

SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

[SETTLEMENT ORDER NOS. SO/PSD/2024-25/7727 & SO/PSD/2024-25/7728]

In respect of

UNITED PHOSPHOROUS LIMITED [PAN: AABCS1698G]

MR. JAIDEV RAJNIKANT SHROFF [PAN: AALPS9283N]

SETTLEMENT APPLICATION NOS. 7727/2024 AND 7728/2024

**IN THE MATTER OF ROUTING OF FUNDS TO THE INDIAN SECURITIES MARKET
USING OVERSEAS BANK ACCOUNTS WITH UBS AG**

1. SEBI undertook a suo-moto investigation in the affairs of certain companies including United Phosphorus Limited (hereinafter referred to as “**UPL/ Applicant No. 1**”) and its promoters to ascertain whether there was any routing of funds to Indian Securities Market by **UPL** and/or its promoter Mr. Jaidev Rajnikant Shroff (hereinafter referred to as “**Mr. J.R. Shroff / Applicant No. 2**”) (hereinafter collectively referred to as the “**Noticees / Applicants**”) using overseas bank accounts with UBS AG Bank (“**UBS**”) in violation of the provisions of SEBI Act, 1992 and Regulations framed thereunder and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations, 2003**”) pursuant to receipt of an email query from Economic Times. The period of investigation was taken from January 01, 2006 to March 31, 2008 (“Investigation Period”).
2. Thereafter, a common Show Cause Notice dated February 28, 2024 (hereinafter referred to as the “SCN”) was issued to the Noticees as to why direction(s) under Section 11(1), 11(4) and 11B(1) and penalty under Section 11B(2) and 11(4A) read with Section 15HA and 15HB of the SEBI Act, 1992 should not be issued against them for the alleged violations of the provisions of Regulations 3(a), 3(b), 3(c), 3(d) and 4(1) of the SEBI (PFUTP) Regulations, 2003 and Section 12A(a), 12A(b) and 12A(c) of SEBI Act, 1992 and Section 77(2) of the Companies Act, 1956. Further, the

said SCN was also issued to Applicant No. 1 for the alleged violation of the provisions of Regulation 4(2)(f) of the PFUTP Regulations, 2003 for misrepresenting the truth and concealment of a material fact known to them with respect to the shareholding in its Annual Reports. The SCN alleged that UPL, assisted by Applicant No. 2, had used SEBI registered FII- Matterhorn Advisory Singapore Pte Ltd sub-account Matterhorn Ventures to indirectly trade in its own scrips listed in India. This financial route (FII route) was alleged to be opted by opening overseas account with UBS in the name of an entity Tulippe Universal Limited (TUL) wherein Applicant No. 2 (Mr. J.R. Shroff - promoter and executive director of UPL) was a beneficial owner and exercised control over the transactions in the said UBS account. The fund to undertake the transaction was allegedly provided to TUL through UPL's wholly owned Mauritius based subsidiary company Bio-Win Corporation Limited, thereby concealing the true source of funds invested in the Indian Securities Market. By indulging in the above arrangement/scheme, it was alleged that UPL assisted by Mr. J.R. Shroff made wrongful gain of approx. INR 4.2 crores computed on a notional basis.

APPLICATION FOR SETTLEMENT OF PROCEEDING

3. SEBI had received two separate settlement applications vide letter dated April 15, 2024 from the Applicants in terms of the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as the “**Settlement Regulations**”) (registration nos. 7727 and 7728 of 2024) proposing to settle the instant proceeding through a settlement order without admitting or denying the findings of fact and conclusions of law.
4. Pursuant to receipt of the Settlement Applications, the Authorized Representatives of the Applicants had a meeting with the Internal Committee of SEBI (hereinafter referred to as ‘**IC**’) on July 15, 2024, wherein the terms of settlement were deliberated. The IC considered the factors enumerated under Regulation 10 and Schedule II of the Settlement Regulations and recommended Rs. 55,44,000/-

(Rupees Fifty-Five Lakh Forty-Four Thousand Only) as the Indicative Amount for Applicant No. 1 (**UPL**) and Rs. 6,00,19,528 (Rupees Six Crore Nineteen Thousand Five Hundred and Twenty-Eight Only) as the Indicative amount for Applicant No. 2 (Mr. Jaidev Rajnikant Shroff). Further, the total disgorgement amount for Applicant No. 2 was calculated as Rs. 13,66,89,265 (Rupees Thirteen Crore Sixty-Six Lakh Eighty-Nine Thousand Two Hundred and Sixty-Five Only) wherein the illegal gains is Rs. 4,29,47,784 (Rupees Four Crore Twenty-Nine Lakh Forty-Seven Thousand Seven Hundred and Eighty-Four Only) and the interest @ 12% per annum from the date of default (February 10, 2006) till the date of submission of settlement application (April 15, 2024) is Rs. 9,37,41,481 (Rupees Nine Crore Thirty-Seven Lakh Forty-One Thousand Four Hundred and Eighty-One Only). The said terms were communicated to the Applicants and they were permitted to submit revised terms of settlement in terms of Regulation 13(2)(c) of the Settlement Regulations. Accordingly, the Applicants, vide letter dated August 02, 2024, filed their settlements terms in lines with the Revised Settlement Terms (**'RST'**) recommended by IC, wherein the Applicant proposed to offer Rs. 20,22,52,793.14/- (Rupees Twenty Crore Twenty-Two Lakh Fifty-Two Thousand Seven Hundred Ninety-Three and Fourteen Paise Only) being the aggregate of the indicative amounts mentioned above along with the total disgorgement amount plus the interest @12% towards settlement amount. The said settlement applications were placed before the High Powered Advisory Committee (**'HPAC'**) in its meeting held on August 28, 2024 for consideration. Accordingly, the HPAC considered the RST proposed by the Applicants and recommended the case for settlement. The recommendation of the HPAC was thereafter placed before the Panel of Whole Time Members of SEBI in terms of Regulation 15 of the Settlement Regulations, which was duly accepted by the Panel of Whole Time Members on October 08, 2024. The same was communicated to the Applicant, vide email dated October 11, 2024.

5. Accordingly, the Applicants, vide email dated October 24, 2024, have informed SEBI about the remittance of the settlement amount by them and the same was confirmed by the concerned department of SEBI.

ORDER

6. On the basis of the aforesaid, in exercise of the powers conferred under Section 15JB read with Section 19 of the SEBI Act, 1992 and in terms of Regulations 23 read with Regulation 28 of the Settlement Regulations, it is hereby ordered that the instant proceeding initiated against the Applicants, vide Show Cause Notice dated February 28, 2024, is disposed of as per the following terms:
- 6.1 SEBI shall not initiate any other enforcement action against the Applicants for the said violations; and
- 6.2 Passing of this Order is without prejudice to the right of SEBI under Regulation 28 of the Settlement Regulations to initiate any enforcement action against the Applicants, if SEBI finds that:
- 6.2.1 any representations made by the Applicants in the settlement proceedings are subsequently found to be untrue; or
- 6.2.2 the Applicants have breached any of the clauses / conditions of undertakings waivers filed during the current settlement proceedings; or
- 6.2.3 there was a discrepancy while arriving at the settlement terms.
7. This settlement order is passed on the 30th Day of October, 2024 and shall come into force with immediate effect.
8. In terms of Regulation 25 of the Settlement Regulations, copies of this order are being sent to the Applicants, M/s United Phosphorous Limited and Mr. Jaidev Rajnikant Shroff and also to SEBI.

Date: October 30, 2024
Place: Mumbai

DR. ANITHA ANOOP
CHIEF GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA