

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO.: SD/AO/17/2009)

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

RAJENDRA G PARIKH

Against

PAN:AACPP4545K

BRIEF FACTS OF THE CASE:

1. On August 2, 2004, there was an article that was published in 'The Financial Express' which cited that a lot of bulk deals were executed in the scrip of JIK Industries Limited (hereinafter referred to as 'JIKIL') on BSE and which interalia referred to circular trading and legalizing unaccounted money. Subsequently, the matter was referred to BSE for investigation by SEBI. BSE had submitted its report on October 11, 2004. Later, even the NSE was asked to initiate investigation for the same period in the dealings of the scrip, which submitted its report on March 16, 2005.
2. After a preliminary investigation at 02 level, the case was approved for initiating formal investigation at 03 level on January 9, 2006. The following paragraph was quoted in the Investigation Report (hereinafter referred to as the 'said report') as a reason for converting the case to 03 level: '*..... due to lack of cooperation from JIKIL, its promoters/directors, Jagruti Securities Limited (JSL) and the major clients, it has not been possible to collect first hand information regarding the dealings in the scrip of JIKIL. Therefore, in the present circumstances it is not possible to make any definite inferences about the connivance between the promoters/directors and the other entities.*' Thus, so as to gather information regarding circumstances of the deals and conclude the case with more evidences and records, it became imperative to issue summons to JIKIL, its promoters/directors, JSL, the clients and the related entities. Therefore, it was proposed to take up the case for formal investigations.
3. The period of investigation was June 1, 2004 to August 3, 2004 (hereinafter referred to as the 'said period').

4. JIKIL is a BSE and NSE listed company, which has its registered office at Pada No.3, Balkum Village, Thane (W) and its administrative office at 16, Gundecha Chambers, Ground Floor, Nagindas Master Road, Fort, Mumbai. It was incorporated way back in 1990, as part of the JIK Industries Group and it is an outcome of a merger between two companies viz., Krishna Finstock Ltd and its subsidiary Brown Bull Industries Limited. JIKIL is engaged in financial services and is a registered money changer with RBI. In 1997, it diversified into waste recycling by setting up a chemical waste recycling plant located at Thane district in Maharashtra.
5. According to the Exchange Reports, the directors of the Company are Rajendra G Parikh (Chairman) (hereinafter referred to as the 'Noticee'), M P Thakker (Director), C H Gosalia (Director), G S Salian (Director) and S D Bhurke (Company Secretary).
6. From the Price Volume Statement for the said period, which is annexed as Annexure B1 and B2 to the said Report in the file, it can be noticed that the scrip has attracted fluctuations in volume though there is no major movement in the price of the scrip.
7. The total traded quantity in the scrip during the period under investigation was 92,42,277 shares at NSE. During the said period the scrip fell from Rs.4 to Rs. 2.80. While at BSE, the total traded quantity in the scrip during the said period was 2,34,85,753 shares. The price fell from Rs.3.95 to Rs.2.80 during the said period.
8. The said Report cites the conclusion in the BSE Report, which reads thus: *'..... it appears that the Trading member of the Exchange, JSL was in financial crisis and it appears from the number of on and off market transactions that the Director of JIKIL, Mr. Rajendra Parikh along with persons acting in concert with promoters viz., Jagruti R Parikh and JSL may have entered into financial transactions with lots of parties.....'*
9. The said Report also cites the conclusion in the NSE Report: *'The client Jagruti Parikh is part of persons acting in concert of the company and was holding 21.62% shares as on June 30, 2004 in JIKIL. Shareholding of Jagruti Parikh was 14.15% as on September 30, 2004 and as on December 31, 2004 was 12.20%. The company has not submitted any disclosures, to the stock exchange under the provisions of SEBI Insider Trading Regulations, regarding change in shareholding. The Exchange vide letter dated October 8, 2004 has intimated the company regarding non compliance with the provisions of the listing agreement.'*

10. The last traded price (LTP) analysis done for the said period showed that there was no consistent pattern established and the price fall could not be attributable to any single trading member.
11. After taking into account the Exchange Reports, information was called from the depositories, the company, its promoters/directors, major brokers and clients, both on-market and off-market. Thus, the information acquired from various sources was analyzed to get to the conclusion.
12. As regards the issue of bulk deals, BSE has reported 32 instances of bulk deal reporting in the scrip during the said period. The Exchange has disseminated the same vide its notices. The 0.50% limit for the bulk deal disclosures in the scrip is 1.95 lakh shares. The list of all such bulk deals reported by the BSE trading members as per SEBI directive to the Exchange is annexed as Annexure D to the said Investigation report. Based on such number of bulk deals reported during the said period, investigation was focused on the clients who had traded for more than 0.5% capital of the company during the period with a single counterparty. The client wise summary along with counterparty client details only for those clients where the number of shares traded amongst clients during the entire period had been equal to or exceeded 0.5% of the share capital of the company which is annexed as Annexure E to the said Report.
13. During the said period, these clients had traded amongst themselves 1,25,02,949 shares out of total volume of 2,34,85,753 shares traded which attributes to 53% of the total volume during the said period as can be inferred from the said report. It can be observed that the names of these clients do not appear in the list of shareholders who are holding more than 1% of the equity capital of the company as on June 30, 2004.
14. As regards the issue of off-market deals, the Exchanges in their reports had specified that a lot of off-market transactions were observed among the promoter/persons acting in concert (hereinafter referred to as the 'PAC entities') and the persons who were actively trading in the market. A number of on and off market transactions were entered into between the director of JIKIL, Mr. Rajendra G Parikh, the Noticee along with persons acting in concert with promoters, viz., Jagruti Parikh and Jagruti Securities Limited (JSL) with lots of other parties.
15. On this account, the demat transaction statements of the entities who had entered into off-market transactions with the promoter/PAC entities were called from the depositories. Following are the demat accounts and their beneficiary owners who were found to be involved in

the off-market transactions with the promoter/PAC entities as also amongst themselves:

| S. No | D P Name | BO Id | Client Name |
|-------|---|----------|-----------------------------|
| 1 | Standard Chartered Bank | 10264251 | RAJENDRA GULABRAI PARIKH |
| 2 | Standard Chartered Bank | 10299348 | RAJENDRA G PARIKH |
| 3 | Standard Chartered Bank | 10264235 | JAGRUTI RAJENDRA PARIKH |
| 4 | Standard Chartered Bank | 10444857 | JAGRUTI R PARIKH |
| 5 | Stock Holding Corporation of India Ltd | 16250083 | JAGRUTI SECURITIES LTD |
| 6 | ABN AMRO Bank N. V. | 10100536 | AMEET PARIKH |
| 7 | Action Financial Services (India) Ltd | 10112300 | ASHOK BHAGAT |
| 8 | Action Financial Services (India) Ltd | 10113394 | RAJESH JAGANNATH PANCHAL |
| 9 | Action Financial Services (India) Ltd | 10113409 | RAVI BHAGWANDAS PANCHAL |
| 10 | Action Financial Services (India) Ltd | 10113847 | PRASHANT M. NARVEKAR |
| 11 | Action Financial Services (India) Ltd | 10112406 | PRAKASH A. D'SOUZA |
| 12 | Action Financial Services (India) Ltd | 10112022 | PRASAD SAKHARAM TANDEL |
| 13 | Action Financial Services (India) Ltd | 10116136 | RAJESH S TALEKAR |
| 14 | Action Financial Services (India) Ltd | 10121628 | SICORP FINLEASE LTD |
| 15 | Action Financial Services (India) Ltd | 10000990 | ENPEE ENTERPRISES PVT. LTD. |
| 16 | Global Trust Bank Ltd | 10078939 | SMITA JANAK THACKER |
| 17 | HDFC Bank Ltd | 40058004 | MAHENDRA KUMAR PATODIA |
| 18 | Infrastructure Leasing & Financial Services Ltd | 10756957 | SAYED MUSTAFA |
| 19 | Sahara India Financial Corporation Ltd | 10045185 | RAMESH CHANDRA K. JAIN |
| 20 | Sahara India Financial Corporation Ltd | 10080087 | VIPUL R. JAIN |
| 21 | Sahara India Financial Corporation Ltd | 10080126 | VIKAS GOURIHAR NARNAVAR |
| 22 | Sodhani Securities Ltd | 10112676 | VIKAS GOURIHAR NARNAVAR |
| 23 | Standard Chartered Bank | 10286017 | PRISTINE MARKETING PVT. LTD |

