

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA**

SETTLEMENT ORDER

(Application No. 6779/2022)

On the applications submitted by
Mr. Ravi Kant Jaipuria (PAN: ANJPJ6194Q)

Settlement Order No: SO/BM/DS/2022-23/6779

In the matter of Varun Beverages Limited

1. SEBI Securities and Exchange Board of India (herein after referred to as “**SEBI**”) conducted an investigation in the scrip of Varun Beverages Limited (hereinafter referred to as “**VBL/ Company**”) for the period December 05, 2017 to February 28, 2018, pursuant to price rise of 9.13 % in one trading day in the scrip of VBL after its press release on January 04, 2018, titled *“Press Release’ that VBL and PepsiCo India have decided to enter into a strategic partnership for larger Tropicana portfolio along with Gatorade and Quaker Value-Added Dairy in territories across North and East India”*.
2. It was observed that the aforementioned information about strategic partnership of PepsiCo and VBL constituted Price Sensitive Information (PSI) as per Regulation 2(1)(n)(iv) of the SEBI PIT Regulations, 2015, as it resulted in a rise of 9.13% in the price of scrip of VBL within one trading day. Hence, the aforementioned information was unpublished price-sensitive information (UPSI) till the time it was disclosed by the company to the Stock Exchanges. It was observed that Mr. Ravi Kant Jaipuria (hereinafter referred to as “**Noticee / applicant**”) was privy to the discussion, during the period of March 2017 to January 04, 2018, relating to strategic partnership between VBL and PepsiCo for selling and distribution of the larger Tropicana and were in

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possession of UPSI. Based on the information provided by VBL and Pepsico, it was observed that the discussions regarding strategic partnership were concluded in a meeting held on December 21, 2017. Hence, period from December 21, 2017 to January 04, 2018 was considered as UPSI Period.

3. It was also observed that two entities, Spank Management Services Private Limited (Spank) and Fenton Investment Private Limited (Fenton) traded in the scrip of VBL during UPSI period. Both of these entities through their directors/ owner were connected to Lemon Tree Hotels Ltd in which the Noticee was also a director. As per annual report of Lemon Tree Hotels Limited for the FY 2017-18, it was observed that Patanjali Govind Keswani was the Chairman and Managing Director of Lemon Tree Hotels Limited. Further, the Noticee was director and Mr. Arvind Singhania was independent director in Lemon Tree Hotels Ltd. On analysing the annual return for the year 2016-17 (Form No. MGT-7) filled by the Spank at MCA, it was observed that Lemon Tree Hotels Limited was one of the associate company of Spank. Total paid up share capital of Spank was 390000 shares of which 90.76% was held by Patanjali Govind Keswani and balance 9.23% share capital was held by his son Aditya Madhav Keswani and both were the only directors in Spank. During investigation, both Noticee and Patanjali Govind Keswani stated that they were known to each other and had been good friends for last 20 -25 years. Similarly, Noticee and Arvind Singhania both admitted that they were known to each other personally for last 20-25 years. Based on their connection with the Noticee, Fenton Investment Private Limited (owned and controlled by Arvind Singhania) and Spank Management Services Private Limited (owned and controlled by Patanjali Govind Keswani) were considered as suspected entities.
4. It was observed from the aforesaid submissions of the Noticee and Patanjali Govind Keswani that during the period December 27, 2017 to January 02, 2018 both were staying in the same hotel i.e. Grand Hyatt Erwan in Bangkok. Further, during the same

period (i.e. December 22, 2017 to January 03, 2018) Mr Arvind Singhania was also staying in Bangkok in a hotel named Sian Kempinski, which was nearby. Fenton (Arvind Singhania) had placed order to buy 15000 shares of VBL on December 28, 2017, i.e. during the UPSI period. Spank (Patanjali Govind Keswani) had placed order to buy 17685 shares of VBL on January 02, 2018, i.e. during the UPSI period and sold all these shares on January 05, 2018, i.e. post-UPSI period, immediately after announcement was made public.

