

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

**In Settlement Application No. 3384/2017 filed by Mr. Nikhil Nanda [PAN: AACPN9260H]
in the matter of JHS Svendgaard Laboratories Limited**

1. Mr. Nikhil Nanda (hereinafter referred to as the “applicant”) had filed a *suo motu* settlement application, in the matter of JHS Svendgaard Laboratories Limited, in terms of the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as the “Settlement Regulations”) proposing to settle through a settlement order, the proposed enforcement proceedings for the alleged default of Regulation 3(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
2. The applicant is one of the promoters of JHS Svendgaard Laboratories Limited. The applicant has informed that in the EGM held on September 01, 2015, a special resolution was passed to issue 3,59,04,748 fully convertible warrants on a preferential basis. The applicant further informed that in accordance with that, the Board of Directors on January 08, 2016 resolved to allot 1,50,00,000 fully convertible warrants of the face value of Rs.10/- each at an issue price of Rs.11/- each convertible into equivalent number of equity shares of JHS Svendgaard Laboratories Limited to the applicant. The conversion of the said warrants into equity shares was intended to happen over the course of three financial years. The applicant has informed that a total of 58,50,000 warrants were supposed to be converted during the financial year 2016-17. The applicant has contended that only 8,50,000 shares were converted in the said financial year 2016-17 as the conversion did not happen as intended due to an inadvertent error. The aforesaid conversion thus resulted in the allegation that the applicant had acquired the shares of JHS Svendgaard Laboratories Limited without complying the extant legal provisions. It has been submitted by the applicant that due to the aforesaid oversight, the said conversion of warrants into equity shares happened

in a manner that resulted in the alleged default of Regulation 3(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Subsequently, the applicant filed a *suo motu* settlement application in respect of the aforesaid default.

3. During the meeting with the Internal Committee of SEBI on March 18, 2020, the authorized representatives of the applicant deliberated upon the settlement terms. Thereafter, the applicant vide e-mail dated March 20, 2020, proposed the revised settlement terms to settle the proceedings that may be initiated for the said default.
4. While forwarding the revised settlement terms, the applicant also submitted/reconfirmed as under:
 - i. that the investors/public shareholders (of JHS Svendgaard Laboratories Limited as on the date of default/record date) would not have been affected if the original/scheduled plan of conversion of the securities were adhered to,
 - ii. that the weighted average of the market price of the shares as on the date of filing of the aforesaid settlement application was higher than the probable open offer price so computed, and
 - iii. that the investors/public shareholders (of JHS Svendgaard Laboratories Limited as on the date of default/record date) were not affected in respect of the said conversion of securities.
 - iv. that a settlement amount of Rs. 37,41,794/- (Rupees Thirty Seven Lakhs Forty One Thousand Seven Hundred and Ninety Four only) would be paid towards the settlement charges.
5. The High Powered Advisory Committee (hereinafter referred to as the “HPAC”) in its meeting held on May 29, 2020 considered the proposed settlement terms by the applicant and recommended the case for settlement upon payment of Rs. 37,41,794/- (Rupees Thirty Seven Lakhs Forty One Thousand Seven Hundred and Ninety Four only) towards the settlement terms.

6. The applicant vide UTR No. UBINH20168539583 dated June 16, 2020 remitted Rs. 37,41,794/- (Rupees Thirty Seven Lakhs Forty One Thousand Seven Hundred and Ninety Four only) towards the settlement terms as proposed by the applicant for the settlement of the proceedings initiated against the applicant and intimated the same to SEBI vide e-mail dated June 16, 2020. Upon verification, the receipt of the above payment was confirmed.
7. In view of the above, in exercise of the powers conferred under Section 15JB of the SEBI Act, 1992 and in terms of Regulations 23 and 28 read with Regulation 34 of the Settlement Regulations, it is hereby ordered that the default as mentioned in paragraph 1 is settled qua the applicant in terms of the above settlement terms subject to the following conditions:
- i. SEBI shall not initiate any enforcement action against the applicant for the said defaults,
 - ii. passing of this order is without prejudice to the right of SEBI to take enforcement actions including commencing proceedings against the applicant, if SEBI finds that:
 - a. any representation made by the applicant in the present settlement proceedings is subsequently found to be untrue;
 - b. the applicant has breached any of the clauses/conditions of undertakings/waivers filed during the present settlement proceedings.
8. This settlement order is passed on this 15th day of July, 2020 and shall come into force with immediate effect.
9. In terms of Regulation 25 of the Settlement Regulations, a copy of this order shall be sent to the applicant and also be published on the website of SEBI.

Sd/-

S. K. MOHANTY

WHOLE TIME MEMBER

Sd/-

ANANTA BARUA

WHOLE TIME MEMBER