Department: Investigation	Segment: All
Circular No: MSE/ID/17952/2025	Date: October 10, 2025

Subject: SEBI Order in the matter of Sungold Capital Limited.

To All Members,

This has reference to SEBI order WTM/AN/IVD/ID5/31713/2025-26 dated October 08, 2025 where in SEBI has debarred following entities from accessing the securities market and restrained from buying, selling or otherwise dealing in securities, either directly or indirectly, for a period of 3 (three) months from the date of this order:

Sr. No.	Name	PAN / CIN
1	Mrs. Shilpa Amit Kotia	AHEPK2567R
2	Mrs. Shweta Dhaval Kotia	AHEPK2566Q
3	Mr. Dhaval Ramesh Kotia	ADUPK0459Q
4	Mr. Ravi Rajiv Kotia	AUEPK3142K

The detailed order is available on SEBI website - http://www.sebi.gov.in

This order shall come into force with immediate effect.

The detailed order is available on SEBI website - http://www.sebi.gov.in.

For and on behalf of
Metropolitan Stock Exchange of India Limited

Shweta Mhatre
Assistant Vice President

WTM/AN/IVD/ID5/31713/2025-26

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

UNDER SECTIONS 11 AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND REGULATION 44 OF SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS, 1997 READ WITH REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS, 2011

In respect of:

Noticee No.	Noticee name	PAN
1.	Mr. Rajiv R. Kotia	AEJPK0374C
2.	Mrs. Shilpa Amit Kotia	AHEPK2567R
3.	Mrs. Shweta Dhaval Kotia	AHEPK2566Q
4.	Mr. Dhaval Ramesh Kotia	ADUPK0459Q
5.	Mr. Ravi Rajiv Kotia	AUEPK3142K

(The aforesaid entities are hereinafter individually referred to by their respective names / Noticee nos. and collectively as "Noticees")

In the matter of Sungold Capital Limited

A. BACKGROUND

1. The allegations in the present case are concerned with violations of now repealed SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("**SAST Regulations 1997**") *inter alia* for acquiring shares of Sungold Capital Ltd. ("**SCL**") in the year 2007 in breach of open offer thresholds. SCL is a company listed on BSE Ltd. engaged in media & entertainment, trading and finance.

2. Securities and Exchange Board of India ("**SEBI**") passed an order dated July 07, 2020 ("**WTM Order 2020**") in respect of Mr. Rajiv R. Kotia (Noticee 1), Mrs. Shilpa Amit Kotia (Noticee 2), Mrs. Shweta Dhaval Kotia (Noticee 3), Mr. Dhaval Ramesh Kotia (Noticee 4), and Mr. Ravi Rajiv Kotia (Noticee 5), as they were found to have violated regulation 10 and 11(1) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("**SAST Regulations 1997**"). The following directions were issued under the WTM Order 2020:

> *"26….*
> *a. Noticee no. 1, 2, 3, 4 and 5 to make a public announcement of a combined open offer for acquiring shares of Sungold Capital Ltd., under Regulation 10 and 11(1) of the SAST Regulations, 1997, within a period of 45 days from the date when this order comes into force, in accordance with SAST Regulations, 1997;*
>
> *b. Noticee no. 1, 2, 3, 4 and 5, shall alongwith the offer price, pay interest at the rate of 10% per annum for delay in making of open offer, for the period starting from the date when the Noticees incurred the liability to make the public announcement and till the date of payment of consideration, to the shareholders who were holding shares in the Target Company on the date of violation and whose shares are accepted in the open offer, after adjustment of dividend paid, if any."*

3. Further, on the same set of facts, *vide* order dated May 18, 2020, the Adjudicating Officer, SEBI found Noticees 1 to 5 to be in violation *inter alia* of regulation 10 and 11(1) of SAST Regulations and imposed a penalty of INR 11 lakh on Noticee 1 and INR 10 lakh, jointly and severally, on Noticees 2 to 5 ("**AO Order 2020**").

