

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

**Settlement Application bearing No. 6755/2022 filed by Spank Management Services Private Limited (PAN: AAICS5637G) and Settlement Application bearing No. 6756/2022 filed by Mr. Patanjali Govind Keswani (PAN: AEQPK2642L) in the matter of Varun Beverages Limited**

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1. Spank Management Services Private Limited ("**applicant no. 1**" / "**Spank**") and Mr. Patanjali Govind Keswani ("**applicant no. 2**" / "**Mr. Keswani**") filed a joint settlement application in terms of the SEBI (Settlement Proceedings) Regulations, 2018 ("**Settlement Regulations**") proposing to settle, without admitting or denying the findings of fact and conclusions of law, through a Settlement Order, the pending enforcement proceedings under Sections 11, 11B(1), 11B(2) read with Section 15G(i) of the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") initiated vide Show Cause Notice ("**SCN**") bearing no. SEBI/HO/IVD/ID7/P/OW/2021/34557/1-2 dated November 29, 2021, for the alleged violation of Sections 12(A)(d) and 12A(e) of the SEBI Act, and Regulation 4(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("**PIT Regulations**").
2. SEBI had conducted an investigation in the matter to ascertain whether certain entities have traded in the scrip of Varun Beverages Limited ("**VBL**") during the period of December 21, 2017 to January 04, 2018 on the basis of unpublished price sensitive information ("**UPSI**"). Based on the findings of the said investigation, enforcement proceedings were initiated for the alleged violations as stated at paragraph 1.
3. As per the SCN dated November 29, 2021, Mr. Keswani was connected professionally with one Mr. Ravi Kant Jaipuria, Chairman of VBL. It is also noted in the SCN that during the period of December 27, 2017 to January 2, 2018, Mr. Keswani and Mr. Jaipuria were in Bangkok, Thailand and stayed in the same hotel. Mr. Ravi Kant Jaipuria had access to certain UPSI, which included the information that VBL was entering into strategic partnership with

PepsiCo India for sale and distribution of the larger Tropicana portfolio, and by virtue thereof, Mr. Ravi Kant Jaipuria was an insider and in possession of UPSI. On account of the same, Mr. Keswani was alleged to be an insider in terms of Regulation 2(1)(g)(ii) of the PIT Regulations and in possession of UPSI which would have been communicated to him by Mr. Jaipuria. By virtue of Spank being owned by Mr. Keswani and being an insider in terms of Regulation 2(1)(g)(ii) of the PIT Regulations, Spank was also in possession of UPSI. Spank traded in the scrip of VBL on January 2, 2018. Mr. Keswani was alleged to have engaged in trading through Spank in the scrip of VBL while in possession of UPSI and made actual wrongful gain of Rs. 14,58,156/-.

4. On the basis of the above, applicant no. 1 and applicant no. 2 were alleged to have violated the provisions of Sections 12(A)(d) and 12A(e) of the SEBI Act and Regulation 4(1) of the PIT Regulations.
5. Pursuant to the receipt of the settlement applications, the authorized representatives of the applicants had a meeting with the Internal Committee of SEBI on April 11, 2022 and deliberated on the terms of settlement. Thereafter, the applicants proposed the Revised Settlement Terms (RST) to settle the proceedings initiated against them.
6. The High Powered Advisory Committee ("**HPAC**") in its meeting held on May 10, 2022, considered the settlement terms proposed by the applicant no. 1 and applicant no. 2 and recommended the case for settlement upon payment of ₹50,70,000/- (Rupees Fifty lakh seventy thousand only) as settlement amount, and ₹14,58,156/- (Rupees Fourteen lakh fifty eight thousand one hundred and fifty six only) as disgorgement amount along with simple interest at 12% per annum calculated from the date of default till the date of the RST amounting to ₹7,55,045/- (Rupees Seven lakh fifty five thousand forty five only), payable by the applicants.
7. The settlement amounts were subsequently remitted by the applicants on July 9, 2022 and the credit of the same to SEBI has been confirmed.

8. In view of the above, in exercise of the powers conferred under Section 15JB read with Section 19 of the SEBI Act, 1992 and in terms of Regulation 23 read with Regulation 28 of the Settlement Regulations, it is hereby ordered that the pending enforcement proceedings for the alleged defaults as mentioned at paragraph 1 are settled *qua* the applicants on the following terms:

- i. this Order disposes of the enforcement proceedings initiated by SEBI for the defaults as mentioned earlier in respect of the applicants;
- ii. SEBI shall not initiate any other enforcement action against the applicants for the said defaults; and
- iii. the passing of this Order is without prejudice to the right of SEBI under Regulation 28 of the Settlement Regulations to take enforcement actions including continuing proceedings against the applicants, if SEBI finds that:
  - a) any representation made by the applicants in the present settlement proceedings is subsequently found to be untrue;
  - b) the applicants have breached any of the clauses/ conditions of Undertakings/Waivers filed during the present settlement proceedings; and
  - c) there was a discrepancy while arriving at the settlement terms.

9. This Settlement Order is passed on this 25<sup>th</sup> day of July, 2022 and shall come into force with immediate effect.

10. In terms of Regulation 25 of the Settlement Regulations, a copy of this Order shall be sent to the applicants and also be published on the website of SEBI.

**ANANTA BARUA**  
**WHOLE TIME MEMBER**

**ASHWANI BHATIA**  
**WHOLE TIME MEMBER**