16. It is observed from the transaction statements of the said report, that on NSDL a total of 28342084 shares were transferred in the 142 off market transactions amongst parties during June and July 2004. The Investigation Report also noted that there was no off market transaction executed on CDSL. However, it was observed that there were few inter depository transfer entries on CDSL. The details of the off-market transactions executed on NSDL which have been taken from the said Report are as follows:

Off-market transactions

| Execution Date | Source Client Name | Target Client Name | No. of securities |
|-----------------------|---------------------------|---------------------------|--------------------------|
| 11-Jun-04 | SMITA JANAK THACKER | JAGRUTI R PARIKH | 100000 |
| 11-Jun-04 | AMEET PARIKH | JAGRUTI SECURITIES LTD | 109134 |
| 11-Jun-04 | RAJENDRA G PARIKH | PRASHANT M NARVEKAR | 125000 |
| 11-Jun-04 | RAJENDRA G PARIKH | ASHOK BHAGAT | 125000 |
| 11-Jun-04 | RAJENDRA G PARIKH | PRASAD SAKHARAM TANDEL | 125000 |
| 11-Jun-04 | RAJENDRA G PARIKH | RAJESH JAGANNATH PANCHAL | 125000 |
| 11-Jun-04 | JAGRUTI R PARIKH | RAMESH CHANDRA K JAIN | 300000 |
| 14-Jun-04 | SMITA JANAK THACKER | JAGRUTI R PARIKH | 100000 |
| 14-Jun-04 | RAMESH CHANDRA K JAIN | | 125000 |
| 14-Jun-04 | RAJENDRA G PARIKH | RAJESH JAGANNATH PANCHAL | 131000 |
| 14-Jun-04 | RAMESH CHANDRA K JAIN | | 175000 |
| 14-Jun-04 | JAGRUTI SECURITIES LTD | ASHOK BHAGAT | 200000 |
| 14-Jun-04 | ASHOK BHAGAT | | 200000 |
| 14-Jun-04 | SMITA JANAK THACKER | JAGRUTI R PARIKH | 300000 |
| 15-Jun-04 | RAJESH JAGANNATH PANCHAL | PRASHANT M NARVEKAR | 100000 |
| 15-Jun-04 | RAJESH JAGANNATH PANCHAL | SICORP FINLEASE LTD | 100000 |
| 15-Jun-04 | JAGRUTI SECURITIES LTD | RAJESH JAGANNATH PANCHAL | 200000 |
| 15-Jun-04 | JAGRUTI SECURITIES LTD | ASHOK BHAGAT | 200000 |
| 15-Jun-04 | ASHOK BHAGAT | | 200000 |
| 15-Jun-04 | AMEET PARIKH | JAGRUTI SECURITIES LTD | 400000 |
| 15-Jun-04 | | RAMESH CHANDRA K JAIN | 500000 |
| 16-Jun-04 | RAJESH JAGANNATH PANCHAL | ASHOK BHAGAT | 100000 |
| 16-Jun-04 | RAJESH JAGANNATH PANCHAL | PRASAD SAKHARAM TANDEL | 100000 |
| 16-Jun-04 | RAMESH CHANDRA K JAIN | VIPUL R JAIN | 100000 |
| 16-Jun-04 | ASHOK BHAGAT | | 300000 |
| 16-Jun-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 500000 |
| 17-Jun-04 | JAGRUTI R PARIKH | PRAKASH A D'SOUZA | 150000 |
| 17-Jun-04 | RAVI BHAGWANDAS PANCHAL | ASHOK BHAGAT | 200000 |
| 17-Jun-04 | PRASHANT M NARVEKAR | ASHOK BHAGAT | 200000 |
| 17-Jun-04 | ASHOK BHAGAT | | 200000 |
| 17-Jun-04 | ASHOK BHAGAT | | 200000 |
| 17-Jun-04 | | RAVI BHAGWANDAS PANCHAL | 200000 |
| 17-Jun-04 | | RAMESH CHANDRA K JAIN | 300000 |
| 17-Jun-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 500000 |
| 18-Jun-04 | PRAKASH A D'SOUZA | RAJESH JAGANNATH PANCHAL | 100000 |

| | | | |
|-----------|-------------------------|----------------------------|--------|
| 18-Jun-04 | PRAKASH A D'SOUZA | PRASAD SAKHARAM TANDEL | 100000 |
| 18-Jun-04 | JAGRUTI R PARIKH | ASHOK BHAGAT | 200000 |
| 18-Jun-04 | ASHOK BHAGAT | | 200000 |
| 18-Jun-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 500000 |
| 21-Jun-04 | | PRASAD SAKHARAM TANDEL | 100000 |
| 21-Jun-04 | RAJENDRA G PARIKH | ASHOK BHAGAT | 200000 |
| 21-Jun-04 | | RAMESH CHANDRA K JAIN | 200000 |
| 21-Jun-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 300000 |
| 21-Jun-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 500000 |
| 22-Jun-04 | RAJENDRA G PARIKH | PRAKASH A D'SOUZA | 100000 |
| 22-Jun-04 | JAGRUTI R PARIKH | PRAKASH A D'SOUZA | 100000 |
| 22-Jun-04 | PRAKASH A D'SOUZA | ASHOK BHAGAT | 100000 |
| 22-Jun-04 | ASHOK BHAGAT | | 100000 |
| 22-Jun-04 | | RAMESH CHANDRA K JAIN | 100000 |
| 22-Jun-04 | PRASAD SAKHARAM TANDEL | ASHOK BHAGAT | 200000 |
| 22-Jun-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 200000 |
| 22-Jun-04 | ASHOK BHAGAT | | 200000 |
| 22-Jun-04 | ASHOK BHAGAT | | 200000 |
| 22-Jun-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 400000 |
| 23-Jun-04 | PRAKASH A D'SOUZA | PRASHANT M NARVEKAR | 100000 |
| 23-Jun-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 100000 |
| 23-Jun-04 | JAGRUTI SECURITIES LTD | RAJESH JAGANNATH PANCHAL | 200000 |
| 23-Jun-04 | | RAMESH CHANDRA K JAIN | 300000 |
| 24-Jun-04 | ASHOK BHAGAT | PRASHANT M NARVEKAR | 100000 |
| 24-Jun-04 | RAMESH CHANDRA K JAIN | | 275000 |
| 24-Jun-04 | | RAMESH CHANDRA K JAIN | 425000 |
| 25-Jun-04 | RAVI BHAGWANDAS PANCHAL | ASHOK BHAGAT | 100000 |
| 25-Jun-04 | RAJESH S TALEKAR | ENPEE ENTERPRISES PVT. LTD | 100000 |
| 25-Jun-04 | RAMESH CHANDRA K JAIN | | 100000 |
| 25-Jun-04 | ASHOK BHAGAT | Sayed Mustafa | 200000 |
| 25-Jun-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 200000 |
| 25-Jun-04 | | RAMESH CHANDRA K JAIN | 350000 |
| 28-Jun-04 | RAMESH CHANDRA K JAIN | | 100000 |
| 28-Jun-04 | | RAMESH CHANDRA K JAIN | 100000 |
| 28-Jun-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 300000 |
| 28-Jun-04 | RAJENDRA G PARIKH | RAMESH CHANDRA K JAIN | 500000 |
| 29-Jun-04 | PRASAD SAKHARAM TANDEL | ASHOK BHAGAT | 100000 |
| 29-Jun-04 | ASHOK BHAGAT | | 100000 |
| 29-Jun-04 | RAMESH CHANDRA K JAIN | | 100000 |
| 29-Jun-04 | PRASAD SAKHARAM TANDEL | PRAKASH A D'SOUZA | 200000 |