4. Aggrieved by the AO Order 2020 and WTM Order 2020, the Noticees filed an appeal before the Hon'ble SAT which was dismissed *vide* order dated August 24, 2022 ("**SAT Order 2022**"). Thereafter, Mr. Rajiv Kotia (Noticee 1) filed a review against the SAT Order 2022 on the ground that a case of Hon'ble SC in SEBI vs. Sunil Krishna Khaitan and Ors. (decided on July 11, 2022) was not considered while passing the said order. Hon'ble SAT vide its order dated November 07, 2023 dismissed the review application on the ground that the aforesaid case was not placed for consideration before it at the time of arguments ("**SAT Order 2023**").

5. Against SAT Order 2023, Mr. Rajiv Kotia (Noticee 1) preferred an appeal before the Hon'ble SC. Hon'ble SC *vide* its order dated May 03, 2024 ("**SC Order 2024**") restored the review application before Hon'ble SAT and held that the review filed could not have been dismissed only on the ground that the case of Sunil Krishna Khaitan (supra) was not placed before Hon'ble SAT at the relevant time. Pursuant to the SC Order 2024, the review application was placed before Hon'ble SAT, which *vide* its order dated April 29, 2025 ("**SAT Order 2025**") held that:

> *"1. There is no error apparent on the face of the record and therefore, the review application is rejected. However, in the unique facts and circumstances of this case and to give quietus to the matter, in our view, the matter may be remitted for limited purpose to reconsider the direction at para No. 26 of the WTM order.*
> *2. On our direction, learned counsel for the SEBI has taken instructions and submits that the direction at paragraph 26 of the WTM order dated July 07, 2020 may be set aside and the matter may be remanded to consider and pass appropriate direction. Applicant is agreeable to this suggestion. By consent of both parties, therefore,*
>
> > *a) Directions at para 26 of the WTM Order dated July 07, 2020 are set aside and SEBI is directed to pass fresh directions after hearing both parties on that limited issue.*
> >
> > *b) All other findings in SAT Order dated August 24, 2020[1] and WTM Order dated July 07, 2020 stand confirmed.*
> >
> > *c) The AO Order dated May 18, 2020 is also upheld.*
>
> *3. As prayed for by the learned counsel for the SEBI, it is clarified that this order will be not treated as precedent."*
>
> *(emphasis supplied)*

6. In view of the SAT Order 2025, the Noticees were advised to submit their replies, if any, and an opportunity of personal hearing was granted on July 23, 2025 to appear before me. The submissions of the Noticees made before me in writing are summarized below as follows:

[1] *Vide* order dated June 11, 2025, Hon'ble SAT corrected the order date as August 24, 2022 instead of August 24, 2020.

6.1 <u>Common submissions of Noticees 1 to 5 filed *vide* separate replies dated July 08, 2025:</u>

(i) **AO penalty has been paid:** The AO order dated May 18, 2020 was passed on identical allegations and same set of transactions. Pursuant to the AO order, the penalty of INR 21,00,000 have been paid by the Noticees.

(ii) **Inordinate delay in issuance of SCN**: The first erroneous AO SCN was issued in 2015 (delay of 8 years). Thereafter, the WTM SCN was issued on September 12, 2019 (12 years after the transactions). New AO SCN was issued on January 03, 2020 (13 years after the transaction). No justification has been provided by SEBI for the delay. With the efflux of time, the implementation of the directions has become impractical. The purpose of open offer is lost if steps are taken after 18 years and the investors will not benefit from directing open offer. It is not known whether the shareholders on the triggered date are still shareholders. Reliance is placed on judgments of Hon'ble SAT and Hon'ble SC. Reliance is placed on the decision of Hon'ble SC in SEBI vs. Sunil Krishna Khaitan and Ors., dated July 11, 2022, wherein the Hon'ble SC held that a suitable monetary penalty must be imposed instead of calling upon the acquirers therein to make a combined open offer at a belated stage as there was an inordinate delay of 5 years in issuing the SCN.

