

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

in Settlement Applications bearing Nos.

1. 4150/2020– Praveen Lingamneni [PAN : AAWPL9203A]
2. 4151/2020– L Kishore Babu [PAN : AAFPL6754R]
3. 4152/2020– Nagesh Lingamneni [PAN : ABJPL5533F]
4. 4153/2020– Sri Lakshmi Lingamneni [PAN : ACZPL7827K]
5. 4154/2020– Radhika Dronavali [PAN : AKGPR0018R]
6. 4155/2020– D. Srinivas Rao [PAN : AEXPD7683R]
7. 4156/2020– Gopichand Lingamneni [PAN : ABPPL4081Q]
8. 4157/2020- Pushpa Latha Devi [PAN : AEVPL9622G]

in the matter of Divis Laboratories Ltd.

1. Eight applicants (referred to above and hereinafter referred to as the “applicants”) 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 proceedings initiated against the applicants under Sections 11(1), 11(4), 11B(1), 11B(2) and 11(4A) of the SEBI Act, 1992 vide impounding order cum Show Cause Notice dated July 01, 2020, for the violation of Regulations 3(1), 4(1) of the (Prohibition of Insider Trading) Regulations, 2015, Regulation 7(2) (a) read with Regulation 6(2) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and Clause 6 of the Minimum Standards for Code of Conduct as specified in Schedule B read with Regulation 9(1) of the SEBI (PIT) Regulations, 2015.

2. It was observed during investigation that Divis Laboratories Ltd. had made an announcement during market hours on July 10, 2017 on the exchange platform titled 'USFDA to Lift Import Alert 99-32' on its Unit-II at Visakhapatnam'. The information was material in nature and fell within the definition of Unpublished Price Sensitive Information (UPSI). The applicants were identified as insiders who had directly or indirectly traded in the scrip of Divis Laboratories Ltd. during the UPSI period i.e. during July 07, 2017 to July 10, 2017.
3. Accordingly, the proceedings referred to in paragraph 1 were initiated against the applicants. The applicants have filed the settlement applications in respect of the aforesaid enforcement proceedings.
4. Pursuant to the receipt of the applications, the authorized representatives of the applicants had a meeting with the Internal Committee of SEBI on August 31, 2020, and deliberated on the terms of settlement. Thereafter, the applicants vide e-mail dated September 02, 2020, proposed the following revised settlement terms to settle the proceedings that were initiated against them:

Sl. No.	Settlement Application No. and Name of the Applicant.	Settlement Terms formulated as per SEBI (Settlement Proceedings) Regulations, 2018.
1	4150/2020 – Praveen Lingamneni	₹51,45,596/- (Rupees Fifty One Lakh Forty Five Thousand Five Hundred and Ninety Six Only)
2	4151/2020– L Kishore Babu	₹1,10,50,000/- (Rupees One Crore Ten Lakh and Fifty Thousand Only)
3	4152/2020– Nagesh Lingamneni	₹31,23,750/- (Rupees Thirty One Lakh Twenty three Thousand Seven Hundred and Fifty Only)
4	4153/2020– Sri Lakshmi Lingamneni	₹22,31,250/- (Rupees Twenty Two Lakh Thirty One Thousand Two Hundred and Fifty Only)
5	4154/2020– Radhika Dronavali	₹22,31,250/- (Rupees Twenty Two Lakh Thirty One Thousand Two Hundred and Fifty Only)

Sl. No.	Settlement Application No. and Name of the Applicant.	Settlement Terms formulated as per SEBI (Settlement Proceedings) Regulations, 2018.
6	4155/2020– D. Srinivas Rao	₹26,77,500/- (Rupees Twenty Six Lakh Seventy Seven Thousand and Five Hundred Only)
7	4156/2020– Gopichand Lingamneni	₹23,00,389/- (Rupees Twenty Three Lakh Three Hundred Eighty Nine Only)
8	4157/2020– Pushpa Latha Devi	₹22,31,250/- (Rupees Twenty Two Lakh Thirty One Thousand Two Hundred and Fifty Only)
In addition to the settlement amount, disgorgement of ill-gotten gains realized by the applicants along with interest amounting to ₹96,68,183/- (Rupees Ninety Six Lakh Sixty Eight Thousand One Hundred and Eighty Three only) which was already impounded and deposited in the escrow account in terms of the impounding order cum show cause notice dated July 01, 2020)		

- The High Powered Advisory Committee (hereinafter referred to as the “HPAC”) in its meeting held on September 22, 2020 considered the proposed settlement terms by the applicants and recommended each of the above applications for settlement upon payment of aforesaid amount in respect of each of the applicants along with disgorgement of ill-gotten gain amounting to ₹96,68,183/- (Rupees Ninety Six Lakh Sixty Eight Thousand One Hundred and Eighty Three only) towards the settlement terms.
- The applicants have remitted the settlement amounts as detailed in the table hereunder, towards the settlement terms as proposed by the applicants. Additionally, an amount of ₹96,68,183/- (Rupees Ninety Six Lakh Sixty Eight Thousand One Hundred and Eighty Three only) was also remitted as disgorgement of ill-gotten gains. The applicants intimated the same to SEBI vide their e-mail dated October 13, 2020.

Sl. No.	Settlement Application No. and Name of the Applicant.	UTR No.	UTR Date	Amount Remitted
1	4150/2020 – Praveen Lingamneni	SBINR52020100300033292	03.10.2020	₹51,45,596/-

<u>Sl. No.</u>	<u>Settlement Application No. and Name of the Applicant.</u>	<u>UTR No.</u>	<u>UTR Date</u>	<u>Amount Remitted</u>
2	4151/2020– L Kishore Babu	ANDBH20277467086	03.10.2020	₹1,10,50,00/-
3	4152/2020– Nagesh Lingamneni	SBINR52020100800087807	08.10.2020	₹31,23,750/-
4	4153/2020– Sri Lakshmi Lingamneni	ANDBH20287559803	13.10.2020	₹22,31,250/-
5	4154/2020– Radhika Dronavali	ANDBH20281513469	07.10.2020	₹22,31,250/-
6	4155/2020– D. Srinivas Rao	ANDBH20281513646	07.10.2020	₹26,77,500/-
7	4156/2020 – Gopichand Lingamneni	ANDBH20281513780	07.10.2020	₹23,00,389/-
8	4157/2020– Pushpa Latha Devi	N282201269580575	08.10.2020	₹22,31,250/-
9	Disgorgement of ill- gotten gain	SBINR52020100100135428	01.10.2020	₹96,68,183/-

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

7. 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 enforcement proceedings for the alleged defaults as discussed in paragraphs 1 and 2 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 have breached any of the clauses/conditions of undertakings/waivers filed during the present settlement proceedings.
8. This settlement order is passed on this 21st day of October, 2020 and shall come into force with immediate effect.
9. 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