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|-----------|-------------------------------|-------------------------------|--------|
| 29-Jun-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 225000 |
| 29-Jun-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 300000 |
| 30-Jun-04 | ASHOK BHAGAT | | 100000 |
| 30-Jun-04 | RAMESH CHANDRA K JAIN | | 100000 |
| 30-Jun-04 | | RAJESH JAGANNATH PANCHAL | 200000 |
| 1-Jul-04 | ASHOK BHAGAT | Sayed Mustafa | 100000 |
| 1-Jul-04 | RAJESH JAGANNATH PANCHAL | PRASAD SAKHARAM TANDEL | 100000 |
| 1-Jul-04 | RAJESH JAGANNATH PANCHAL | ASHOK BHAGAT | 100000 |
| 1-Jul-04 | ASHOK BHAGAT | | 100000 |
| 2-Jul-04 | PRASAD SAKHARAM TANDEL | ASHOK BHAGAT | 100000 |
| 2-Jul-04 | ASHOK BHAGAT | Sayed Mustafa | 200000 |
| 2-Jul-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 200000 |
| 2-Jul-04 | | RAMESH CHANDRA K JAIN | 400000 |
| 3-Jul-04 | JAGRUTI SECURITIES LTD | PRISTINE MARKETING PVT LTD | 100000 |
| 3-Jul-04 | ASHOK BHAGAT | | 100000 |
| 3-Jul-04 | PRISTINE MARKETING PVT LTD | RAMESH CHANDRA K JAIN | 150000 |
| 3-Jul-04 | | RAMESH CHANDRA K JAIN | 200000 |
| 3-Jul-04 | RAJENDRA G PARIKH | SMITA JANAK THACKER | 400000 |
| 5-Jul-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 150000 |
| 6-Jul-04 | ASHOK BHAGAT | Sayed Mustafa | 100000 |
| 6-Jul-04 | RAJESH JAGANNATH PANCHAL | PRAKASH A D'SOUZA | 100000 |
| 6-Jul-04 | PRISTINE MARKETING PVT LTD | RAMESH CHANDRA K JAIN | 100000 |
| 6-Jul-04 | RAMESH CHANDRA K JAIN | VIPUL R JAIN | 100000 |
| 6-Jul-04 | ASHOK BHAGAT | | 100000 |
| 6-Jul-04 | | RAMESH CHANDRA K JAIN | 124800 |
| 6-Jul-04 | RAJESH JAGANNATH PANCHAL | ASHOK BHAGAT | 200000 |
| 6-Jul-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 235000 |
| 6-Jul-04 | PRISTINE MARKETING PVT LTD | RAMESH CHANDRA K JAIN | 250000 |
| 7-Jul-04 | ASHOK BHAGAT | Sayed Mustafa | 100000 |
| 7-Jul-04 | RAJESH JAGANNATH PANCHAL | PRAKASH A D'SOUZA | 100000 |
| 7-Jul-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 100000 |
| 7-Jul-04 | RAMESH CHANDRA K JAIN | VIPUL R JAIN | 100000 |
| 7-Jul-04 | ASHOK BHAGAT | | 100000 |
| 7-Jul-04 | ASHOK BHAGAT | | 100000 |
| 8-Jul-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 100000 |
| 8-Jul-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 150000 |
| 8-Jul-04 | RAJENDRA G PARIKH | RAMESH CHANDRA K JAIN | 250000 |

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| 8-Jul-04 | RAJENDRA G PARIKH | RAJESH JAGANNATH PANCHAL | 350000 |
| 8-Jul-04 | RAJENDRA G PARIKH | RAMESH CHANDRA K JAIN | 500000 |
| 9-Jul-04 | ASHOK BHAGAT | Sayed Mustafa | 100000 |
| 9-Jul-04 | PRAKASH A D'SOUZA | PRASHANT M NARVEKAR | 100000 |
| 9-Jul-04 | RAMESH CHANDRA K JAIN | VIPUL R JAIN | 100000 |
| 9-Jul-04 | PRAKASH A D'SOUZA | RAVI BHAGWANDAS PANCHAL | 125000 |
| 9-Jul-04 | RAJENDRA G PARIKH | ASHOK BHAGAT | 200000 |
| 9-Jul-04 | JAGRUTI R PARIKH | RAJENDRA G PARIKH | 408000 |
| 9-Jul-04 | RAJENDRA G PARIKH | SMITA JANAK THACKER | 1500000 |
| 10-Jul-04 | RAJESH JAGANNATH PANCHAL | PRAKASH A D'SOUZA | 125000 |
| 15-Jul-04 | SMITA JANAK THACKER | JAGRUTI R PARIKH | 500000 |
| 16-Jul-04 | JAGRUTI R PARIKH | MAHENDRA KUMAR PATODIA | 100000 |
| 16-Jul-04 | SMITA JANAK THACKER | RAMESH CHANDRA K JAIN | 100000 |
| 16-Jul-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 100000 |
| 16-Jul-04 | SMITA JANAK THACKER | JAGRUTI R PARIKH | 200000 |
| 16-Jul-04 | JAGRUTI R PARIKH | MAHENDRA KUMAR PATODIA | 200000 |
| 16-Jul-04 | JAGRUTI R PARIKH | MAHENDRA KUMAR PATODIA | 400000 |
| 17-Jul-04 | SMITA JANAK THACKER | RAJENDRA G PARIKH | 250000 |
| 19-Jul-04 | RAMESH CHANDRA K JAIN | VIKAS GOURIHAR NARNAVAR | 200000 |
| 19-Jul-04 | RAJENDRA G PARIKH | RAMESH CHANDRA K JAIN | 250000 |
| 19-Jul-04 | SMITA JANAK THACKER | RAJENDRA G PARIKH | 350000 |
| 20-Jul-04 | SMITA JANAK THACKER | RAJENDRA G PARIKH | 400000 |
| 21-Jul-04 | SMITA JANAK THACKER | RAJENDRA G PARIKH | 100000 |
| 21-Jul-04 | RAJENDRA G PARIKH | RAMESH CHANDRA K JAIN | 200000 |
| 22-Jul-04 | MAHENDRA KUMAR PATODIA | RAJENDRA G PARIKH | 100000 |
| 23-Jul-04 | MAHENDRA KUMAR PATODIA | RAJENDRA G PARIKH | 100000 |
| 24-Jul-04 | RAJENDRA G PARIKH | RAMESH CHANDRA K JAIN | 100000 |
| 26-Jul-04 | MAHENDRA KUMAR PATODIA | RAJENDRA G PARIKH | 100000 |
| 28-Jul-04 | MAHENDRA KUMAR PATODIA | JAGRUTI SECURITIES LTD | 100000 |
| 31-Jul-04 | RAJAN MAHENDRA SHAH | DHANSUKHRAI N MEHTA | 109150 |
| | | Total | 28342084 |

17. As regards the dealings of the promoters/persons acting in concert, Noticee is the promoter/director of JIKIL, Jagruti R Parikh is the wife of the Noticee and one among the PAC entities. Also, she is one of the directors of the trading member, JSL. Further, both the Noticee and Jagruti Parikh have traded heavily in the scrip of JIKIL both through on-market and off-market mechanisms. Details regarding their trades were called from them.
18. It is observed in the said Report that after several summons and reminders, JSL submitted only part information on the pretext that their hard disk had crashed and that their records were either lost or

damaged in the floods that hit Mumbai city. And the other two promoter entities viz., Noticee and Jagruti R Parikh had employed delaying tactics. Thus the findings of the investigation are based on the information available.

19. Due to the non-availability of complete information, the depositories were asked to submit more information on the deals both on and off-market. As per the details, the three promoter/PAC entities viz., the Noticee, Jagruti Parikh and JSL have the following five demat accounts, all with NSDL:

| S. No | Client Name | DP Name | BO Id |
|-------|-------------------------|--|----------|
| 1 | RAJENDRA G PARIKH | Standard Chartered Bank | 10299348 |
| 2 | RAJENDRA GULABRA PARIKH | Standard Chartered Bank | 10264251 |
| 3 | JAGRUTI R PARIKH | Standard Chartered Bank | 10444857 |
| 4 | JAGRUTI RAJENDRA PARIKH | Standard Chartered Bank | 10264235 |
| 5 | JAGRUTI SECURITIES LTD | Stock Holding Corporation of India Ltd | 16250083 |