(iii) **Incorrect classification as PAC:** In the AO Order, WTM Order and SAT Order, it has been held that the Noticees have not produced any document to support the claim that that they were not acting in concert. There is no relationship with each other and also with Rajiv Kotia. Affidavit dated November 22, 2018 filed by Mr. Rajiv before Hon'ble SC confirms that Noticees 2 to 5 are separated from Mr. Rajiv. The relationship of Mr. Rajiv with his wife are strained and they live separately which has also caused disruptions in his relationships with other members of his family. When the company came out with its IPO in 1995, the name of Noticees 2 to 5 are not mentioned as promoters. Noticees 2 to 5 have separate source of income and they are not dependent on Mr. Rajiv for living. Income tax returns as proof of individual income, electricity bills and copy of will for family

separation arrangement dated June 06, 2021 by Late Rameshchandra Kotia ("**2021 Will**") has been submitted. Noticees 2 to 5 have not held shares for the last 14 years in the Company.

(iv) **15J factors / No prejudice has been caused**: There is no record of any gain or loss. No investor complaint has been received. This is the first acquisition done by the Noticee 2 to 5 –hence, the default is not repetitive. The Adjudicating Officers, SEBI had by way of separate orders dated June 30, 2017 against Noticees 2 to 5 and July 19, 2017 against Noticees 2, 3 and 5, had imposed penalties for not disclosing change in shareholding and belatedly responding to summons. The aforesaid orders were challenged before Hon'ble SAT, which in separate orders dated July 02, 2019 waived the penalty and reduced the penalty, respectively. The acquisition was inadvertent without the intent to violate Takeover Regulations, 1997. The acquisition did not trigger change in control, no material impact occurred on the share price, volume or shareholder interest. Forced sale through auction or OFS may cause undue loss to the acquirer.

6.2 <u>Submissions of Mr. Rajiv Kotia (Noticee 1) filed *vide* email dated July 08, 2025 and July 25, 2025:</u>

(i) **Decisions by Hon'ble SAT in similar matters**: Mr. Rajiv is one of the promoter and managing director of the Company and is holding 21,42,000 equity shares. Hon'ble SAT while relying on the judgment of Hon'ble SC in Sunil Krishna Khaitan, has set aside similar directions to make an open offer in which there was an inordinate delay in issuing the SCN. Reliance is placed on the following orders:

- Ferryden International Ltd. and Anr. vs. SEBI (Appeal no. 422/23), dated May 12, 2023;
- Pooja Tikmani vs. SEBI (Appeal no. 740/2022), dated July 25, 2023.

(ii) **Alleged violation of Regulation 10 and 11**: As on March 31, 2007, Mr. Rajiv along with other promoters of the company were holding 17.94% shares of its total share capital. At quarter ending June 2007, Mr. Rajiv Kotia acquired 2,00,100 shares of the company from two other promoters due to

which his shareholding increased from 11.96% to 15.23%. He also acquired 80,200 shares on July 01, 2007 from two other promoters increasing his shareholding from 15.23% to 16.63%. Due to the aforesaid acquisitions, the collective shareholding of the promoter group of the company increased from 17.94% to 19.25%. – which is within the permissible limit of 5% which could be acquired by the promoter group under regulation 11(1). Regulation 10 of the Takeover Regulations, 1997 only applies when the acquirer with other promoters does not hold 15% shares and has breached the limit of 15% in a FY.

(iii) **Direction to be passed**:

- Regulation 44(f), (h) and (i) of the SAST Regulations 1997 pertain to open offer which has already been found untenable in the facts of the case. Regulation 44(c) does not apply to Noticee 1 since he purchased his shares from two other promoters and not pursuant to an allotment. Therefore, directions under regulation 44(c), (f), (h) and (i) of the SAST Regulations 1997 cannot be passed against Noticee 1.

- Freezing transfer of shares in terms of regulation 44(d) of SAST Regulations is unlikely to have any discernable effect on the company or the existing shareholders. Therefore, a direction under regulation 44(d) would not be suitable in the present case.

- Direction under regulation 44(a) and (g) of SAST Regulations 1997 which deal with disinvestment of shares would only apply to Noticee 1, out of which only regulation 44(a) would apply in the facts of the case as it deals with violation of regulation 10 and 44(g) deals with disinvestment for violation of disclosure requirements.

