

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
SETTLEMENT ORDER
(Application No. 6630/2021)**

**On the application submitted by
UPL Limited (PAN: AABCS1698G)
Settlement Order No.: SO/JS/N./2022-23/6630**

1. Securities and Exchange Board of India (hereinafter referred to as SEBI) conducted an examination into the resignation of KPMG, Mauritius as the Auditor of UPL Mauritius, which is a material subsidiary of UPL Limited ("Company") in order to ascertain compliance with the SEBI circular No. CIR/CFD/CMD1/114/2019 dated October 18, 2019. In response to the information sought by SEBI, the Company in its email communications submitted that KPMG, Mauritius, vide e-mail dated October 09, 2020 had cited the aforesaid SEBI Circular and informed that their Audit Report is not as per SEBI Regulations. Further, the request to provide information as per the SEBI Circular was also declined by KPMG, Mauritius. Upon a specific query regarding modification of terms of appointment in line with the requirements of the provisions of the SEBI circular, the Company submitted that the audit/limited review of UPL Limited's standalone and consolidated financial results is undertaken by M/s. BSR & Co. LLP, Chartered Accountants, the statutory auditors and its terms of appointment were suitably modified as required by the SEBI Circular. Therefore, there was no requirement for KPMG Mauritius to carry out a limited review/audit report for the quarter. UPL further submitted that since KPMG Mauritius is not undertaking limited review/audit in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['SEBI (LODR) Regulations'], there was no modification of the terms of the appointment of KPMG Mauritius. Further, in response to SEBI's email dated December 10, 2020 seeking reasons for its resignation, KPMG, Mauritius vide email dated December 15, 2020 informed that their engagement was not performed under SEBI (LODR) Regulations.

2. In view of the above, SEBI, after being satisfied that there are sufficient grounds to inquire into and adjudicate upon the aforesaid failure to modify the terms of appointment of KPMG Mauritius and to obtain the limited review of its material subsidiary upon resignation of KPMG Mauritius, initiated adjudication proceedings against the Company for violation of the provisions of Regulation 4(1)(g) of SEBI (LODR) Regulations read with clause 2 of Listing Agreement and para 6(A) and 6(B) of SEBI Circular dated October 18, 2019.
3. In this regard, SEBI appointed the undersigned as Adjudicating Officer ('AO') as per the Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 (hereinafter referred to as 'SC(R) Rules') and section 23-I of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as 'SCRA') to inquire into and adjudge the alleged violation of the Regulation 4(1)(g) of SEBI (LODR) Regulations read with clause 2 of Listing Agreement and para 6(A) and 6(B) of SEBI Circular dated October 18, 2019.
4. Pursuant to the said appointment, a Show Cause Notice No. RRD/AO-JS/AY/22437/2021 dated September 3, 2021 was issued to the Company (hereinafter referred to as 'SCN') wherein it was alleged that:
 - (i) the Company failed to ensure modification in terms of appointment of the auditor (KPMG Mauritius) of its material subsidiary, UPL Mauritius; and
 - (ii) the Company failed to obtain the limited review of its material subsidiary, UPL Mauritius, upon resignation of its auditor, KPMG Mauritius,in violation of the Regulation 4(1)(g) of SEBI (LODR) Regulations read with clause 2 of Listing Agreement and para 6(A) and 6(B) of SEBI Circular dated October 18, 2019.
5. Vide the SCN, the Company was called upon to show cause as to why an inquiry should not be held in terms of Rule 4 of the SC(R) Rules read with section 23-I of SCRA and why penalty should not be imposed under section 23E of SCRA for the alleged violations of the Regulation 4(1)(g) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with clause 2 of Listing Agreement and para 6(A) and 6(B) of SEBI Circular dated October 18, 2019.

6. During the pendency of adjudication proceedings, the Company ("Applicant") proposed to settle the instant proceedings initiated against it, without admitting or denying the findings of fact and conclusions of law, through a settlement order and filed a settlement application with SEBI having ref. 6630/2021 dated November 1, 2021 in terms of the provisions of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as 'Settlement Regulations').
7. After attending meeting with the Internal Committee of SEBI on February 22, 2022 in terms of the Settlement Regulations, the Applicant vide email dated March 3, 2022, proposed revised settlement terms. The High Powered Advisory Committee (hereinafter referred to as 'HPAC') in its meeting held on March 17, 2022, considered the settlement terms proposed and recommended that the case may be settled upon payment of 19,50,000/- (Rupees Nineteen Lakh Fifty Thousand only) by the Applicant as settlement amount towards the settlement terms.
8. The Panel of Whole Time Members of SEBI approved the said recommendation of the HPAC on April 6, 2022 and the same was communicated by SEBI vide email to Applicant on April 12, 2022. Subsequently as per the recommendations, the Applicant vide email dated April 28, 2022 informed that the settlement amount of Rs. 19,50,000/- by way of online transfer was remitted on April 27, 2022.
9. Therefore, in view of the acceptance of the settlement terms and the receipt of settlement amount as above by SEBI, the instant adjudication proceedings initiated against the Noticee vide SCN dated September 3, 2021 are disposed of in terms of section 23JA of the SCRA read with regulation 23(1) of the Settlement Regulations on the basis of the settlement terms.
10. 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 Applicant, if:
 - i. any representations made by the Applicant in the settlement proceedings is subsequently found to be untrue; or
 - ii. the Applicant breaches any of the clauses / conditions of undertakings / waivers filed during the current settlement proceedings.
11. This settlement order is passed on May 6, 2022 and shall come into force with immediate effect.

12. In terms of Regulation 25 of the Settlement Regulations, copies of this order are being sent to the Applicant viz. UPL Limited and also to the Securities and Exchange Board of India.

Place: Mumbai

Date: May 6, 2022

Jai Sebastian

Adjudicating Officer