lakh fifty thousand) as revised consent terms towards settlement of charges.

6. The revised consent terms as proposed by PMPL were placed before the High Powered Advisory Committee (hereinafter referred to as "HPAC") on September 09, 2010. The HPAC, after considering the facts and circumstances of the case, the material brought before it by SEBI and the consent terms offered by PMPL, recommended that the case may be settled on payment of ₹8,50,000/- (Rupees Eight lakh fifty thousand) towards settlement charges. The recommendations of HPAC were subsequently placed before the panel of Whole Time Members of SEBI.
7. Thereafter, vide letter dated November 04, 2010 SEBI communicated to PMPL its acceptance of the revised consent terms and advised it to pay the amount accordingly. PMPL has remitted a sum of ₹8,50,000/- (Rupees Eight lakh fifty thousand), vide Demand Draft No.003979 dated December 01,2010 drawn on HDFC Bank towards the terms of consent in the matter.
6. In view of above, it is hereby ordered that,
 - (i) This consent order disposes of the said proceedings pending against PMPL under Securities and Exchange Board of India Act, 1992 and
 - (ii) Passing of this order is without prejudice to the right of SEBI to take enforcement actions including commencing/reopening of the pending proceedings against PMPL, if SEBI finds
 - (a) that any representation made by PMPL in the consent proceedings is subsequently discovered to be untrue.
 - (b) PMPL has breached any of the clauses / conditions of undertakings / waivers filed during the current consent proceedings.
7. This consent order is passed on December 09, 2010 and shall come into force with immediate effect.
8. In terms of rule 6 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudication Officer) Rules, 1995, copies of this order are being sent to M/s. Pathik Merchandise Pvt. Ltd and to Securities and Exchange Board of India.

Sanjay Purao
Adjudicating Officer