

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

SETTLEMENT ORDER
(Application No. 4226/2020)

On the application submitted by

Mr. Shalil S Shroff (PAN: AABPS6589H)
Settlement Order No: SO/SM/HP/2020-21/6259

1. SEBI conducted an examination into the compliance with the disclosure requirements by the company viz. Punjab Chemicals and Crop Protection Ltd (hereinafter referred to as '**PCCPL**') and, inter alia, observed certain violations of the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as '**LODR Regulations**') alleged to have been committed by the Managing Director of PCCPL viz. Mr. Shalil S Shroff (hereinafter referred to as '**Noticee**'/'**Applicant**').
2. Pursuant to the examination, SEBI appointed Dr Anitha Anoop as the Adjudicating Officer (AO) vide communiqué dated March 17, 2020, under Section 15 I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**'), to inquire into and adjudge under the provisions of section 15HB of SEBI Act for the violation of various provisions of LODR Regulations, alleged to have been committed by the Noticee. Pursuant to transfer of Dr Anitha Anoop to another department, the undersigned has been appointed as the AO in the matter, vide communicate dated November 03, 2020.
3. In this regard, a Show Cause Notice ref.no. SEBI/EAD/AA/KL/10923/2020 dated June 10, 2020 (hereinafter referred to as '**SCN**') was issued to the Noticee. Briefly, the following major observations were made against Noticee in the SCN:
 - a) *It is noted that companies viz. SD Agchem NV ('SD') and STS Chemicals Limited ('STS') are two subsidiaries of PCCPL. SD and STS acquired a company viz. Sintesis Quimica S.A.I.C Argentine ('SQ') in 2006. Further, it is observed that PCCPL vide its disclosures to the Stock Exchanges (BSE and NSE) dated September 29, 2017, and October 10, 2017, informed about the sale of its entire*

shareholding in step-down subsidiary company viz. SQ and related details. However, it is alleged that PCCPL had not disclosed about the outstanding debt (liabilities) of the aforementioned two subsidiary companies, which arose from the default of a settlement agreement. The aforementioned settlement agreement was in respect of sale of SQ and was entered into between the Noticee, SD and STS, erstwhile shareholders of SQ and the Purchasers.

- b) Further, it is observed that as per the materiality policy of PCCPL, board of directors of PCCPL had designated Mr. Shalil S Shroff (Noticee) and Mr. Avtar Singh (Director of PCCPL) as key managerial personnel and authorized them to determine materiality of an event or information for the purpose of making disclosures to the stock exchanges as required under Reg. 30(5) of LODR Regulations. However, while determining materiality of the current event, they have allegedly not considered the criteria stipulated in Reg. 30(4)(i) of LODR Regulations.*
- c) Further, as per Reg. 30(9) of LODR Regulations, a listed entity shall disclose all events / information related to its subsidiaries which are material for the listed entity. In the current context, it is alleged that PCCPL was aware of the fact that there was a default in payment by the Purchasers to the erstwhile shareholders and thus, the debt was devolved on SD and STS, but had failed to disclose the same to the Stock Exchanges.*
- d) Therefore, in view of the above discussions, it is alleged that the Noticee being the MD of PCCPL violated the provisions of Reg. 30(4)(i), 30(5) and 30(9) of LODR Regulations.*

4. Pending Adjudication Proceedings, the Noticee (applicant) proposed to settle the instant proceedings initiated against him, without admitting or denying the findings of fact and conclusions of law, through a settlement order and filed a settlement application with SEBI ref 4226/2020 dated November 05, 2020, in terms of the provisions of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as '**Settlement Regulations**').
5. Pursuant to the above mentioned settlement application filed by the applicant, the Authorized Representatives (ARs) of the applicant, attended meetings with the

Internal Committee on Consent (hereinafter referred to as '**IC**') on December 17, 2020 and December 28, 2020. During the aforesaid meetings, the settlement terms of Rs. 14,45,000/- (Rupees Fourteen Lakh Forty-Five Thousand only) as settlement amount towards the alleged violations of the provisions of LODR Regulations, as discussed above, was communicated to the ARs of the applicant. It is noted that the subject settlement application was filed by the applicant beyond the 60-day period from the date of service of the SCN. Therefore, as per Regulation 4(2) of the Settlement Regulations, the settlement amount as proposed in the settlement terms shall be increased by 25%, in view of the aforementioned delay. However, the applicant requested that the 25% increase in the settlement amount be condoned off in view of the Covid-19 pandemic and quoted the judgment of Hon'ble Supreme Court in suo-moto writ petition (Civil) No. 3 of 2020, wherein the Hon'ble SC has suspended the limitation period under general laws and special laws. The applicant vide his letter dated January 06, 2021, proposed the payment of Rs. 14,45,000/- (Rupees Fourteen Lakh Forty-Five Thousand only) towards full and final settlement of all regulatory, civil or criminal proceedings in relation to the facts contained in the SCN without admitting or denying any violation on his part.

6. The settlement terms were placed before the High Powered Advisory Committee (hereinafter referred to as '**HPAC**') on January 25, 2021, and the HPAC took note of the fact that the applicant is agreeable to pay the settlement amount calculated as per the Settlement Regulations subject to the delay period and the resultant increase in the settlement amount be condoned off, as mentioned above. Therefore, the HPAC, after considering the facts and circumstances of the case, the settlement terms offered by the applicant and also the material made available before it by SEBI, recommended that the aforesaid adjudication proceedings initiated against the applicant may be settled on payment of Rs. 14,45,000/- (Rupees Fourteen Lakh Forty-Five Thousand only) towards the settlement terms. The Panel of Whole Time Members of SEBI approved the said recommendation of HPAC on February 05, 2021, and the same was communicated to the applicant vide email dated February 08, 2021.
7. Subsequently, the applicant, vide his email dated March 02, 2021, informed SEBI that an amount of Rs. 14,45,000/- (Rupees Fourteen Lakh Forty-Five Thousand only)

towards the settlement terms had been transferred via online payment (RTGS) to SEBI bearing UTR number UTIBR52021030200350769 dated March 02, 2021, and also submitted the transaction details of the same. Further, the receipt of the abovementioned amount was confirmed by the concerned department of SEBI on March 09, 2021.

8. In view of the above, and in terms of Regulation 23 (1) of the Settlement Regulations, it is hereby ordered that this settlement order disposes of the aforesaid adjudication proceedings initiated against the applicant viz. Mr. Shalil S Shroff vide SCN ref.no. SEBI/EAD/AA/KL/10923/2020 dated June 10, 2020.
9. This order is without prejudice to the right of SEBI to take enforcement actions, in terms of Regulation 28 of the Settlement Regulations, including restoring or initiating the proceedings in respect to which the settlement order was 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.
10. This settlement order is passed on the **March 25, 2021** and shall come into force with immediate effect.
11. In terms of Regulation 25 of the Settlement Regulations, copies of this order are being sent to the applicant viz Mr Shalil S Shroff and also to the Securities and Exchange Board of India.

Place: Mumbai

Date: March 25, 2021

SURESH B. MENON

ADJUDICATING OFFICER