- Noticee 1 is agreeable to abide by the directions under regulation 44(b) of SAST Regulations 1997 and transfer proceeds of shares to the Investors Protection Fund of BSE in line with the precedents of SEBI (Kaycee Industries Ltd., WTM order dated January 05, 2015, Bheema Cements Ltd., WTM order dated July 19, 2011, Vas Infrastructure Ltd.,

WTM order dated March 16, 2023) / Hon'ble SAT (SBEC Systems (India) Ltd. vs. SEBI, order dated January 29, 2020 and Therm Flow Engineers Pvt. Ltd. vs. SEBI, order dated May 01, 2019) cited. In the precedents cited, it was directed by SEBI / Hon'ble SAT to transfer the excess shares acquired in violation of regulations to be disposed of and proceeds to be transferred to Investor Protection and Education Fund.

- In this regard, current shareholding of Noticee 1 as on June, 2025 as available on the BSE website is 11.64% (21,42,000 shares) whereas Noticees 2 to 5 do not hold any shares in SCL. Since only 0.23% (14,077 shares) of SCL were acquired by Noticee 1 in violation of regulation 10 of the SAST Regulations 1997, any direction should be confined to such 0.23% of shares.

- Direction under regulation 44(e) of SAST Regulations 1997, debarring Noticee 1 would be punitive as debarment for exceeding share acquisition thresholds without open offer, after 18 years, loses its preventative and remedial character. Reliance is placed on order of Hon'ble SAT in V.B. Industries Ltd. vs. SEBI (Appeal no. 750 of 2021) dated July 29, 2022, wherein debarment of 1 year and penalty totaling INR 67 lakh were found disproportionate given that there were no fraudulent activities. Hon'ble SAT also emphasized that the violations caused no disproportionate gain or loss to any investor. Reliance is also placed on order of SEBI in the matter Electrotherm (India) Ltd. dated September 25, 2023, wherein SEBI held that in light of the fact that the first trigger was in 2007, a monetary penalty, debarment, and direction to forgo an amount of INR 1.40 crores, would meet the ends of justice.

- No ill-intention or fraudulent activities have been alleged against Noticee 1. Noticee 1 has not profited from any dividends as undue gain due to acquisition of excess shares. The violations created no change in control, undue influence on stock price, or investor loss.

6.3 Submissions of Noticees 2 to 5 filed *vide* email dated July 08, 2025:

(i) **Wrong consideration of date of acquisition:** The shares were acquired in physical form between 2002 to 2006 and dematerialized in 2007, which is wrongly considered by SEBI as the date of acquisition. At the time of dematerialization, the supporting documents (share certificates etc) with respect to the acquisition were submitted to the erstwhile RTA, Pinnacle Share Registry Pvt. Ltd. ("**Pinnacle**"), which did not maintain records of share transfer properly. Pinnacle transferred all previous transfers on September 14, 2007, which is incorrect. Pinnacle's registration was cancelled by SEBI and the company appointed another RTA – Satellite Corporate Services Pvt. Ltd. ("**Satellite**"). In the email dated August 27, 2018, where the date of change in shareholding is mentioned, Satellite has also clarified that since the transactions took place before January 01, 2008 and older than 11 years, the supporting documents are not available with them. The RTA is required to maintain records for 3 years – the period was increased to 8 years in 2018. The company has also clarified that the date of acquisition is not known to them as the data was maintained by Pinnacle. SEBI's investigation is based on the emails from the RTA and the company.

7. Further, on July 23, 2025, the Authorized Representatives ("**ARs**") of the Noticees appeared before me. The ARs of Noticee 1 submitted that only Regulation 44(a), (b) and (g) of the SAST Regulations 1997, applies to Noticee 1, which directs disinvestment of shares acquired in violation or directs transfer of proceeds or securities to the investors protection fund of a recognized stock exchange. Regulation 44(c) does not apply as it pertains to shares allotted in violation, and there was no allotment in the present case. Regulation 44(d) which directs the target company or depository to not give effect to transfer or freeze the transfer of shares acquired in violation, would not have the intended effect. Regulation 44(f), (h) and (i) pertain to open offer and disposal of assets, which are not applicable to the facts of the case. Given the time elapsed, a direction to debar under regulation 44(e) would be punitive rather than preventive or remedial. The ARs expressed the willingness of Noticee 1 to dispose of the shares acquired in violation of the SAST Regulations 1997, within a reasonable period, considering that the shares are infrequently traded.

