

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

On the Application submitted by
NIRMAL JAGDISH PAREEK
In the matter of Aarti Drugs Ltd. and Havells India Ltd.

CO/ID-IVD-4/1973/AO/VSS/97/2009

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an investigation in the trading and dealings in the scrip of Aarti Drugs Ltd. for the period from October 21, 2003 to February 27, 2004 and Havells India Ltd. for the period from July 16, 2003 to October 27, 2003 and January 13, 2004 to February 27, 2004. The investigation revealed that Nirmal Jagdish Pareek (hereinafter referred to as '**Noticee**') trading through Capman Capital Markets Ltd. (Member, National Stock Exchange) along with other clients, brokers and sub-brokers had indulged in synchronized, circular and reversal trades and thus, created artificial volume in the aforesaid scrips and distorted the market equilibrium. Therefore, adjudication proceedings were initiated against the Noticee to inquire into and adjudge under section 15HA of Securities and Exchange Board of India Act, 1992 for the alleged violation of the provisions of regulations 4(1), 4(2)(a), 4(2)(b), 4(2)(g) and 4(2)(n) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003. Consequently, a Show Cause Notice No. EAD-5/VSS/RK/126149/2008 dated May 21, 2008 was issued under rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995.
2. While the Adjudication Proceedings were in progress, the Noticee made an application dated September 10, 2008 and an affidavit of "undertakings and waivers" in terms of SEBI Circular No. EFD/ Cir.-1/2007 dated 20th April, 2007 for

Consent Order in respect of the aforesaid notice before SEBI. Subsequently, the Noticee vide letter dated March 9, 2009 proposed revised consent terms, without admitting or denying the guilt and subject to clauses of the undertakings and waivers, submitting that he was willing to pay a sum of Rs.54,000/- (Rupees fifty four thousand only) towards settlement charges and voluntary debarment from buying, selling or dealing in the securities market, whether directly or indirectly, for a period of one month. The revised terms as proposed by the Noticee were placed before the High Powered Advisory Committee (hereinafter referred to as '**HPAC**') on March 30, 2009. The HPAC considered the facts and circumstances of the case, consent terms offered by the Noticee and the material brought before it by SEBI and recommended that the case may be settled on payment of Rs.54,000/- (Rupees fifty four thousand only) towards settlement charges and voluntary debarment from buying, selling or dealing in the securities market, whether directly or indirectly, for a period of one month, in the matter. The recommendations of HPAC were placed before the two Whole Time Members of the Board who have agreed to the terms of consent as recommended by HPAC.

3. The acceptance of consent proposal was communicated to the Noticee vide letter dated May 11, 2009. In pursuance of the aforesaid consent terms, the Noticee has remitted a sum of Rs.54,000/- (Rupees fifty four thousand only), vide Demand Draft No.244638 dated May 20, 2009 drawn on HDFC Bank Ltd., Mumbai, towards the terms of consent in the matter.
4. In view of above, it is hereby ordered that,
 - i) This consent order disposes of the said proceedings pending against the Noticee 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 the Noticee, if SEBI finds that

- a. any representation made by the Noticee in the consent proceedings is subsequently discovered to be untrue.
 - b. the Noticee has breached any of the clauses / conditions of undertakings / waivers filed during the current consent proceedings.
5. This consent order is passed on the 19th day of June of 2009 and shall come into force with immediate effect.

V S Sundaresan
Adjudicating Officer