20. The details of the credit/debit entries for the market, off-market and the total transactions done by the three entities as culled out from their demat statements are annexed as Annexure H to the said report in the file, the gist of which is as follows:

| Market Transactions | | | | | |
|--------------------------|---------|---------|---------|-----------|--|
| Name | Credit | Debit | Gross | Net debit | Particulars |
| Rajendra G Parikh | 0 | 1377572 | 1377572 | 1377572 | Chairman of JIK Industries |
| Jagruti R Parikh | 0 | 284492 | 284492 | 284492 | Person Acting in concert as per Shareholding pattern filed with the Exchange |
| Jagruti Securities Ltd | 668868 | 425812 | 1094680 | -243056 | Person Acting in concert as per Shareholding pattern filed with the Exchange |
| Total | 668868 | 2087876 | 2756744 | 1419008 | |
| Off- Market Transactions | | | | | |
| Name | Credit | Debit | Gross | Net debit | Particulars |
| Rajendra G | 1808000 | 5417977 | 7225977 | 3609977 | Chairman of JIK |

| | | | | | |
|---------------------------|---------------|--------------|--------------|------------------|--|
| Parikh | | | | | Industries |
| Jagruti R Parikh | 1234977 | 1938000 | 3172977 | 703023 | Person Acting in concert as per Shareholding pattern filed with the Exchange |
| Jagruti Securities Ltd | 687284 | 1016775 | 1704059 | 329491 | Person Acting in concert as per Shareholding pattern filed with the Exchange |
| Total | 3730261 | 8372752 | 12103013 | 4642491 | |
| Total Transactions | | | | | |
| Name | Credit | Debit | Gross | Net debit | Particulars |
| Rajendra G Parikh | 1808000 | 6795549 | 8603549 | 4987549 | Chairman of JIK Industries |
| Jagruti R Parikh | 1234977 | 2222492 | 3457469 | 987515 | Person Acting in concert as per Shareholding pattern filed with the Exchange |
| Jagruti Securities Ltd | 1356152 | 1442587 | 2798139 | 86435 | Person Acting in concert as per Shareholding pattern filed with the Exchange |
| Total | 4399129 | 10460628 | 14859757 | 6061499 | |

21. As regards the off-loading of shares by promoters, the findings of the said Report states that the shares have been initially transferred in off-market by the three promoter entities viz., the Noticee, Jagruti Parikh and JSL to other entities who have off-loaded the shares in the market. In some cases the entities who have received the shares in off market from promoters have first transferred the shares in off market to other entities, who have ultimately off-loaded the shares in the market. The details of such off-market deals as extracted from the said Report are as follows:

Rajendra Parikh

| Date | From | To | Quantity |
|-----------|----------|----------|----------|
| | | | |
| 11-Jun-04 | 10299348 | 10113394 | 125000 |
| 11-Jun-04 | 10299348 | 10112300 | 125000 |
| 11-Jun-04 | 10299348 | 10113847 | 125000 |
| 11-Jun-04 | 10299348 | 10112022 | 125000 |
| 12-Jun-04 | 10113394 | 10112300 | 25000 |
| 12-Jun-04 | 10113847 | 10112300 | 50000 |
| 12-Jun-04 | 10113847 | 10112022 | 75000 |

| | | | |
|-----------|----------|----------|--------|
| 12-Jun-04 | 10113394 | Market | 100000 |
| 12-Jun-04 | 10112022 | Market | 200000 |
| 14-Jun-04 | 10112300 | Market | 200000 |
| | | | |
| 12-Jun-04 | 10299348 | 10444857 | 24977 |
| 14-Jun-04 | 10444857 | Market | 24977 |
| | | | |
| 12-Jun-04 | 10299348 | 10045185 | 50000 |
| 14-Jun-04 | 10045185 | Market | 50000 |
| | | | |
| 14-Jun-04 | 10299348 | 10113394 | 131000 |
| 15-Jun-04 | 10113394 | 10113847 | 100000 |
| 15-Jun-04 | 10113394 | 10121628 | 100000 |
| 15-Jun-04 | 10113847 | Market | 100000 |
| 15-Jun-04 | 10121628 | Market | 100000 |
| | | | |
| 21-Jun-04 | 10299348 | 10112300 | 200000 |
| 22-Jun-04 | 10112300 | Market | 200000 |
| | | | |
| 22-Jun-04 | 10299348 | 10112406 | 100000 |
| 22-Jun-04 | 10112406 | 10112300 | 100000 |
| 22-Jun-04 | 10112300 | Market | 100000 |
| | | | |
| 28-Jun-04 | 10264251 | 10045185 | 500000 |
| 28-Jun-04 | 10045185 | 10080126 | 300000 |
| 28-Jun-04 | 10045185 | Market | 100000 |
| 28-Jun-04 | 10045185 | Market | 50000 |
| 28-Jun-04 | 10045185 | Market | 50000 |
| 28-Jun-04 | 10080126 | Market | 150000 |
| 28-Jun-04 | 10080126 | Market | 150000 |
| | | | |
| 8-Jul-04 | 10264251 | 10045185 | 500000 |
| 8-Jul-04 | 10045185 | 10080126 | 150000 |
| 8-Jul-04 | 10045185 | 10080126 | 100000 |
| 8-Jul-04 | 10045185 | 10080087 | 50000 |
| 8-Jul-04 | 10045185 | 10080087 | 50000 |
| 8-Jul-04 | 10045185 | Market | 20000 |
| 8-Jul-04 | 10045185 | Market | 62000 |
| 8-Jul-04 | 10045185 | Market | 5000 |
| 8-Jul-04 | 10045185 | Market | 50000 |
| 8-Jul-04 | 10080126 | Market | 100000 |
| 9-Jul-04 | 10080126 | Market | 100000 |
| 9-Jul-04 | 10080126 | Market | 50000 |
| 9-Jul-04 | 10080087 | Market | 100000 |
| | | | |
| 9-Jul-04 | 10264251 | 10112300 | 200000 |
| 9-Jul-04 | 10112300 | 10756957 | 100000 |
| 9-Jul-04 | 10112300 | 10756957 | 50000 |
| 9-Jul-04 | 10756957 | Market | 100000 |
| 9-Jul-04 | 10756957 | Market | 100000 |

| | | | |
|-----------|----------|----------|--------|
| 9-Jul-04 | 10112300 | Market | 50000 |
| | | | |
| 9-Jul-04 | 10299348 | 10045185 | 62000 |
| 9-Jul-04 | 10045185 | 10080087 | 100000 |
| 9-Jul-04 | 10080087 | Market | 100000 |
| | | | |
| 19-Jul-04 | 10264251 | 10045185 | 250000 |
| 19-Jul-04 | 10045185 | 10080126 | 200000 |
| 19-Jul-04 | 10045185 | Market | 20000 |
| 19-Jul-04 | 10080126 | Market | 100000 |
| 20-Jul-04 | 10080126 | Market | 100000 |
| 20-Jul-04 | 10045185 | Market | 22130 |
| | | | |
| 21-Jul-04 | 10264251 | 10045185 | 200000 |
| 21-Jul-04 | 10045185 | 10080126 | 80171 |
| 22-Jul-04 | 10045185 | Market | 100000 |
| 22-Jul-04 | 10045185 | Market | 34699 |
| 22-Jul-04 | 10080126 | Market | 80171 |
| | | | |
| 24-Jul-04 | 10264251 | 10045185 | 100000 |
| 24-Jul-04 | 10045185 | 10080126 | 23580 |
| 26-Jul-04 | 10045185 | Market | 75920 |
| 26-Jul-04 | 10080126 | Market | 23580 |

Jagruti Parikh

| Date | From | To | Quantity |
|-----------|----------|----------|----------|
| | | | |
| 11-Jun-04 | 10444857 | 10045185 | 300000 |
| 14-Jun-04 | 10045185 | Market | 125000 |
| 14-Jun-04 | 10045185 | Market | 175000 |
| | | | |
| 12-Jun-04 | 10444857 | 10286017 | 50000 |
| 14-Jun-04 | 10286017 | Market | 50000 |
| | | | |
| 17-Jun-04 | 10444857 | 10112406 | 150000 |
| 18-Jun-04 | 10112406 | 10113394 | 100000 |
| 18-Jun-04 | 10112406 | 10112022 | 100000 |
| 18-Jun-04 | 10113394 | Market | 100000 |
| 18-Jun-04 | 10112022 | Market | 100000 |
| | | | |
| 18-Jun-04 | 10444857 | 10112300 | 200000 |
| 18-Jun-04 | 10112300 | Market | 200000 |
| | | | |
| 22-Jun-04 | 10444857 | 10112406 | 100000 |
| 22-Jun-04 | 10112406 | 10112300 | 100000 |
| 22-Jun-04 | 10112300 | Market | 100000 |
| | | | |
| 23-Jun-04 | 10444857 | 10286017 | 10000 |
| 23-Jun-04 | 10286017 | Market | 10000 |

| | | | |
|----------|----------|----------|--------|
| | | | |
| 9-Jul-04 | 10264235 | 10264251 | 408000 |
| 9-Jul-04 | 10264251 | 10112300 | 200000 |
| 9-Jul-04 | 10112300 | 10756957 | 100000 |
| 9-Jul-04 | 10112300 | 10756957 | 50000 |
| 9-Jul-04 | 10112300 | Market | 50000 |
| 9-Jul-04 | 10756957 | Market | 100000 |
| 9-Jul-04 | 10756957 | Market | 100000 |