8. The AR of Noticees 2 to 5 submitted before me that the aforesaid Noticees have not been directors, promoters or KMPs of SCL at any point in time. The acquisition date

of the shares concerned in the present case provided by the RTA to SEBI is incorrect and cannot be relied upon. The Noticees 2 to 5 and Mr. Rajiv Kotia (Noticee 1) cannot be considered as Persons Acting in Concert (PAC) under the SAST Regulations 1997 due to family estrangement, which is evidenced by separate electricity bills and distinct sources of income reflected in their income tax returns. The AR further submitted that a direction to dispose of shares acquired in violation of the SAST Regulations 1997 is not applicable to Noticees 2 to 5 as they do not hold any shares in SCL. Further, considering the lapse of time, a direction to debar would adversely affect the family's source of income, and would be unduly punitive to younger family members, such as Mr. Ravi Kotia.

B. ISSUE FOR CONSIDERATION

9. For context, the allegations in the show cause notice dated September 12, 2019 ("**SCN**") issued in the present case are summarized hereunder:

(i) Mr. Ravi Kotia (Noticee 1) holding 11.96% shares in SCL triggered the requirement to make open offer and failed to make public announcement upon acquisition of 2,00,100 shares on April 01, 2007 from two other promoters (Mr. Janak S Kotia and Mr. Sanjay I Shah) amounting to approximately 3.27% of SCL. This acquisition made his cumulative holding 15.23% in quarter ending June, 2007, and therefore, he violated regulation 10 of SAST Regulations 1997. Mr. Rajiv's shareholding further increased to 16.53% upon acquisition of 80,200 shares of SCL from two other promoters (Mr. Sharad M Gandhi and Ms. Devyani Kotia) on July 01, 2007. Mr. Rajiv Kotia (Noticee 1) bought the shares from other promoters on April 01, 2007 without submitting any report to SEBI as required under regulation 3(4) and without making any disclosure as stipulated under regulation 7 of the SAST Regulations 1997. In view of the above, it was alleged that:

(a) Noticee 1 has violated regulation 10 read with 35(2) of SAST Regulations 1997 by failing to make an open offer on acquisition of 15.23% shares of SCL on April 01, 2007; and

(b) Noticee 1 has violated regulations 3(4) and 7 of SAST Regulations by not submitting report to SEBI and failing to make disclosure with respect to the acquisition made on April 01, 2007.

(ii) Ms. Shilpa, Ms. Shweta, Mr. Dhaval & Mr. Ravi (Noticees 2 to 5) acquired 2,90,000, 2,69,400, 2,80,000 and 5,29,400 physical shares of SCL on September 14, 2007 which made their shareholding 22.39% in SCL. The shareholding of Noticees 2 to 5 (22.39%) along with the shareholding of 16.53% held by Mr. Rajiv (Noticee 1) *i.e,* persons acting in concert, made the total shareholding of the Noticees 38.92% in SCL as on September 14, 2007. In view of the above, it was alleged that Noticees 1 to 5 by their failure to make public announcement on acquisition of 22.39% shares which increased their collective shareholding to 38.92% have violated regulation 11(1) read with 35(2) of SAST Regulations 1997.

For the purposes of clarity, the acquisition of additional 3.27% shares by Noticee 1 which in absence of open offer inter alia led to violation of regulation 10(1) of SAST Regulations 1997 is hereinafter referred to as "**First Trigger**". Further, the acquisition of 22.39% shares by Noticees 2 to 5 which made the collective shareholding of Noticees 1 to 5 38.92% and led to violation of regulation 11(1) of SAST Regulations 1997 in absence of open offer is hereinafter referred to as "**Second Trigger**".

10. Hon'ble SAT in the SAT Order 2025, has upheld the findings of the WTM Order 2020, AO Order 2020 and SAT Order 2022. However, it has set aside the direction at paragraph 26 of the WTM Order 2020 and has directed SEBI to pass fresh directions. As can be seen from the directions reproduced at paragraph 5 above, the decision of Hon'ble SAT was *"in the unique facts and circumstances of this case and to give quietus to the matter.... the matter may be remitted for limited purpose to reconsider the direction at para No. 26 of the WTM order".* Thus, my remit in the present case is solely to determine what directions can be passed against the Noticees for the violations already established in the WTM Order 2020 and the SAT Order 2022. As noted above, Hon'ble SAT has set aside the earlier direction to make an open offer *"in the unique facts and circumstances of this case".* In view of the above, the contentions made by Noticees with respect to incorrect classification as Persons-Acting-In-Concert (PAC), wrong consideration of acquisition date, etc are not delved into as they go into the merits of the case. For the purposes of this Order, only the arguments made on directions to be passed have been considered. In this regard, I find it appropriate to reproduce regulation 44 of the SAST Regulations 1997 which reads as follows:

Directions by the Board.

