

SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

[Settlement Order No. SO/PSD/2024-25/7813]

In respect of

MR. RAJPAL SINGH KOCHHAR [PAN: AAALPK5264B]

SETTLEMENT APPLICATION NO. 7813/2024

**IN THE MATTER OF INSIDER TRADING IN THE SCRIP OF JAGSONPAL
PHARMACEUTICALS LIMITED**

1. SEBI conducted a detailed investigation in the scrip of Jagsonpal Pharmaceuticals Limited (hereinafter referred to as '**JPL**'/ '**company**') to ascertain whether the provisions of the Securities and Exchange Board of India Act, 1992 ('**SEBI Act, 1992**') and the SEBI (Prohibition of Insider Trading) Regulation 2015 (hereinafter referred to as '**PIT Regulations**') have been violated by certain entities. The period of investigation in the instant matter was taken from December 24, 2021 to March 31, 2022 (hereinafter referred to as '**investigation period**'). The said investigation was undertaken by SEBI after receipt of the analysis and observations of National Stock Exchange (**NSE**) on the examination carried out by it to identify clients whose trading pattern suggested possible trading on the basis of unpublished price sensitive information (**UPSI**), in violation of **PIT Regulations**, if any, pursuant to the disclosure of the press release dated February 21, 2022 titled '*Intimation for Public Announcement under Regulations 3(1) and 4 read with Regulations 13(1), 14 And 15(1) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011*' to NSE at 07:09:27 am on February 22, 2022 by the Company, which was found by NSE to be price sensitive.
2. Upon investigation, it was observed that Mr. Rajpal Singh Kochhar, Managing Director of JPL during the relevant time (hereinafter referred to as the '**Noticee / Applicant**') had neither identified the substantial acquisition of shares in JPL as unpublished price sensitive information ('**UPSI**') nor the trading window was closed by JPL with reference to the event / announcement starting from December 28, 2021 (*UPSI came into existence on December 28, 2021 when the meetings for the agreement were initiated*). Further, it was also observed that the Noticee had failed to ensure maintenance of a Structured Digital database ('**SSD**') by the JPL containing the nature of the UPSI and the names of such persons who have shared

the information and also the names of such persons with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available.

3. In view of the above, a Show Cause Notice dated March 01, 2024 (hereinafter referred to as the **“SCN”**) was issued to the Noticee, being the Managing Director of JPL, calling upon him to show cause as to why an inquiry should not be held against him in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and why suitable monetary penalties under Section 11(1), 11(4A) and 11B(2) read with Section 15A(c) and 15HB of the SEBI Act, 1992 should not be imposed on him for the alleged violations of the provisions of Regulations 9A(1) and 9A(2)(b) of the PIT Regulations and Regulation 3(5) and 3(6) of the PIT Regulations. The SCN, inter alia, alleged that the requirement of identification of the UPSI and internal control is cast upon the CEO, MD of the company. Further, on the basis of the analysis of the documents provided by JPL along with its submissions, it was alleged that neither SDD was maintained by JPL nor any internal control existed, which was required under the PIT Regulations. In terms of the provisions of Regulations 3(5) and 3(6) of the PIT Regulations, it is observed that the primary responsibility of identification of UPSI and maintenance of SDD rests with the MD of the company. In view of the same, the Noticee was alleged to have violated the aforementioned provisions of the PIT Regulations.

APPLICATION FOR SETTLEMENT OF PROCEEDING

4. SEBI had received a settlement application dated April 26, 2024 from the Applicant in terms of the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as the **“Settlement Regulations”**) (registration no. 7813/2024) proposing to settle the instant proceeding through a settlement order without admitting or denying the findings of fact and conclusions of law.
5. Pursuant to receipt of the Settlement Application, the Authorized Representative of the Applicant had a meeting with the Internal Committee of SEBI (hereinafter referred to as **‘IC’**) on July 29, 2024, wherein the terms of settlement were deliberated. The IC considered the factors enumerated under Regulation 10 and Schedule II of the Settlement Regulations and permitted the Applicant to submit revised terms of settlement. The IC, while recommending Rs. 22,75,000/- (Rupees Twenty-Two Lakh Seventy-Five Thousand Only) as Indicative

Amount, advised the Applicant to submit a compliance letter from JPL with regard to the violation relating to 'failure to ensure maintenance of SDD by JPL during the UPSI period'. Accordingly, the Applicant filed Revised Settlement Terms ('RST') vide letter dated August 02, 2024, wherein the Applicant proposed to offer Rs. 22,75,000/- (Rupees Twenty-Two Lakh Seventy-Five Thousand Only) towards settlement amount. Further, the Applicant has, along with the RST, submitted an undertaking, by self and from the Company Secretary of JPL confirming that the company is effectively maintaining an SDD in terms of the PIT Regulations. The said settlement application was placed before the High Powered Advisory Committee ('HPAC') in its meeting held on August 14, 2024 for consideration. Accordingly, the HPAC considered the RST proposed by the Applicant and recommended the case for settlement. The recommendation of the HPAC was thereafter placed before the Panel of Whole Time Members of SEBI in terms of Regulation 15 of the Settlement Regulations, which was duly accepted by the Panel of Whole Time Members on September 12, 2024. The same was communicated to the Applicant, vide email dated September 23, 2024.

6. Accordingly, the Applicant, vide email dated October 09, 2024, has informed SEBI about the remittance of the settlement amount by him and the same was confirmed by the concerned department of SEBI.

ORDER

7. On the basis of the aforesaid, in exercise of the powers conferred under Section 15JB read with Section 19 of the SEBI Act, 1992 and in terms of Regulations 23 read with Regulation 28 of the Settlement Regulations, it is hereby ordered that the instant proceeding initiated against the Applicant, vide Show Cause Notice dated March 01, 2024, is disposed of as per the following terms:

7.1 SEBI shall not initiate any other enforcement action against the Applicant for the said violation; and

7.2 Passing of this Order is without prejudice to the right of SEBI under Regulation 28 of the Settlement Regulations to initiate any enforcement action against the Applicant, if SEBI finds that:

7.2.1 any representations made by the Applicant in the settlement proceedings is subsequently found to be untrue; or

- 7.2.2** the Applicant has breached any of the clauses / conditions of undertakings waivers filed during the current settlement proceedings; or
- 7.2.3** there was a discrepancy while arriving at the settlement terms.
- 8.** This settlement order is passed on the 11th Day of October, 2024 and shall come into force with immediate effect.
- 9.** In terms of Regulation 25 of the Settlement Regulations, copies of this order are being sent to the Applicant, Mr. Rajpal Singh Kochhar and also to the SEBI.

Date: October 11, 2024
Place: Mumbai

DR. ANITHA ANOOP
CHIEF GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA