

SO / EFD – 2 / SD / 346 / MAY / 2020

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA**

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**SETTLEMENT ORDER**

**on Settlement Application Nos.**

- 1. 4060 of 2019 – filed by Mr. P. V. Ramprasad Reddy [PAN : AENPP3110M],**
  - 2. 4061 of 2019 – filed by Ms. P. Suneela Rani [PAN : AENPP3112K],**
  - 3. 4079 of 2019 – filed by Mr. Kambam P Reddy [PAN : AIDPK8303P],**
  - 4. 4080 of 2019 – filed by Trident Chemphar Limited [PAN : AAFT8416H],**
  - 5. 4081 of 2019 – filed by Veritaz Health Care Limited [PAN : AACCV3220A] and**
  - 6. 4082 of 2019 – filed by Aurobindo Pharma Limited [PAN : AABCA7366H]**
- in the matter of Aurobindo Pharma Limited.**
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1. Mr. P. V. Ramprasad Reddy, Ms. P. Suneela Rani, Mr. Kambam P Reddy, Trident Chemphar Limited, Veritaz Health Care Limited and Aurobindo Pharma Limited (all of whom are hereinafter referred to as the “applicants”) had filed settlement applications in terms of the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as the “Settlement Regulations”) proposing to settle, without admitting or denying the findings of fact and conclusions of law, through a settlement order, the pending enforcement proceedings as detailed hereunder:

Sr. No.	Name of the applicant	Settlement Application Number	Violations	Proceedings
1.	Mr. P. V. Ramprasad Reddy	4060/2019	Regulations 3 & 4 of the SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as the 'PIT Regulations') read with Regulation 12(2) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as the 'PIT Regulations, 2015').	1. SAT Appeal (I) No. 543 of 2019 are pending before the Hon'ble Securities Appellate Tribunal filed against the Order/ MC /VS / 2019-20 / 4550-4556 dated September 23, 2019.  2. SCN No. EFD/ DRA-4/ SD/ RSL/ 21238/ 3/ 2017 dated September 06, 2017 issued against the applicants.
2.	Ms. P. Suneela Rani	4061/2019		
3.	Mr. Kambam P. Reddy	4079/2019		
4.	M/s. Trident Chemphar Limited	4080/2019		
5.	M/s Veritaz Health Care Limited	4081/2019		

Sr. No.	Name of the applicant	Settlement Application Number	Violations	Proceedings
6.	Aurobindo Pharma Limited	4082/2019	<p>Clause 36 of the Equity Listing Agreement read with Section 21 of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as the “SCRA”).</p> <p>Clause 3.2.1 of Schedule I of the PIT Regulations, 1992 read with Regulation 12(2) of the PIT Regulations, 2015 and Regulation 12(2) read with clause 2.1 of Schedule II of the PIT Regulations, 1992 read with Regulation 12(2) of the PIT Regulations, 2015.</p>	<p>1. SAT Appeal (I) No. 543 of 2019 are pending before the Hon’ble Securities Appellate Tribunal filed against the Order/ MC /VS / 2019-20 / 4550-4556 dated September 23, 2019.</p>

- SEBI had conducted an investigation into the trading in the scrip of Aurobindo Pharma Limited (hereinafter referred to as “APL” or “Applicant No. 6”) during the period from July 22, 2008 to March 20, 2009 (hereinafter referred to as the “the investigation period” or “IP”). Investigations revealed that Pfizer Inc. (hereinafter referred to as the “Pfizer”) issued a Press Release dated March 02, 2009 (hereinafter referred to as the “Pfizer Press

Release”) and APL issued a Press Release dated March 03, 2009 (hereinafter referred to as the “APL Press Release”) regarding certain Licensing and Supply Agreements entered into between them on July 22, 2008, November 30, 2008 and December 29, 2008 (hereinafter collectively referred to as “the Licensing and Supply Agreements”).

3. The said Press Releases were followed by an increase in price of the scrip of APL. The period during which the Licensing and Supply Agreements were entered into but not published or disclosed to the stock exchange between July 22, 2008 and March 03, 2009 is hereinafter referred to as the “UPSI Period”.
4. Mr. P. V. Ramprasad Reddy (hereinafter referred to as “Applicant No. 1”), Mrs. P. Suneela Rani (hereinafter referred to as “Applicant No. 2”), Mr. Kambam P. Reddy (hereinafter referred to as “Applicant No. 3”), Trident Chemphar Limited (hereinafter referred to as “Applicant No. 4”) and Veritaz Health Care Limited (hereinafter referred to as “Applicant No. 5”) were found to have traded in the scrip of APL prior to the information about the Licensing and Supply Agreements becoming public through the Press Release dated March 03, 2009.
5. Due to their connection with APL, the Applicant Nos. 1 to 5 were alleged to be insiders in terms of Regulation 2 (e) of the PIT Regulations and since they bought shares of APL during the UPSI Period, they were alleged to have traded in APL shares in violation of the PIT Regulations read with the PIT Regulations, 2015.
6. APL, the Applicant No. 6, was alleged to have failed to disclose the price sensitive information regarding the Licensing and Supply Agreements to the Stock Exchanges in violation of Clause 36 of the Listing Agreement read with Section 21 of the SCRA and Clause 2.1 of the Code of Corporate Disclosure Practices in Schedule II of the PIT Regulations read with Regulation 12 (2) of the PIT Regulations, 2015. APL, the Applicant No. 6, was also alleged to have failed to close the trading window of the company for

trading by employees/directors of the APL in violation of Clause 3.2.3 of the Model Code of Conduct for Prevention of Insider Trading for Listed Companies in Part A of Schedule I of the PIT Regulations read with the PIT Regulations, 2015.