44. Without prejudice to its right to initiate action under Chapter VIA and section 24 of the Act, the Board may, in the interest of securities market or for protection of interest of investors, issue such directions as it deems fit including:—

(a) directing appointment of a merchant banker for the purpose of causing disinvestment of shares acquired in breach of regulation 10, 11 or 12 either through public auction or market mechanism, in its entirety or in small lots or through offer for sale;

(b) directing transfer of any proceeds or securities to the Investors Protection Fund of a recognised stock exchange;

(c) directing the target company or depository to cancel the shares where an acquisition of shares pursuant to an allotment is in breach of regulation 10, 11 or 12;

(d) directing the target company or the depository not to give effect to transfer or further freeze the transfer of any such shares and not to permit the acquirer or any nominee or any proxy of the acquirer to exercise any voting or other rights attached to such shares acquired in violation of regulation 10, 11 or 12;

(e) debarring any person concerned from accessing the capital market or dealing in securities for such period as may be determined by the Board;

(f) directing the person concerned to make public offer to the shareholders of the target company to acquire such number of shares at such offer price as determined by the Board;

(g) directing disinvestment of such shares as are in excess of the percentage of the shareholding or voting rights specified for disclosure requirement under regulation 6, 7 or 8;

(h) directing the person concerned not to dispose of assets of the target company contrary to the undertaking given in the letter of offer;

(i) directing the person concerned, who has failed to make a public offer or delayed the making of a public offer in terms of these regulations, to pay to the shareholders, whose shares have been accepted in the public offer made after the delay, the consideration amount along with interest at the rate not less than the applicable rate of interest payable by banks on fixed deposits.

11. I note that the Hon'ble Supreme Court in the case of SEBI vs. Sunil Krishna Khaitan and Ors. (Civil appeal nos. 8249 of 2013 and 1762 of 2014), judgment dated July 11, 2022 has interpreted regulation 44 of the SAST Regulations 1997 as follows:

"70. Use of the word 'may' and not 'shall' in Regulation 44 is significant. It is not mandatory that in case of every violation and breach of Regulations 10, 11 and 12, direction under Regulation 44 shall be issued. The interpretation gets fortified in view of the words and object of the Regulation 44 which empowers the Board to issue directions as it deems fit…. The Board, therefore, when it decides to exercise its power under Regulation 44 and issues directions under the said Regulation has to keep the two facets in mind, namely, (i) interest of the securities market; and (ii) protection of interest of the investors. The exercise of discretion of the Board, in fact, would not be restricted to the two facets mentioned above as the power and functions of the Board are far broader as they include promotion, development and regulation of securities market as a whole and regulating substantial acquisition of shares and takeover of companies.

72. In the context of Regulations 44 and 45, it implies that the Board has the power to make a choice between different courses of action or inaction. This choice is not unfettered but is always held subject to implied limitations inherent in every statute, limitations set by the common law and the constitutional mandate of rule of law. The underlying rationale of giving discretion is to ensure that the Board exercises the discretion in consonance with legitimate values of public law, which include need to maintain legal certainty and consistency which are at the heart of the principle of rule of law….

79….As noticed above, the violation alleged in Appeal No. 23 of 2013 in the case of Sunil Krishna Khaitan relates to the years 2006-2007. The order issuing the directions was passed on 31st December 2012, nearly eight years after the alleged violation. The direction given is that the shareholders should be given an option to sell the shares held by them on 16th June 2007 by directing the respondents to make a public announcement to acquire the shares. Direction has also been given to pay interest @ 10% per annum from 16th June 2007 till shares have been accepted in the open offer. The dividend paid, if any, would be adjusted. We are not stating that this direction can never be issued, but the exercise of discretion to issue the said directions has to be predicated and based upon good grounds and reasons. The directions of this nature are not automatic and are to be issued only when they are warranted and justified. The incongruities and absurdities of the directions issued have been highlighted and noticed in the order passed by the Appellate Tribunal."

