

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[SETTLEMENT ORDER NO. SO/VV/AA/2020-21/4168]

UNDER SECTION 15JB OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 23(1) OF THE SEBI (SETTLEMENT OF ADMINISTRATIVE AND CIVIL PROCEEDINGS) REGULATIONS, 2018.

In respect of:

Application No. 4168/2020 submitted by
Shri Uday Baldota (PAN: ABAPB4075D)

In the matter of Sun Pharmaceutical Industries Limited

1. Two whistle blower complaints were received by the Securities and Exchange Board of India ('**SEBI**'), wherein allegations were made against Sun Pharmaceutical Industries Ltd (hereinafter referred to as the '**SPIL**') and its wholly owned subsidiary, Sun Pharmaceutical Laboratories Ltd (hereinafter referred to as '**SPLL**'), alleging that SPIL and SPLL had been diverting funds through Aditya Medisales Ltd (hereinafter referred to as '**AML**'), its sole distributor in India. Further, it was alleged that transactions with AML were ongoing for several years, however, AML was disclosed as a related party of SPIL only in FY 2017-18. In view of the same, forensic audit was conducted in the matter followed by investigation. SEBI observed during investigation that AML was a related party of SPIL even before the scheme of amalgamation. However, the relevant compliance(s) pertaining to related parties, as required under the following provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as '**SEBI (LODR) Regulations, 2015**'), were not made by SPIL (with respect to AML):

- (i) Prior approval of the audit committee for transactions with AML, as required under regulation 23(2) of SEBI (LODR) Regulations, 2015, was not obtained.
 - (ii) Considering that the transactions with AML would have qualified as material related party transactions, it required approval of shareholders under regulation 23(4) of SEBI (LODR) Regulations, 2015, which was not obtained.
 - (iii) Disclosure of related party transactions with AML in the Annual Reports for FY 2015-16 and FY 2016-17, as required under regulation 34(3) read with schedule V of SEBI (LODR) Regulations, 2015, was not made.
 - (iv) Since the material fact that AML was a related party was omitted in the financial statements, the compliance certificate provided by the Chief Financial Officer of SPIL viz. Shri Uday Baldota (hereinafter referred to as the “**Applicant**”) as required under regulation 33(2)(a) and regulation 17(8) read with Part B of Schedule II of SEBI (LODR) Regulations, 2015, was untrue, resulting in the non-compliance with regulation 17(8) and regulation 33(2)(a) of SEBI (LODR) Regulations, 2015 by the Applicant.
2. Pursuant to above, the competent authority in SEBI was satisfied that there are sufficient grounds to inquire into the affairs and adjudicate upon the alleged aforesaid violations. The competent authority, vide order dated March 02, 2020, had appointed the undersigned as Adjudicating Officer, under section 15-I of SEBI Act, 1992 read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as ‘**SEBI Adjudication Rules**’) and under Section 23-I of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as ‘**SCRA**’) read with rule 3 of Securities Contracts (Regulations) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 (hereinafter referred to as ‘**SCR Adjudication Rules**’), to inquire into and adjudge under Section 15HB of the SEBI Act, 1992 and Section 23H of SCRA for the aforesaid alleged violations committed by the Applicant.

3. Accordingly, in terms of rule 4(1) of SEBI Adjudication Rules read with Section 15-I of SEBI Act, 1992 and rule 4(1) of SCR Adjudication Rules read with Section 23-I of the SCRA, a Show Cause Notice dated May 19, 2020 (hereinafter referred to as '**the SCN**') was issued to the Applicant, by the undersigned, calling upon to show cause as to why an inquiry should not be held against it in terms of rule 4 of the SEBI Adjudication Rules & rule 4 of SCR Adjudication Rules and why penalty be not imposed under Section 15HB of the SEBI Act, 1992 and Section 23H of SCRA.
4. The Applicant, vide application filed on May 19, 2020, proposed to SEBI to settle the instant proceedings, without admitting or denying the findings of fact and conclusions of law, through a settlement order and filed settlement application bearing reference no. 4168/2020 with SEBI in terms of Regulations 3(1) and 3(2) of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2018 (hereinafter referred to as '**Settlement Regulations**').
5. After attending meeting with the Internal Committee of SEBI on September 30, 2020, in terms of the Settlement Regulations, the Applicant vide email dated October 15, 2020, proposed the revised settlement terms. The High Powered Advisory Committee ('**HPAC**') in its meeting held on December 30, 2020, considered the settlement terms proposed and recommended the case for settlement upon payment of Rs. 24,65,000/- (Rupees Twenty Four Lakh Sixty Five Thousand only) towards settlement charges by the Applicant.
6. The Panel of Whole Time Members of SEBI approved the said recommendation of the HPAC on January 11, 2021 and the same was communicated by SEBI to the Applicant vide email dated January 13, 2021. Accordingly, the settlement amount has been remitted on behalf of the Applicant through RTGS on January 15, 2021. The said information has been communicated by the Applicant to SEBI vide email dated January 15, 2021. The concerned department of SEBI vide their email dated January 19, 2021 has confirmed the receipt of the settlement amount.

7. 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 Applicant vide SCN dated May 19, 2020 are disposed of in terms of Section 15JB of the SEBI Act, 1992 and Section 23JA of the SCRA read with regulation 23(1) of the Settlement Regulations on the basis of the settlement terms.
8. This order shall come into force with immediate effect. Further, in terms of Regulation 28 of the Settlement Regulations, this order is without prejudice to the right of SEBI to take any enforcement action including restoring or initiating the proceedings in respect to which this settlement order is passed, if:
 - (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 25 of the Settlement Regulations, a copy of this order is sent to the Applicant and the order is also published on the website of SEBI.

Date: February 11, 2021

Place: Mumbai

VIJAYANT KUMAR VERMA

ADJUDICATING OFFICER