

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

On Application No. 3467/2018

filed by Shri Chhabhi Lal Prasad (PAN: AKQPP7001C)

In the matter of JHS Svendgaard Laboratories Ltd.

1. Shri Chhabhi Lal Prasad (hereinafter referred to as 'applicant') filed a *suo moto* settlement application in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 which is repealed and the application is now considered under the SEBI (Settlement Proceedings) Regulations, 2018, with effect from January 01, 2019 (hereinafter referred to as 'Settlement Regulations'). The applicant, in his application, admitting to the findings of fact and conclusion of law, has proposed to settle, through a settlement order, any proceedings that may be initiated against him for the alleged violation of Regulation 78(6) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as 'ICDR Regulations 2009') read with Regulation 301(2)(a) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (hereinafter referred to as 'ICDR Regulations 2018') in the matter of JHS Svendgaard Laboratories Ltd. (hereinafter referred to as 'the company').
2. The applicant held 17,927 shares of the company prior to application for 44,748 convertible warrants in the same company on preferential basis. The applicant was allotted the said 44,748 warrants on January 05, 2016. The company had locked in the entire holding of the applicant prior to preferential allotment of convertible warrants (i.e. 17,927 shares) till December 31, 2016 in accordance with Regulation 78(2) of ICDR Regulations, 2009.
3. The applicant converted 24,748 warrants out of 44,748 warrants to equal number of equity shares on March 03, 2016. The equity shares so allotted were placed under lock-in till April 30, 2017. Upon the issuance of these 24,748 shares the entire pre-preferential holding of the applicant was to be locked-in from the relevant date upto a period of six

months from the date of trading approval. However, upon the expiry of lock-in on 17,927 equity shares on December 31, 2016, the applicant sold 8,727 equity shares between the period January 11, 2017 to April 27, 2017. Upon realizing breach of lock-in requirements, the applicant filed the present settlement proposal with SEBI.

4. Pursuant to the application, the authorized representative of the applicant had a meeting with the Internal Committee of SEBI on March 19, 2019, wherein the settlement terms were deliberated. Thereafter, the applicant, vide letter dated March 28, 2019, proposed the revised settlement terms to settle the defaults mentioned above.
5. The High Powered Advisory Committee ('HPAC') in its meeting held on May 06, 2019 considered the settlement terms proposed and recommended the application for settlement upon payment of ₹7,80,000/- (Rupees Seven Lakhs Eighty Thousand only). The Panel of Whole Time Members of SEBI accepted the said recommendation of the HPAC on July 02, 2019. The applicant vide Demand Draft No. 514645 dated July 22, 2019 drawn on ICICI Bank had remitted the settlement amount.
6. In view of the above, in exercise of the powers conferred under Section 15JB of the Securities and Exchange Board of India Act, 1992 and in terms of Regulations 23 and 28 read with Regulation 34 of the Settlement Regulations, it is hereby ordered that:
 - i. Any proceedings that may be initiated for the alleged default as discussed in paragraph 1 above, are settled *qua* the applicant as per the above terms,
 - ii. SEBI shall not initiate any enforcement action against the applicant for the said default,
 - iii. 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 discovered to be untrue;
 - b. the applicant has breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings.

7. This settlement order is passed on this 2nd day of August, 2019, and shall come into force with immediate effect.
8. In terms of Regulation 25 of the Settlement Regulations, a copy of this order shall be sent to the applicant and shall also be published on the website of SEBI.

-Sd-

S.K. MOHANTY

WHOLE TIME MEMBER

-Sd-

ANANTA BARUA

WHOLE TIME MEMBER