

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[SETTLEMENT ORDER NO. SO/SM/DD/2021-22/6605; SO/SM/DD/2021-22/6606;
SO/SM/DD/2021-22/6607 & SO/SM/DD/2021-22/6608]

In respect of Settlement applications submitted by:

Name of the Applicants	PAN
Kanoria Chemicals and Industries Limited	AABCK1291K
R.V. Kanoria	AFSPK6577M
T.D. Bahety	ABVPB1503B
N.K.Sethia	AIWPS6076J

In the matter of Kanoria Chemicals and Industries Limited

1. Securities and Exchange Board of India (herein after referred to as 'SEBI'), conducted an investigation in the affairs of Kanoria Chemicals and Industries Limited (herein after referred to as "**Applicant No.1/ KCIL**") during the period April 01, 2011 to April 29, 2011. Pursuant to the investigation, SEBI observed certain violations of SEBI (Prohibition of Insider Trading Regulations, 1992 (herein after referred to as "PIT Regulations") by Applicant No.1, Mr. R. V. Kanoria, Managing Director (hereinafter referred to as "**Applicant No.2/ By Name**"), Mr. T. D. Bahety, Wholetime Director(hereinafter referred to as "**Applicant No.3/By Name**") and Mr. N. K. Sethia, Compliance Officer (hereinafter referred to as "**Applicant no. 4/By Name**") (Applicants no. 1 to 4 are collectively referred to as "**Applicants**").
2. Therefore, SEBI, vide its order dated December 28, 2020, appointed undersigned, as the Adjudicating Officer (hereinafter referred to as '**AO**') under Section 19 read with Section 15-I of the SEBI Act, and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**SEBI Adjudication Rules**'), to inquire into and adjudge under Section 15HB of the SEBI Act, the aforesaid alleged violations committed by Applicants.

3. In this regard, a Show Cause Notice dated July 12, 2021 (hereinafter referred to as '**SCN**') was issued to Applicants. The major observations and allegations levelled against Applicants in the aforesaid SCN are given hereunder in brief:

3.1. During the course of investigation, it was observed from the corporate announcements that KCIL had made announcement on April 16, 2011, regarding divestiture of the company's Chloro Chemicals Division to ABCIL for cash consideration of Rs. 830 Cr. Further, it was observed that Unpublished Price Sensitive Information (hereinafter Referred to as '**UPSI**'), came into existence on April 01, 2011.

3.2. As per Clause 3.2.1 of Model Code Of Conduct For Prevention Of Insider Trading For Listed Companies, Part A given under Schedule I read with Regulation 12(1) of PIT Regulations, Applicant No.1 was required to specify a trading period to be called 'trading window', for trading in the company's securities and the trading window was required to be closed during the time the information regarding disposal of whole or substantially whole of the undertaking, as mentioned in Clause 3.2.3(f) of Model Code Of Conduct For Prevention of Insider Trading For Listed Companies, Part A given under Schedule I read with Regulation 12(1) of PIT Regulations, is unpublished. It was observed by SEBI that the divestiture of the Company's Chloro Chemicals Division falls under this category since it contributed to 70% of revenues (Rs. 303 crores out of Rs.433.06 crores) and almost 100% of Profit before interest and taxes of Applicant No 1. For, the aforesaid UPSI, as per Clause 1.2 of Model Code of Conduct For Prevention Of Insider Trading For Listed Companies, Part A given under Schedule I, Applicant No. 4 was inter alia, responsible for, implementation of the code of conduct of the company. It was observed that the trading window around the announcement of divestiture of KCIL's Chloro Chemicals business on April 16, 2011 was not closed. In view of the foregoing, SEBI observed that Applicants failed to adhere to aforesaid provisions of PIT Regulations.

4. In view of the above, it was alleged that Applicants have violated Regulation 12(1) read with Regulation 12(3) of PIT Regulations and Clause 1.2 and Clause 3.2.1

read with 3.2.3(f) of Model Code Of Conduct For Prevention of Insider Trading For Listed Companies in Schedule I Part A of PIT Regulations.

5. I note from the records that pending adjudication proceedings, Applicants proposed to settle the instant proceedings initiated against them without admitting or denying the findings of fact and conclusions of law, through a settlement order and filed settlement applications as per details given below 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”**):-

Name of the Applicants	PAN	Date of settlement application no.	Settlement reference No.
Kanoria Chemicals and Industries Limited	AABCK1291K	September 10, 2021	6605/2021
R.V. Kanoria	AFSPK6577M		6606/2021
T.D. Bahety	ABVPB1503B		6607/2021
N.K.Sethia	AIWPS6076J		6608/2021

6. After attending meetings with the Internal Committee of SEBI on November 17, 2021 and December 22, 2021, in terms of the Settlement Regulations, Applicants through their Authorized Representative proposed revised settlement terms vide letter dated December 31, 2021. The High Powered Advisory Committee ('HPAC') in its meeting held on January 13, 2022, considered the settlement terms proposed and recommended that the case may be settled upon payment of Rs.19,12,500/- (Rupees Nineteen Lakh Twelve Thousand Five Hundred only) by Applicants on jointly and several liability basis.
7. The Panel of Whole Time Members of SEBI approved the said recommendation of the HPAC on January 27, 2022 and the same was communicated by SEBI to Applicants vide email dated February 01, 2022. Accordingly, as communicated by Applicants to SEBI, the settlement amount of Rs. 19,12,500/- (Rupees Nineteen Lakh Twelve Thousand Five Hundred only) was remitted to SEBI on February 28, 2022 and was duly received by SEBI.

8. 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 Applicants vide SCN dated July 12, 2021 are disposed of in terms of Section 15JB of the SEBI Act read with Regulation 23(1) of the Settlement Regulations on the basis of the settlement terms.
9. 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 Applicants in the settlement proceedings are subsequently discovered to be untrue; or
 - ii. Applicants breach any of the clauses/conditions of undertakings/waivers filed during the current settlement proceedings.
10. In terms of Regulation 25 of the Settlement Regulations, a copy of this order is sent to Applicants and the order is also published on the website of SEBI.

Date: March 14, 2022

Place: Mumbai

SOMA MAJUMDER

Adjudicating Officer