

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER
(Application No. 3269/2017 & 3687/2018)

On the application submitted by
Mr. SKM Egg Products Exports(India) Ltd

In the matter of SKM Egg Products Exports(India) Ltd

Settlement Order No: CFD/SEPEL/EAD-8/AO/KS/CO-03/2019

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') vide order dated June 26, 2016 initiated adjudication proceedings against SKM Egg Products Exports(India) Ltd (hereinafter referred to as "**the noticee or 'Applicant Noticee'**") in the matter of SKM Egg Products Exports(India) Ltd by appointing Shri Prasad Jagdale as the Adjudicating Officer (**AO**) to inquire into and adjudge under Section 15A(b) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') for the violation of the provisions of Regulation 7(3), Regulation 8(3) of the SAST, 1997 and Regulation 13(6) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as "**PIT, 1992**"). Pursuant to the transfer of Shri Prasad Jagdale, the Adjudication proceedings have been transferred to the undersigned vide Order dated May 18, 2017.
2. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') observed certain non-compliances of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 (hereinafter referred to as "**SAST, 1997**"), SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 (hereinafter referred to as "**SAST, 2011**") and SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as '**PIT, 1992**') in the scrip

of SKM Egg Products Exports (India) Limited. A Show Cause Notice dated December 15, 2017 (hereinafter referred to as '**SCN**') was issued to the Noticee.

3. It was alleged in the SCN that there was an inter-se off-market transfer of 23,60,905 shares of company among the promoters of the company in terms of Regulation 3(4) of SEBI Takeover Regulations, 1997 between March 2010 and June 2010 and Noticee had failed to make disclosure in terms of Regulation 13(6) of PIT, 1992. Further, SKM Shree Shivkumar (hereinafter referred to as 'Shivkumar') Managing director and one of the promoter of Company sold the shares of the company on four occasions where the shares sold were more than 2% of share capital of the company. It is noted that Shivkumar had made requisite disclosures to the company on July 13, 2010, in terms of Regulation 7(1A) of SAST, 1997 and Regulation 13 (3) of PIT, 1992. However, it is alleged that the Noticee had not made any disclosure in this regard to the stock exchanges where company is listed and thereby violated Regulation 7(3) of SAST, 1997 and Regulation 13(6) of PIT, 1992. It was also alleged that Noticee had failed to comply / delayed compliance with Regulation 8(3) of SAST, 1997 for the F.Y 2002, 2008, 2009, 2010, 2011.
4. While the adjudication proceedings were pending, an application vide no. 3269/2017 dated November 16, 2016 and another application dated 3687/2018 dated March 09, 2018 along with undertaking in the format prescribed by SEBI was submitted by Noticee for settlement of the matter in terms of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (hereinafter referred to as '**Settlement Regulations**'). On perusal of the aforesaid Application, I note that in Form-A of Application the Noticee has admitted to the violation of the said provisions.
5. As approved by the panel of Whole Time Members (WTMs) of SEBI on September 12, 2018, the settlement application was considered for summary settlement as the alleged defaults involved disclosures. Accordingly, the applicant was called for an Internal Committee (IC) meeting on December

28, 2018 and given an option of either preferring a summary settlement procedure by paying the summary settlement amount of Rs. 15,10,598/- (Rupees fifteen Lakh ten thousand Five hundred Ninety Eight only){amount arrived at in terms of Settlement Regulations} or come through the normal settlement procedure. The applicant opted for the summary settlement route and agreed to pay the summary settlement amount within 10 working days from the date of IC meeting.

6. Thereafter, the authorized representatives of the applicant vide letter dated January 04, 2019 has remitted a sum of Rs 15,10,598/- (Rupees fifteen Lakh ten thousand Five hundred Ninety Eight only) forwarding a Demand Draft No. 789490 dated January 02, 2019 for Rs. 15,10,598 drawn on State Bank of India, Commercial Branch, Erode.
7. While processing the said application, it was observed that there was an additional charge mentioned in the SCN dated December 15, 2017 but not forming part of summary Settlement. Subsequently, the calculations were re-done by the concerned department of SEBI and settlement amount of Rs.15,12,645/- (Fifteen Lakh Twelve Thousand Six Hundred and Forty Five only) was arrived at in view of the charges as mentioned in the show clause notice dated December 15, 2017. The applicant vide letter dated February 21, 2019 has submitted two demand drafts bearing No. 789560 and 789561 both drawn on State Bank of India Commercial Branch, Erode both dated February 21, 2019 for Rs. 2,000/- (Rupees Two Thousand only) and 747/- (Rupees Forty Seven only)] for total amount of Rs. 2,047/- (Rupees Two Thousand and Forty Seven only) towards remainder of the settlement charges.
8. Further, I also note that in the SCN dated December 15, 2017, Shivkumar sold the shares of the company on four occasions where the shares sold were more than 2% of share capital of the company. However, on one occasion the date of sale has been inadvertently taken as July 30, 2014 by the concerned department of SEBI instead of July 30, 2010 which has been duly considered while calculating the settlement amount.

9. In view of the above, in terms of Regulation 15(1) of the Settlement Regulations, this settlement order disposes of the aforesaid adjudication proceedings initiated vide SCN dated December 15, 2017 in respect of the applicant viz. SKM Egg Products Exports(India) Ltd.
10. This order is without prejudice to the right of SEBI to take enforcement actions including restoring or initiating the proceedings in respect to which the settlement order is passed against the applicant, if :
 - a. any representations made by the applicant in the settlement proceedings is subsequently found to be untrue; or
 - b. the applicant breaches any of the clauses /conditions of undertakings/ waivers filed during the current settlement proceedings.
11. In terms of Regulation 17 of the Settlement Regulations, copies of this order are being sent to the applicant viz. SKM Egg Products Exports(India) Ltd and also to the Securities and Exchange Board of India.

Place: Mumbai
Date : 28.02.2019

K SARAVANAN
CHIEF GENERAL MANAGER &
ADJUDICATING OFFICER