

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

**SETTLEMENT ORDER**  
(Application No. 4225/2020)

On the application submitted by

**Punjab Chemicals and Crop Protection Limited (PAN: AAACP9904H)**  
**Settlement Order No: SO/SM/HP/2020-21/6258**

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1. SEBI conducted an examination into the compliance with the disclosure requirements by the company viz. Punjab Chemicals and Crop Protection Limited (hereinafter referred to as '**Noticee**'/ '**Applicant**') 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 Noticee.
2. Pursuant to the examination, SEBI appointed Dr Anitha Anoop as the Adjudicating Officer (AO) vide communiqué dated March 17, 2020, under Section 23 I of the Securities Contracts (Regulation) Act 1956 (hereinafter referred to as '**SCRA**') read with Rule 3 of the Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 (hereinafter referred to as '**SCRA Adjudication Rules**'), to inquire into and adjudge under the provisions of Section 23E of the SCRA 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, 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 the Noticee in the SCN:
  - a) *It is noted that companies viz. SD Agchem NV ('SD') and STS Chemicals Limited ('STS') are two subsidiaries of the Noticee. In the year 2006, SD and STS acquired a company viz. Sintesis Quimica S.A.I.C Argentine ('SQ'). Further, it is observed that the Noticee vide its disclosures made to the Stock Exchanges (BSE and NSE) dated September 29, 2017 and October 10, 2017,*

*informed about the sale of its entire shareholding in the step-down subsidiary company viz. SQ and other related details. However, it is alleged that the Noticee 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) It is observed that the Noticee 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. Therefore, it is alleged that the Noticee violated Regulation 4(1)(d), 4(1)(h), 4(1)(j), 4(2)(d)(iii), 30(2), 30(4)(i) read with Schedule III, Reg. 30(9), Clause 5 of Part 'B' of Schedule III read with Reg. 30 of LODR Regulations.*

4. Pending Adjudication Proceedings, the Noticee (applicant) proposed to settle the instant proceedings initiated against it, without admitting or denying the findings of fact and conclusions of law, through a settlement order and filed a settlement application with SEBI ref 4225/2020 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. 21,67,500/- (Rupees Twenty-One Lakh Sixty-Seven Thousand and Five Hundred 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 be condoned off in view of the Covid-19 pandemic and quoted the judgment of the 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 its letter dated January 06, 2021, proposed the payment of Rs. 21,67,500/- (Rupees Twenty-One Lakh Sixty-Seven Thousand and Five Hundred 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 its 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, 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 21,67,500/- (Rupees Twenty-One Lakh Sixty-Seven Thousand and Five Hundred 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 its email dated March 02, 2021, informed SEBI that an amount of 21,67,500/- (Rupees Twenty-One Lakh Sixty-Seven Thousand and Five Hundred only) towards the settlement terms had been transferred via online payment (RTGS) to SEBI bearing UTR number SBIN521061910060859655 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. Punjab Chemicals and Crop Protection Ltd 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 Punjab Chemicals and Crop Protection Limited and also to the Securities and Exchange Board of India.

**Place: Mumbai**

**Date: March 25, 2021**

**SURESH B. MENON**

**ADJUDICATING OFFICER**