7. In respect of the said violations, an Adjudication Order being No. Order/MC/VS/2019-20/4550-4556 dated September 23, 2019 was passed against the applicants, against which the applicants preferred an appeal before the Hon'ble Securities Appellate Tribunal being No. SAT Appeal (L) 543 of 2019. Concurrently, enforcement proceedings under Sections 11 and 11B of the SEBI Act, 1992 are ongoing against the said applicants. These settlement applications are filed in respect of the pending enforcement proceedings as detailed hereinabove.
8. During the meeting with the Internal Committee of SEBI on February 05, 2020, the authorized representatives of the applicants deliberated upon the settlement terms. Thereafter, the applicants vide letters dated February 07, 2020 and February 12, 2020, proposed the revised settlement terms to settle the proceedings that may be initiated for the said defaults.
9. The High Powered Advisory Committee (hereinafter referred to as the "HPAC") in its meetings held on March 02, 2020 and April 01, 2020 considered the settlement terms proposed by the applicants and recommended the cases for settlement upon payment of the following amounts towards the settlement terms.

Sl. No.	Name of the applicant	Settlement Terms formulated as per the SEBI (Settlement Proceedings) Regulations, 2018
1.	Mr. P. V. Ramprasad Reddy	Rs. 6,60,00,000/- (Rupees Six Crore Sixty Lakh only) as settlement amount and Rs.60,000/- (Rupees Sixty Thousands only) as the legal costs.

Sl. No.	Name of the applicant	Settlement Terms formulated as per the SEBI (Settlement Proceedings) Regulations, 2018
2.	Ms. P. Suneela Rani	Rs. 2,64,00,000/- (Rupees Two Crore Sixty Four Lakh only) as settlement amount and Rs.60,000/- (Rupees Sixty Thousands only) as the legal costs.
3.	Mr. Kambam P Reddy	Rs. 34,65,000/- (Rupees Thirty Four Lakh Sixty Five Thousand only) as settlement amount and Rs.60,000/- (Rupees Sixty Thousands only) as the legal costs.
4.	Trident Chemphar Limited	Rs. 7,92,00,000/- (Rupees Seven Crore Ninety Two Lakhs only) as settlement amount and Rs.60,000/- (Rupees Sixty Thousands only) as the legal costs.
5.	Veritaz Health Care Limited	Rs. 2,31,00,000/- (Rupees Two Crore Thirty One Lakh only) as settlement amount and Rs.60,000/- (Rupees Sixty Thousands only) as the legal costs.
6.	Aurobindo Pharma Limited	Rs. 2,20,00,000/- (Rupees Two Crore Twenty Lakh only) as settlement amount and Rs.60,000/- (Rupees Sixty Thousands only) as the legal costs.

10. The applicants have remitted the following amounts towards the settlement terms as proposed by them and the legal costs for the settlement of the aforesaid proceedings and intimated the same to SEBI vide their e-mail dated April 30, 2020.

Name of Applicant	Settlement Amount (Rs.)	UTR No.	Legal Costs (Rs.)	UTR No.	PAN
1. Mr. P. V. Ramprasad Reddy	6,60,00,000	ICICIR5202004 3000709233	60,00 0	ICICI0000 86568410	AENPP3110 M
2. Ms. P. Suneela Rani	2,64,00,000	ICICIR5202004 3000708809	60,00 0	ICICI0000 86568277	AENPP3112 K
3. Mr. Kambam P. Reddy	34,65,000	ORBCH20121 031036	60,00 0	ORBCH2012 1031208	AIDPK8303P
4. Trident Chemphar Limited	7,92,00,000	SIN19769Q 0006739	60,00 0	SIN19769Q 0006738	AAEFT8416 H
5. Veritaz Health Care Limited	2,31,00,000	RTGS/UTIBR52 0 20043000483378	60,00 0	NEFT/AXIS P 00118497629	AACCV3220 A
6. Aurobindo Pharma Limited	2,20,00,000	HDFCR520200 43078308088	60,00 0	N1212011 24849326	AABCA7366 H

Upon verification, the receipt of the above payments were confirmed.

11. 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 read with Regulation 28 of the Settlement Regulations, it is hereby ordered that the pending

enforcement proceedings for the alleged defaults as discussed in paragraph 1 are settled qua the applicants and as per the following terms:

- i. SEBI shall not initiate enforcement action against the applicants for the said defaults;
- ii. this order disposes of the enforcement proceedings in respect of the applicants as mentioned above; and
- iii. passing of this Order is without prejudice to the right of SEBI to take enforcement actions including commencing proceedings against the applicants, if SEBI finds that:
  - a. any representation made by the applicants in the present settlement proceedings is subsequently found to be untrue;
  - b. the applicants has breached any of the clauses/conditions of undertakings/waivers filed during the present settlement proceedings.

12. This settlement order is passed on this 6<sup>th</sup> day of May, 2020 and shall come into force with immediate effect.

13. In terms of Regulation 25 of the Settlement Regulations, a copy of this order shall be sent to the applicants and also be published on the website of SEBI.

Sd/-

**S.K. MOHANTY**

**WHOLE TIME MEMBER**

Sd/-

**ANANTA BARUA**

**WHOLE TIME MEMBER**