Jagruti Sec.

| Date | From | To | Quantity |
|-----------|----------|----------|----------|
| | | | |
| 14-Jun-04 | 16250083 | 10112300 | 200000 |
| 14-Jun-04 | 10112300 | Market | 200000 |
| | | | |
| 15-Jun-04 | 16250083 | 10112300 | 200000 |
| 15-Jun-04 | 10112300 | Market | 200000 |
| | | | |
| 15-Jun-04 | 16250083 | 10113394 | 200000 |
| 15-Jun-04 | 10113394 | 10113847 | 100000 |
| 15-Jun-04 | 10113394 | 10121628 | 100000 |
| 15-Jun-04 | 10113847 | Market | 100000 |
| 15-Jun-04 | 10121628 | Market | 100000 |
| | | | |
| 23-Jun-04 | 16250083 | 10113394 | 200000 |
| 25-Jun-04 | 10113394 | 10112022 | 50000 |
| 25-Jun-04 | 10113394 | Market | 150000 |
| 25-Jun-04 | 10112022 | Market | 100000 |
| | | | |
| 3-Jul-04 | 16250083 | 10286017 | 100000 |
| 3-Jul-04 | 10286017 | 10045185 | 150000 |
| 5-Jul-04 | 10045185 | 10080126 | 150000 |
| 5-Jul-04 | 10080126 | Market | 100000 |
| 5-Jul-04 | 10080126 | Market | 50000 |
| | | | |
| 5-Jul-04 | 16250083 | 10045185 | 25000 |
| 5-Jul-04 | 10045185 | Market | 25000 |

22. The list of entities who have been found to be involved in the cartel to facilitate offloading by promoter entities as set out in the said report is as follows:

| S. No | BO Id | Client Name |
|-------|----------|-------------------------|
| 1 | 10113394 | RAJESH JAGANNTH PANCHAL |
| 2 | 10112300 | ASHOK BHAGAT |
| 3 | 10113847 | PRASHANT M. NARVEKAR |
| 4 | 10112022 | PRASAD SAKHARAM TANDEL |

| | | |
|----|----------|------------------------------|
| 5 | 10045185 | RAMESH CHANDRA K. JAIN |
| 6 | 10121628 | SICORP FINLEASE LTD |
| 7 | 10112406 | PRAKASH A. D'SOUZA |
| 8 | 10080126 | VIKAS GOURIHAR NARNAVAR |
| 9 | 10080087 | VIPUL R JAIN |
| 10 | 10756957 | SAYED MUSTAFA |
| 11 | 10286017 | PRISTINE MARKETING PVT. LTD. |

23. It is found from the details given on page 10 of this Order and from the findings of the said Investigation Report that it has been the endeavor of the three promoter entities to offload their holdings while concealing their identity firstly to escape the surveillance net of the exchanges and secondly, to protect the price of the scrip from falling drastically than from what it had already fallen during the said Investigation period from Rs.4 to 2.80 at NSE and from Rs.3.95 to 2.80 at BSE during the said period, in case the information of off-loading by the promoters had been known to the general investors. It is also pertinent to note keeping in view the fact that the disclosures about bulk deals do not indicate that it was the promoters of the company who were off loading the shares, thus misleading the general investors. Apart from that, the promoters have also failed to make disclosures about reduction in their holding as required under SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as the Insider Trading Regulations), which will be discussed in the later part of this Order. It is further noticed from the demat statements of the above entities that the opening and closing balances in their accounts were zero. However, during the said period, their accounts showed huge transactions in the scrip owing to transfer of shares from the three promoter entities for subsequent transfer to other entities or for off-loading them in the market which clearly establishes that these entities did not have any genuine interest in the scrip and that they were just roped in by the promoter entities in bailing them out for off-loading their holding in the market and also to conceal their identity.
24. Hence, it is clear that the three promoter entities including the Noticee, have offloaded their holdings while concealing their identity firstly to escape the surveillance net of the exchanges and secondly, to protect the price of the scrip from falling drastically than from what it had already fallen during the said Investigation period, in case the information about the off-loading by the promoters had been known to the general investors. And thus, all the three promoter entities including the Noticee have violated the provisions of SEBI (Prohibition of Fraudulent and Unfair Trade practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as the PFUTP Regulations).

25. As regards the disclosures required under the SEBI Regulations, in the light of the huge number of transactions, to and from the demat accounts of the promoter entities including the Noticee and the PAC entities, the change in the shareholding of the promoters has been calculated after June 30, 2007 as has been provided by the exchanges.
26. Regulation 13 (3) of the Insider Trading Regulations, '*Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company the number of shares or voting rights held and change in shareholding or voting rights,..... if there has been change in such holding from the last disclosure made..... and such change exceeds 2% of the total shareholding or voting rights in the company.*'
27. The findings of the said Report state that on the assumption that the last disclosure made by the Noticee and Jagruti Parikh was on May 30, 2004, immediately before the period of investigation begun, then also both these entities including the Noticee holding more than 5% were required to make disclosures under Regulation 13 (3) of the Insider Trading Regulations on five occasions and Jagruti Parikh on two occasions. The following is the table containing such details:

| Rajendra G Parikh | | | | | | |
|--------------------------|-------------|-----------|-----------------|---------------------|-----------------------|--|
| Date | From | To | Quantity | Shareholding | % Shareholding | Disclosures Required under Regulation |
| 30-May-04 | * | * | * | 12205815 | 31.3 | |
| 14-Jun-04 | 10299348 | Market | 31401 | 11422756 | 29.29 | 13(3) of Insider Trading |
| 28-Jun-04 | 10264251 | 10045185 | 500000 | 10622756 | 27.24 | 13(3) of Insider Trading |
| 8-Jul-04 | 10264251 | 10045185 | 500000 | 9622756 | 21.97 | 13(3) of Insider Trading |
| | 10264251 | 10113394 | 350000 | 8569268 | | 13(3) of Insider Trading |
| 9-Jul-04 | 10264251 | 10078939 | 1500000 | 6869268 | 17.61 | 13(3) of Insider Trading |
| Jagruti R Parikh | | | | | | |
| Date | From | To | Quantity | Shareholding | % Shareholding | Disclosures Required under Regulation |
| 30-May-04 | * | * | * | 9010056 | 23.1 | |
| 16-Jul-04 | 10444857 | 40058004 | 100000 | 8224591 | 21.09 | 13(3) of Insider Trading |

28. However, it is pertinent to note here that both BSE and NSE have informed then and also vide letters dated February 10, 2009 that no disclosures have been made by JIKIL to the exchanges either under SEBI

(SAST) Regulations, 1997 and the Insider Trading Regulations between June 1, 2004 and August 31, 2004 specifically and generally throughout the year 2004. Furthermore, JIKIL has not submitted copy of any disclosures made to it by the two entities including the Noticee in the year 2004 when the investigation took place.

