

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[SETTLEMENT ORDER NO.: EAD-6/AO/PM/NK/2019-20/002]

SETTLEMENT ORDER

In respect of Settlement Application No. 3587 of 2018 submitted by Abhay Arvind Gandhi (PAN: AAXPG9162A)

In the matter of

**TRADING ACTIVITIES OF CERTAIN ENTITIES IN THE SCRIP OF RANBAXY
LABORATORIES LIMITED**

1. Securities and Exchange Board of India (hereinafter referred as 'SEBI') initiated adjudication proceedings to inquire into and adjudge, under section 15G of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act, 1992'), the alleged violation of provisions of Regulation 3(i) and Regulation 4 of SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as **SEBI (PIT) Regulations, 1992**), read with Regulation 12 of SEBI (Prohibition of Insider Trading) Regulations, 2015 hereinafter referred to as **SEBI (PIT) Regulations, 2015**) and sections 12A(d) and 12A(e) of the SEBI Act, 1992 by the Noticee, Abhay Arvind Gandhi (hereinafter referred to as 'Applicant') in the matter of Trading Activities of Certain Entities in the Scrip of Ranbaxy Laboratories Limited (hereinafter referred to as Ranbaxy).
2. In this regard, a Show Cause Notice No. EAD/AO-PM/NK19744/2017 dated August 21, 2017 (hereinafter referred to as 'SCN') was issued and served on the Applicant. The SCN stated that in July 2013, Sun Pharmaceutical Industries Limited (hereinafter referred to as Sun Pharma) first approached Daiichi Sankyo Company Limited

(hereinafter referred to as Daiichi - the promoter of Ranbaxy) for acquiring Ranbaxy and there were emails sent by Sun Pharma's advisors to Daiichi during September to November 2013. It was also observed that during the period January 2014 to February 2014, several emails were exchanged between the advisors of Sun Pharma and Daiichi and the same resulted in Daiichi forwarding the proposal of Sun Pharma to Daiichi's advisor. Subsequently, Daiichi had sought the time lines from Sun Pharma to finalise the deal. The major aspect in this deal was the agreement of Daiichi to consider any sort of transaction. As the majority shareholder in 'control' of the ownership and management of Ranbaxy, no transaction whatsoever could have taken place without Daiichi's acquiescence. Daiichi after considering the January 31, 2014 presentation forwarded by Sun Pharma, meeting with Daiichi's and Sun Pharma's Advisors on February 11, 2014 and appointment of Goldman as financial advisor on February 13, 2014, had asked for timelines for the closure of the deal on February 14, 2014. From this it is inferred that, Daiichi has agreed to the proposal of the Sun Pharma on February 14, 2014. Therefore, information that Daiichi has agreed to Sun Pharma's proposal to acquire Ranbaxy was the PSI (Price Sensitive Information). The PSI came into existence February 14, 2014 and the same was made public on April 7, 2014 before the start of the trading hours. Therefore, the UPSI (Unpublished Price Sensitive Information) period was from February 14, 2014 to April 6, 2014.

3. The Applicant was the chief executive officer (CEO) of Sun Pharmaceutical Laboratories Limited (a wholly owned subsidiary of Sun Pharma), therefore an insider. The Applicant had purchased 454 shares of Ranbaxy on March 14, 2014 and sold those 454 shares on April 9, 2014. Therefore, the trading in the scrip of Ranbaxy Laboratories Limited (i.e. buying during the UPSI and selling immediately after the UPSI was made public) by the Applicant was in violation of the Regulation 3(i) and Regulation 4 of SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as **SEBI (PIT) Regulations, 1992**), read with Regulation 12 of SEBI (Prohibition of Insider Trading) Regulations, 2015 hereinafter referred to as **SEBI (PIT) Regulations, 2015**) and sections 12A(d) and 12A(e) of the SEBI Act, 1992.

4. Pending adjudication proceedings, the Applicant submitted an Application for Settlement dated March 27, 2018 and an undertaking in the format prescribed by SEBI in terms of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (hereinafter referred to as 'Settlement Regulations'). The Applicant, without admitting or denying the findings of fact and conclusions of law, proposed to settle, through a settlement order, the present proceedings initiated vide Show Cause Notice EAD/AO-PM/NK/19744/2017 dated August 21, 2017.
5. Pursuant to the said settlement application, the Authorized Representatives of the Applicant attended a meeting with the Internal Committee (hereinafter referred to as 'IC') on January 25, 2019. The settlement terms as proposed by the Applicant was placed before the High Powered Advisory Committee (HPAC) in its meeting held on March 4, 2019. After considering the facts and circumstances of the case, the HPAC recommended that the case may be settled on payment of Rs. 35,06,250/- (Rupees Thirty Five Lakh Six Thousand Two Hundred and Fifty only) towards settlement charges which were approved by the panel of the Whole Time Members, SEBI on March 29, 2019.
6. The Applicant has remitted the sum of Rs. 35,06,250/- (Rupees Thirty Five Lakh Six Thousand Two Hundred and Fifty only) vide demand draft No. 344737 dated February 22, 2019, drawn on Bank of India, payable at Mumbai, towards the terms of settlement in the matter.
7. In view of the above, in terms of Regulation 15(1) of Settlement Regulations, it is hereby ordered that this settlement order disposes of the adjudication proceedings initiated against the Applicant vide the Show Cause Notice EAD/AO-PM/NK19744/2017 dated August 21, 2017.
8. This order is without prejudice to the right of SEBI to take enforcement actions including commencing/ reopening of the proceedings against the Applicant, if SEBI finds that:
 - i. any representation made by the Applicant in the settlement proceedings are subsequently discovered to be untrue; or

ii. the Applicant breaches any of the clauses/conditions of undertakings/waivers filed during the current settlement proceedings.

9. In terms of Regulation 17 of Settlement Regulations, a copy of this order is being sent to the Applicant and is published on the website of SEBI.

Date: April 11, 2019

Place: Mumbai

**PRASANTA MAHAPATRA
ADJUDICATING OFFICER**