Singapore tribunal reveals how Ranbaxy 'buried info on fraud, duped its owners'

THE RANBAXY RULING - I

DEEPAK PATEL
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IN ONE of the most scathing indictments of an Indian corporate in recent times, an international arbitration order has detailed how pharma giant Ranbaxy "deliberately" buried information to dupe its new owners – information that allegedly implicated its top brass in a slew of irregularities, from fraud to falsehood.

Malvinder Singh and his brother Shivinder Singh, former Ranbaxy owners, who have until August 22 to challenge the April 2016 order of the Singapore International Arbitration Centre, face a penalty of Rs 3,500 crore and several questions of corporate governance.

A copy of the order has been reviewed by *The Indian Express*. Over 373 pages, it lays out what it calls the path of deception that Ranbaxy took and how it kept Japan's Daiichi Sankyo – which bought Ranbaxy in 2008 for Rs 19,804 crore – in the dark even a year after its purchase.

At the heart of the indictment is a 2004 Self Assessment Report (SAR) prepared by Rajinder Kumar, then head of Ranbaxy's R&D, for the company's internal use.

The SAR, which described the nature and impact of Ranbaxy's allegedly improper regulatory filings, was presented at the company's science committee meeting held in October 2004. Among those at the meeting were Malvinder Singh; Tejendra Khanna, then Ranbaxy Board Chairman and Brian Tempest, then CEO.

Despite being asked to stay, Kumar resigned the very next day, apparently dissatisfied with the treatment given to his report. He was with Ranbaxy for less than four months.

Sometime in 2005, Kumar's principal assistant Dinesh Thakur forwarded this SAR to the US drug regulator Food and Drug Administration (USFDA). Based on the SAR's contents, the USFDA and the US Department of Justice (DOJ) opened an investigation against Ranbaxy in February 2006 and just a year later, authorities raided the Ranbaxy premises in New Jersey where they seized a number of documents, including a copy of SAR.

"The existence of SAR in the hands of US authorities meant that Ranbaxy shares were

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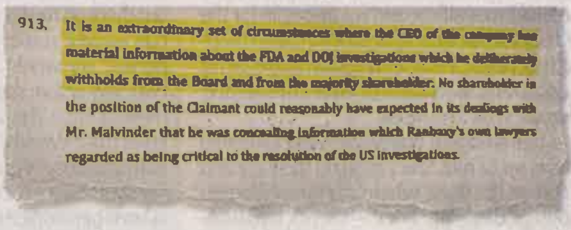
THE INDIAN EXPRESS CONTACTED KEY PLAYERS INDICTED IN THE SINGAPORE ORDER

SAID A SPOKESPERSON OF RHC HOLDING where Malvinder Singh and Shivinder Singh are promoters: "The matter is sub judice and we cannot offer any comment in view of the confidentiality requirements." The brothers have a majority shareholding in RHC Holding, a private limited company with assets of over Rs 10,000 crore. Listed companies such as Fortis Healthcare and Religare, and unlisted companies including SRL Diagnostics and Fortis Healthworld, are controlled through RHC Holding. **MORE COMMENTS, PAGE 4**



913. It is an extraordinary set of circumstances where the CEO of the company has material information about the FDA and DOJ investigations which he deliberately withholds from the Board and from the majority shareholder. No shareholder in the position of the Claimant could reasonably have expected in its dealings with Mr. Malvinder that he was concealing information which Ranbaxy's own lawyers regarded as being critical to the resolution of the US investigations.

From page 301 of the tribunal report