29. Regulation 13 (4) of the SEBI Insider Trading Regulations reads '*Any person who is a director or officer of a listed company, shall disclose to the company, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been change in such holdings from the last disclosure made..... and the change exceeds Rs. 5 lakh in value or 25000 shares or 1% of total shareholding or voting rights, whichever is lower.*
30. The Reports of the exchanges it is stated in the said Investigation Report, mention that the Noticee being the Chairperson of JIKIL Company and assuming that the last disclosure made by the Noticee was on May 30, 2004 immediately before the said Investigation period, the also the Noticee was required to make disclosures under Regulation 13 (4) of the Insider Trading Regulations on 19 occasions, as can be seen the table below:

| Date | From | To | Quantity | Sharehold ng | % Sharehold ng | Disclosures Required under Regulation |
|-----------|----------|----------|----------|-----------------|----------------------|--|
| 30-May-04 | * | * | * | 12205815 | 31.3 | |
| 11-Jun-04 | 10299348 | 10112300 | 125000 | 12080815 | 30.01 | 13(4) of Insider Trading |
| | 10299348 | 10113394 | 125000 | 11955815 | | |
| | 10299348 | 10113847 | 125000 | 11830815 | | |
| | 10299348 | 10112022 | 125000 | 117005815 | | |
| 12-Jun-04 | 10299348 | 10045185 | 50000 | 11630838 | 29.82 | 13(4) of Insider Trading |
| 14-Jun-04 | 10299348 | 10113394 | 131000 | 11499838 | 29.29 | 13(4) of Insider Trading |
| | 10299348 | Market | 45681 | 11454157 | | |
| | 10299348 | Market | 31401 | 11422756 | | |
| 21-Jun-04 | 10299348 | 10112300 | 200000 | 11222756 | 28.78 | 13(4) of Insider Trading |
| 22-Jun-04 | 10299348 | 10112406 | 100000 | 11122756 | 28.52 | 13(4) of Insider Trading |
| 28-Jun-04 | 10264251 | 10045185 | 500000 | 10622756 | 27.24 | 13(4) of Insider Trading |
| 29-Jun-04 | 10299348 | 10097539 | 50000 | 10572756 | 26.98 | 13(4) of Insider Trading |
| | 10299348 | 10097547 | 50000 | 10522756 | | |
| 3-Jul-04 | 10264251 | 10078939 | 400000 | 10122756 | 25.96 | 13(4) of Insider Trading |
| 8-Jul-04 | 10264251 | 10045185 | 500000 | 9622756 | 21.97 | 13(4) of Insider Trading |
| | 10264251 | 10045185 | 250000 | 9372756 | | |
| | 10264251 | Market | 453488 | 8919268 | | |
| | 10264251 | 10113394 | 350000 | 8569268 | | |
| 9-Jul-04 | 10264251 | 10112300 | 200000 | 8369268 | 16.41 | 13(4) of Insider Trading |

| | | | | | | |
|-----------|----------|----------|---------|---------|-------|--------------------------|
| | 10264251 | 10078939 | 4500000 | 6869268 | | |
| | 10264235 | 10264251 | 408000 | 6461268 | | |
| | 10299348 | 10045185 | 62000 | 6399268 | | |
| 17-Jul-04 | 10078939 | 10264251 | 250000 | 6649268 | 17.05 | 13(4) of Insider Trading |
| 19-Jul-04 | 10264251 | 10045185 | 250000 | 6399268 | | |
| | 10078939 | 10264251 | 350000 | 6749268 | 17.31 | 13(4) of Insider Trading |
| 20-Jul-04 | 10264251 | Market | 342002 | 6407266 | | |
| | 10078939 | 10264251 | 400000 | 6807266 | 17.45 | 13(4) of Insider Trading |
| 21-Jul-04 | 10264251 | 10045185 | 200000 | 6607266 | | |
| | 10078939 | 10264251 | 100000 | 6707266 | 17.2 | 13(4) of Insider Trading |
| 22-Jul-04 | 10264251 | Market | 300000 | 6407266 | | |
| | 40058004 | 10264251 | 100000 | 6507266 | 16.69 | 13(4) of Insider Trading |
| 23-Jul-04 | 40058004 | 10264251 | 100000 | 6602266 | 16.93 | 13(4) of Insider Trading |
| 24-Jul-04 | 10264251 | 10045185 | 100000 | 6502266 | 16.67 | 13(4) of Insider Trading |
| 26-Jul-04 | 40058004 | 10264251 | 100000 | 6602266 | 16.93 | 13(4) of Insider Trading |
| 27-Jul-04 | 10264251 | Market | 200000 | 6402266 | 16.42 | 13(4) of Insider Trading |

31. However, it is pertinent to note that both BSE as well as NSE have informed then and also vide letters dated February 10, 2009 that no disclosures have been made by JIKIL to the exchanges either under Takeover Regulations or the Insider Trading Regulations between June 1, 2004 and August 31, 2004 specifically and throughout the year 2004 generally. Further, JIKIL has not submitted copy of any disclosures made to it by the Noticee during the investigation in the year 2004.
32. From the information available on record, the said findings of the Investigation Report state that the promoters/directors of JIKIL including the noticee acted hands in glove with several other entities and have offloaded their holdings.
33. As the Noticee, Mr. Rajendra Parikh has allegedly violated Regulations 3 (a), (c) and 4 (1) of the said PFUTP Regulations and Regulations 13 (3) and 13 (4) of the Insider Trading Regulations, the Noticee is allegedly liable for monetary penalty under Section 15HA and 15A (b) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the 'SEBI Act').

APPOINTMENT OF THE ADJUDICATING OFFICER

5. The undersigned has been appointed as the Adjudicating Officer vide order of SEBI dated March 17, 2008 under Section 15I of the SEBI Act read with Rule 3 of the SEBI (Procedure for holding inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 (hereinafter

referred to as the 'Adjudication Rules') to inquire into and adjudge under Section 15A (b) and Section 15HA of the SEBI Act, the violation of the provisions of the PFUTP Regulations of 2003 and SEBI (Prohibition of Insider Trading) Regulations, 1992.

NOTICE, REPLY AND PERSONAL HEARING

6. After an investigation was conducted by the SEBI team during June, 2004 to August, 2004 a notice communicating the findings observed by SEBI, has been sent to the Noticee.
7. A Show Cause Notice dated August 14, 2008 was issued under Rule 4 of the Adjudication Rules to the Noticee asking as to why an inquiry should not be held against them and penalty imposed under Section 15A (b) and 15HA of the SEBI Act for their failure to comply with Regulation 3 (a), (c) and 4 (1) of the PFUTP Regulations and Regulation 13 (3) and 13 (4) of the Insider Trading Regulations. The Noticee has filed a detailed reply vide letter dated November 14, 2008 and they requested for a personal hearing as well.
8. Subsequently, the undersigned had given an opportunity of personal hearing on January 21, 2009. On the scheduled date of hearing, Advocate Simil S Purohit, appeared on behalf of the Noticee and made detailed submissions reiterating what has been stated in their Reply.

WRITTEN SUBMISSIONS/ CONTENTIONS RAISED BY THE NOTICEE:

9. The Noticee, vide its reply dated November 14, 2008 had made submissions. Further submissions were made during the personal hearing held on January 21, 2009. The extracts of submissions made by the Noticee along with the contentions so raised, *inter alia* are stated below:
 - At the outset, the Noticee had denied violating any provisions of the said PFUTP Regulations and the Insider Trading Regulations in his dealings in the scrip of JIKIL.
 - Firstly, the Noticee contended that the notice is vague in as much as it does not specifically state the violations which they have allegedly committed. And that the Notice is silent on many aspects.
 - That the relevant material based on which the notice has been issued has not been provided which is in gross violation of natural justice principles.
 - That the said Notice has been issued after more than four years from the period of investigation.

- That the figures mentioned in Para 2 of the Notice are based on the data collected by SEBI, which is not available to them and therefore, it was stated that the Noticee is not in a position to deal with the same.
- That the alleged fluctuations in the volumes of the JIKIL scrip cannot be attributed to the Noticee alone. That the volume details mentioned therein are a matter of record and thus, does not call for any comments.
- That the Noticee is neither aware nor in a position to establish that the so called 'other entities' who were found to have off loaded the shares of JIKIL in the market. Furthermore, the Noticee stated that the term 'heavily' mentioned in the para is undefined and devoid of interpretation. Moreover, that the manipulative intent as impliedly alleged in the Notice is a serious charge and needs to be established beyond reasonable doubt. That requisite evidence in support of the charge has not been provided with the Notice.
- The Noticee denies that the promoters of JIKIL were involved in the alleged cartel to facilitate the alleged offloading by promoter entities and denies the very existence of any cartel as was alleged in the Notice. That no evidence exists in support of the allegation that the Noticee was acting along with the alleged entities in the alleged offloading by promoter entities of JIKIL.
- That the figures mentioned in Paras 5 & 6 are misleading and that all the cumulative sales figures cannot be attributed to the Noticee alone. That the sales done by subsequent purchasers have been clubbed and attributed to the Noticee which is unfair.
- That the Noticee denied that he concealed his identity to escape the surveillance net of the exchanges as was alleged in the notice. In this regard, it was stated that as the screen based trading itself mandates anonymity whereby the seller and buyer do not know each other, even in the market trades, the identity is not known. Further, it was stated that trades executed in off market deals can never have any bearing on the price or volume of the scrip of JIK, and that therefore, prima facie the charge under PFUTP Regulations must fail.
- With regard to the table in para 5 of the Notice which contains the details of credit/debit entries for the market, off-market and total transactions done by the Noticee, it is stated that the Noticee had transferred 1377572 shares in market transactions and 517977 shares in off market transactions, aggregating to 6795549 shares, whereas in para 6 of the Notice it is alleged that the Noticee had concealed his identity and tried to escape the surveillance of the exchange while offloading his holdings and that the details of the alleged transactions where the Noticee had allegedly concealed his identity are produced in Annexure 1 annexed to the Notice, from which it is evident that such transactions pertained only to 2817977 shares. And

that as stated earlier, the Noticee had transferred 6795549 shares in all, however the allegation of concealing identity is only with respect to 2817977 shares. And that there is no reason for concealing identity only with respect to the transactions of 2817977 shares, while with respect to the transactions of 3977572 shares the Noticee did not conceal his identity. And therefore the Noticee stated that allegations regarding concealing of identity with respect to some transactions is baseless.