5. Thus, the orders were placed by Fenton (Arvind Singhania) and Spank (Patanjali Govind Keswani) on December 28, 2017 and January 02, 2018 respectively when all three of them were in Bangkok and Noticee was in possession of the UPSI. It is, therefore, alleged that the Noticee, being an Insider and in possession of UPSI, has communicated UPSI to Arvind Singhania (Fenton) and Patanjali Govind Keswani (Spank), and has violated Section 12A(e) of the SEBI Act, 1992 read with Regulation 3(1) of SEBI PIT Regulations, 2015.
6. Pursuant to the investigation and observations contained therein, SEBI appointed the undersigned as the Adjudicating Officer (“**AO**”) vide Order dated October 11, 2021, to enquire into and adjudge under the provisions of Section 15G(ii) of the SEBI Act, the aforementioned alleged violations.
7. In this regard, a Show Cause Notice ref.no. SEBI/EAD/BM/DS/38368/2021 dated December 21, 2021 (hereinafter referred to as “**SCN**”) was *inter alia* issued to the Noticee/ applicant, containing the allegations as already described in the preceding paragraphs.
8. Pending Adjudication Proceedings commenced by the aforesaid SCN, the applicant proposed to settle the instant proceedings initiated against him, without admitting or

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denying the findings of fact and conclusions of law, through a settlement order and filed the settlement applications mentioned above, with SEBI in terms of the provisions of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as "**Settlement Regulations**").

9. Pursuant to the above mentioned settlement application filed by the applicant, the Authorized Representatives (ARs) of the applicant attended meetings with the Internal Committee (hereinafter referred to as "**IC**") on March 28, 2022. During the aforesaid meetings, the settlement terms of Rs. 55,90,000/- (Rupees Fifty Five Lakh Ninety Thousand only) for the applicant, as settlement amount towards the alleged violations stated above, was communicated to the AR of the applicant. Thereafter, the applicant had proposed to pay the aforesaid amount as communicated to him, towards full and final settlement of all regulatory, civil or criminal proceedings in relation to the facts contained in the SCN without admitting or denying any violation on his part.
10. The settlement terms were placed before the High Powered Advisory Committee (hereinafter referred to as "**HPAC**") on May 10, 2022, and the HPAC considered the facts and circumstances of the case, the proposed settlement terms offered by the applicants and other material made available before the HPAC by SEBI. The HPAC, after considering the facts and circumstances of the case, settlement terms offered by the applicants and also the material made available before it by SEBI, recommended that the aforesaid adjudication proceedings initiated against the applicants may be settled on payment of the aforesaid amounts towards the settlement terms. The Panel of Whole Time Members of SEBI approved the said recommendation of HPAC on June 07, 2022 and the same was communicated to the applicant on June 10, 2022.

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11. Subsequently, the applicant has remitted the respective settlement fees by way of online transfer on June 10, 2022. Further, the receipt of the abovementioned amount was confirmed by the concerned department of SEBI on June 17, 2022.
12. In view of the above and in terms of Regulation 23 (1) of the Settlement Regulations, it is hereby ordered that this settlement order disposes of the aforesaid adjudication proceedings initiated against the applicant viz. Mr. Ravi Kant Jaipuria vide SCN ref.no. SEBI/EAD/BM/DS/38368/2021 dated December 21, 2021.
13. This order is without prejudice to the right of SEBI to take enforcement actions, in terms of Regulation 28 of the Settlement Regulations, including restoring or initiating the proceedings in respect to which the settlement order was passed against the applicants, if:
- a. any representations made by the applicant in the settlement proceedings is subsequently found to be untrue; or
 - b. The applicant breaches any of the clauses / conditions of undertakings/ waivers filed during the current settlement proceedings.
14. This settlement order is passed on June 21, 2022 and shall come into force with immediate effect.
15. In terms of Regulation 25 of the Settlement Regulations, copy of this order is being sent to the applicant viz. Mr. Ravi Kant Jaipuria and also to the Securities and Exchange Board of India.

Place: Mumbai
Date: June 21, 2022

BARNALI MUKHERJEE
ADJUDICATING OFFICER

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