- That the entire method of arriving at the figures is faulty and the third party actions, in the absence of any collusion, cannot be attributed to the Noticee. And thus the Noticee denied his indulgence in any unfair or fraudulent trade practice.
- And that in the absence of any enrichment of any nature whatsoever, the PFUTP Regulations are not applicable.
- As regards the Regulation 3 (c) of the PFUTP Regulations, the Notice does not narrate as to in what manner the Noticee had employed any device and/or scheme or artifice to defraud in connection with dealing in the scrip of JIKIL.
- That in the Annexure 2 annexed to the show cause notice, there was a totaling error against the transaction recorded on 9/7/2004 as 4,08,000 shares have been debited instead of being credited, which has resulted in an error in the following calculations in the said Annexure.
- With reference to paras 7 and 8 of the Notice, the Noticee stated that he had from time to time he had informed the company JIKIL about change in his shareholding as required under Regulation 13 (3) and 13 (4) of the Insider Trading Regulations. And the copies of the same are annexed to his Reply as Annexure-A 'Colly' which are disclosures made under Reg 13 (3) and Annexure-B 'Colly' which disclosures are made under Reg 13 (4). And that allegation of failure regarding the same does not hold good.

CONSIDERATION OF THE ISSUES AND FINDINGS THEREOF

10. I have carefully perused the written and oral submissions and documents available on record. The issues that arise for consideration in the present case are:

- A. Whether the Noticee has violated the provisions of Regulations 3 (a), (c) and 4 (1) of the PFUTP Regulations of 2003 by acting hands in glove with other entities and by offloading his holdings by concealing identity and trying to escape the surveillance net of the exchanges?

- B. Whether the Noticee has violated the provisions of Regulations 13 (3) and 13 (4) of the SEBI Insider Trading Regulations by not making disclosures to the company JIKIL in the year 2004?
- C. Whether the aforesaid issues after consideration call for monetary penalty?

And

If so, what would be the quantum of penalty that could be imposed taking into consideration various factors relating to their violations?

Issues under the SEBI PFUTP Regulations of 2003:

11. Regulation 3 of the PFUTP Regulations, 2003 reads thus, ***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).....; (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;
12. Regulation 4 read thus, ***Prohibition of manipulative, fraudulent and unfair trade practices:*** 'Without prejudice to the provisions of Regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.
13. During the personal hearing of the Noticee, Advocate Simil Purohit, on behalf of the Noticee referring to the term 'initial transfer' in para 3 of the show cause notice had stated that subsequent transfers by the purchasers cannot be attributed to the Noticee or the cumulative transactions of all entities cannot be attributable to the Noticee. If we look at the table given on pages 5 to 8 containing the details of the off-market transactions, the name of the noticee appears at many places in the table in the column of source client and at some places in the column of the target client as well and therefore it is not just the initial transfer which is done by the Noticee. Furthermore, looking at the table containing the off market deals, it appears that the Noticee/PAC entities have entered into off-market deals amongst themselves and also with persons actively trading in the market. A total of 28342084 shares were transferred in the 142 off market transactions amongst parties during June and July 2004. The list of entities who are involved in the cartel to facilitate offloading by the promoter entities is given on pages 13-14 of this order. Therefore the fluctuations in the volume of the scrip are clearly to be attributed to the Noticee, other promoter entities and the persons actively trading in the market.

14. The shares have been initially transferred in off-market by the three promoter entities viz., the Noticee, Jagruti Parikh and JSL to other entities who have off-loaded the shares in the market. The details of the off-loading of shares done by the three promoter entities have been separately contained in the tables on pages 10-13 of this Order. Thus, the Noticee's contention about the same does not hold good simply because of the above reasoning and even assuming they have done only the initial transfers, they roped in the other entities to do rest of the off-market transactions, who acted hands in glove with the Noticee and the PAC entities as is clear from the various tables showing the details which are reproduced in this order.
15. Based on number of bulk deals reported during the said period, investigation was focused on the clients who had traded for more than 0.5% capital of the company during the period as stated earlier.
16. On a general note, the off market deals are not considered transparent and are not helpful to the price discovery process on the stock exchange mechanism as the price of the scrip might have sudden increase or decrease, which is harmful to the investors' interests. In order to protect the interest of the investors in securities and the capital market by taking suitable measures, it is necessary to inform the stock exchange and make necessary disclosures in the case of such off-market deals, which did not take place in the instant matter.
17. The Advocate on behalf of the Noticee further contended during the personal hearing held on January 21, 2009, that a promoter being a shareholder can trade in shares and that trading on principal to principal basis is valid, which is not being disputed but the above would be correct in law only when necessary disclosures to that effect are made under the relevant Regulations by the promoter and investors know about the same, which again did not take place in the instant matter. A promoter has the right to enter the market, trade in securities, make all the necessary disclosures and inform the investors. But in the instant matter, the promoters engaged other entities who were actively trading in the market to do the off-market deals, which was not known to the investors. Neither did the Noticee make any disclosures nor did he disclose his identity so as to not let the prices of the scrip fall drastically than from what it had already fallen during the said Investigation period from Rs.4 to 2.80 at NSE and from Rs.3.95 to 2.80 at BSE during the said period.
18. Clearly, it has been the endeavor of the three promoter entities to offload their holdings while concealing their identity firstly to escape the surveillance net of the exchanges and secondly, to protect the price of

the scrip from falling drastically than from what it had already fallen during the said Investigation period from Rs.4 to 2.80 at NSE and from Rs.3.95 to 2.80 at BSE during the said period, in case the information of off-loading by the promoters had been known to the general investors, thereby manipulated the price of the scrip. It is also pertinent to note keeping in view the fact that the disclosures about bulk deals do not indicate that it was the promoters of the company who were off loading the shares, thus misleading the general investors. This point is further supported by the fact that the Noticee failed to make disclosures under the relevant provisions of the Insider Trading Regulations and this hid his identity so as to protect the price of the scrip from falling and escape the surveillance net. If the Noticee didn't want to do the same, he would have made the necessary disclosures at the relevant time, which he didn't make.

19. As regards the Noticee's reply to the para 5 of the show cause notice, I am unaware as to how the Noticee arrived at the figure 2817977 shares in Annexure I wherein in the alleged transactions he tried to conceal his identity, however, it appears that it is a cumulative figure of the market transactions which are not done from the Noticee's Id viz., 10299348. It is pertinent to note that the Noticee has concealed his identity with regard to 5417977 shares which are off-market transactions and are given in the table containing credit/debit entries. Thus the plea is not valid.
20. Thus, the above activity of the Noticee does constitute dealings done in fraudulent and manipulative manner by employing a device or scheme to defraud with regard to dealing in securities and thus same would be an unfair trade practice under PFUTP Regulations. Further, when the Noticee was asked to produce bank statements at the time of investigation, he did not produce; neither did he answer the issues relating to consideration received for the off-market deals. The said deals have been done with a manipulative intent by roping in other entities who facilitated the off-loading in the scrip and thus, hid the personal identity and manipulated the price of the scrip, which has been established beyond reasonable doubt as is obvious from the various details reproduced in this Order in table forms.
21. Further, in the reply dated November 14, 2008, the Noticee contends that the Notice is vague. However, the notice is in clear with the violations specified elaborately and supported by tables containing the details of the various off-market deals. Further, the show cause notice contains the relevant data based on which the charges are framed and thus, there was no need at all for additional information to be provided.

22. Furthermore, the Noticee in his reply contended that the term 'heavily' is undefined and devoid of interpretation, however, the expression is open to discussion always and differs from person to person and in the instant matter from the perspective of a lay person, the trading done by the Noticee and other two promoter entities in the scrip does seem heavy as out of total volume of 2,34,85,753 shares at BSE, their total market transactions are in 27,56,744 shares which is taken from the table containing credit/debit entries and which attributes to approximately more than 10% of the total volume during the period. Therefore, the same contention doesn't hold good.

Issues under the SEBI Insider Trading Regulations of 1992

23. As regards the disclosures required under the SEBI Regulations, in the light of the huge number of transactions, to and from the demat accounts of the promoter entities including the Noticee and the PAC entities, the change in the shareholding of the promoters has been calculated after June 30, 2007 as has been provided by the exchanges.
24. Regulation 13 (3) of the Insider Trading Regulations, '*Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company the number of shares or voting rights held and change in shareholding or voting rights,..... if there has been change in such holding from the last disclosure made..... and such change exceeds 2% of the total shareholding or voting rights in the company.*
25. Regulation 13 (4) of the SEBI Insider Trading Regulations reads '*Any person who is a director or officer of a listed company, shall disclose to the company, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been change in such holdings from the last disclosure made..... and the change exceeds Rs. 5 lakh in value or 25000 shares or 1% of total shareholding or voting rights, whichever is lower.*
26. The table containing details regarding disclosures supposed to be made by the Noticee are on pages 15-17 of this order.
27. However, it is pertinent to note here that no disclosures have been made by the Noticee as required. In fact, it is observed that when SEBI Investigation team specifically asked to produce the copy, Noticee had failed to submit the same. However, surprisingly, vide reply dated November 14, 2008, the Noticee enclosed the copies of disclosures and clarified that these disclosures were made in the relevant period of time viz., 2004.

28. In this regard I am doubtful about the genuineness of his claim since if the Noticee had made disclosures in accordance with Regulation then who prevented him from submitting the copies of the same to the SEBI investigation team in the year 2004 itself. However, it is admitted fact that he failed to do so.
29. Secondly, assuming that Noticee had made disclosures to JIKIL and then it was mandated on JIKIL to in turn inform BSE and NSE within five days of receipt of the same from the Noticee as per Regulation 13 (6) of the Insider Trading Regulations. However, I find that, no disclosures have been made by JIKIL to the exchanges under both SEBI (SAST) Regulations, 1997 and Reg 13 (6) of the Insider Trading Regulations between June 1, 2004 and August 31, 2004 specifically and generally throughout the year 2004. Furthermore, JIKIL has not submitted copy of any disclosures made to it by the two entities including the Noticee in the year 2004 when the investigation took place. Therefore, in my opinion if the Noticee had made the disclosures in the year 2004 in the five instances specified the table on page 15 to JIKIL then JIKIL would have immediately made the disclosures to the stock exchanges where the company is listed i.e., the BSE and NSE as per the mandatory provisions under Insider Trading Regulations, which the company did not make till today as the same has been confirmed from BSE and NSE recently vide letters dated February 10, 2009. Thus, it seems to be only an after thought and evidence has been fabricated since mere submission of documents containing disclosures after a period of four years does not mean that disclosures have been made at the relevant time and if the disclosures had been made at the relevant time, then the Noticee should have submitted copies of the same to the SEBI Investigation team during or immediately after the investigation in 2004. And when asked during the period of investigation in 2004, the Noticee did not have these documents as the Noticee did not make disclosures then, however, somehow the Noticee managed to procure the same now. In this regard, it is pertinent to note that submission of documents after thought that too obtaining of the acknowledgement from JIKIL is more easily accessible to the Noticee by observing the fact that Noticee is the Chairman of JIKIL. I am unable to ignore these facts. It is thus, quite clear to me that the Noticee has not made any disclosures under Regulation 13 (3) and 13 (4). Further, I do not find any reason to disbelieve the letters issued by the SROs i.e., BSE and NSE considering the weight they carry, hence I place reliance on the same.
30. I have perused all the documents forwarded along with the written submissions. However, I do not find any merit in the same. Though the Noticee had argued taking the plea that he is not aware of the other entities with whom the deals have been made, however, it is obvious

from the relevant tables put forth in this Order that the Noticee, other promoter entities who are PAC entities along with other entities have traded amongst themselves in off-loading the shares of JIKIL and by not revealing their identity and not making necessary disclosures and tried to escape the surveillance net of the exchanges as has been reasoned out in the previous paragraphs, thus the plea is not valid as the same has been done with manipulative intent so as to protect the price of the scrip and not letting investors know about the same and thus harmful to the interests of investors. And their total trading volume during the said Investigation period constituted 53% of the total volume.

31. These facts I can not overlook and in fact viewed it seriously.
32. Therefore, these facts give me enough strength to impose penalty for violating Regulations 3 (a), 3 (c) and 4 (1) of the PFUTP Regulations of 2003 and Regulations 13 (3) and 13 (4) of the Insider Trading Regulations.
33. The Hon'ble Supreme Court of India in the matter of SEBI vs. Shri Ram Mutual Fund¹ held that *"once the violation of statutory regulations is established, imposition of penalty becomes sine qua non of violation and the intention of parties committing such violation becomes totally irrelevant. Once the contravention is established, then the penalty is to follow."*
34. Thus, the aforesaid violations by the Noticee make it liable for penalty u/s. 15HA and 15A (b) of the SEBI Act, 1992 which reads thus:

15HA. Penalty for fraudulent and unfair trade practices.

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.

15A. Penalty for failure to furnish information, return, etc.

If any person, who is required under this Act or any rules or regulations made thereunder,-

(a).....

(b) to file any return or furnish any information.....he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less;

(c).....

35. While determining the quantum of penalty u/s. 15HA & 15A (b), it is important to consider the factors stipulated in S.15J of SEBI Act, which reads as under:-

¹ (2006) 68SCL 216 (SC)

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

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

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- (b) the amount of loss caused to an investor or group of investors as a result of the default;*
- (c) the repetitive nature of the default.*

36. In a case of this nature, it is not exactly possible to arrive at definite figures to calculate the gain made by the Noticee, who is the promoter of the company and loss caused to the investors, however, the intention of the Noticee in executing off-market deals along with other promoter entities and persons actively trading in the market by concealing the identity is to not let the prices of the scrip fall drastically than from what it had already fallen during the said Investigation period from Rs.4 to 2.80 at NSE and from Rs.3.95 to 2.80 at BSE during the said period and thus as promoter he did not make disclosures nor did the Noticee let investors know about the same and thus he got other entities to off-load holdings. Assuming the average price of the share during the said period was Rs.3/- then on multiplying such amount with number of shares offloaded by the Noticee, it certainly tells us that the Noticee would have gained hefty amounts by not letting the price of the scrip fall further while off-loading through PACs.

As regards the loss caused to investors, had the Noticee offloaded directly, the investors would have known about the same and because there were other entities who were off-loading the shares, the investors did not come to know and probably, they would not have bought the shares had they known the promoters were offloading the shares. Thus, it is certainly a loss to the investors not knowing about the same. Thus, these factors need to be considered in imposing monetary penalty.

ORDER:

37. After taking into consideration all the facts and circumstances of the case I come to conclusion that this is a fit case for imposing the monetary penalty against the aforesaid Noticee. I impose a penalty of Rs. 15,00,000/- (Rupees fifteen lakhs only) on the Noticee viz., Rajendra G Parikh in terms of Section 15HA and Section 15A (b) of the SEBI Act, 1992 exercising the powers conferred upon me u/s 15- I (2) of the SEBI Act for violation of Regulations 3 (a), 3 (c) & 4 (1) of the PFUTP Regulations, 2003 and Regulations 13 (3) & 13 (4) of the Insider Trading

Regulations, 1992. I am of the view that the said penalty is commensurate with the violation committed by the Noticee.

38. The penalty shall be paid by way of a duly crossed demand draft drawn in favour of "SEBI- Penalties Remittable to Government of India" payable at Mumbai within 45 days of receipt of this order. The said demand draft shall be forwarded to Shri G Ramar, Deputy General Manager, Investigation Department-3 (IVD-ID3), Securities and Exchange Board of India, Plot no.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (E), Mumbai- 400 051.
39. In terms of the Rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee viz., Mr. Rajendra G Parikh and also to the Securities and Exchange Board of India. The matter is disposed of accordingly.

DATE: February 24, 2009

SANDEEP DEORE

PLACE: Mumbai

ADJUDICATING OFFICER