(emphasis supplied)

From the above judgment, the direction to be passed, if any, has to be in the interest of the securities market and protection of interest of investors.

Noticees 2 to 5

12. In this regard, Noticees 2 to 5 have submitted that issuance of any direction under regulation 44 of SAST Regulations 1997 against them would be in violation of the principles of natural justice due to the long lapse of 18 years since the acquisition. Due to the delay, documents or witnesses are no longer available, which hampers their right to fair defense.

13. Considering the directions to SEBI by Hon'ble SAT and the submissions of the Noticees, I find it necessary to examine the suitability of each direction contemplated under regulation 44 of SAST Regulations 1997 read with regulation 32 of SAST Regulations 2011. Regulation 44(a) and (g) empowers SEBI to issue a direction of disinvestment of shares for shares acquired in breach of regulation 10, 11 or 12 and for shares acquired in excess of thresholds specified for disclosure under regulation 6, 7 or 8. Regulation 44(b) allows SEBI to issue a direction to transfer any proceeds or securities to the Investors Protection Fund of a recognized stock exchange. Regulation 44(c) and (d) permits SEBI to cancel shares or not give effect to transfer of shares or freeze transfer of shares and not allow exercise of any voting rights attached with shares acquired in violation of regulation 10, 11 or 12. Directions under regulation 44(a), (b), (c), (d) or 44(g) read with *pari materia* provisions of regulation 32 of the SAST Regulations 2011 cannot be a valid direction for Noticees 2 to 5, since as contended by them and as per the data provided by RTA of SCL as on September 05, 2025, NSDL as on September 10, 2025 and CDSL as on September 15, 2025, they do not hold any shares in SCL as on date.

14. Regulation 44(e) allows debarring any person concerned from accessing the capital market or from dealing in securities. Since Noticees 2 to 5 presently do not hold any shares in SCL, in my opinion, an appropriate direction in the matter would be to restrain them to uphold market integrity and prevent any potential recurrence of similar conduct.

15. Regulation 44(f) and (i) authorizes SEBI to direct making an open offer to shareholders of target company. *Vide* SAT Order 2025, Hon'ble SAT has directed SEBI to reconsider the open offer direction issued in the WTM Order 2020. Therefore, a direction under regulation 44(f) and (i) cannot be passed.

16. Regulation 44(h) allows SEBI to direct the concerned person to not dispose of assets contrary to the undertaking in the letter of offer. As mentioned above, no letter of offer was issued in the present case. Thus, the question of disposing assets contrary to the undertaking in letter of offer does not arise. Therefore, none of the directions contemplated under regulation 44 of SAST Regulations 1997 read with regulation 32 of the SAST Regulations 2011 are suitable to be passed against Noticees 2 to 5.

Noticee 1

17. Noticee 1 has vehemently argued before me that a direction to dispose of the excess shares acquired in violation of SAST Regulations 1997 may be the only suitable direction that can be issued against Noticee 1 given the lapse of time *i.e,* direction in terms of regulation 44(b) to dispose of 14,077 shares constituting 0.23% of SCL at the time of acquisition. In support of his submission, Noticee 1 has relied on the cases of Kaycee Industries Ltd. (supra), Bheema Cements Ltd. (supra), SBEC Systems (India) Ltd. (supra), Therm Flow Engineers Ltd. (supra) and Vas Infrastructure Ltd. (supra).

18. I note that in the past SEBI / Hon'ble SAT have directed noticees therein to dispose of the shares or dispose of the excess shares acquired in violation of the SAST Regulations 1997 / SAST Regulations 2011 and deposit the proceeds with Investor Protection and Education Fund. In this regard, the matter of Vas Infrastructure Ltd. is similar to the facts of the present case. In the matter of Vas Infrastructure Ltd., an acquisition of 9.7% additional shareholding on April 11, 2009 and 1.93% additional shareholding on May 30, 2009 (cumulative 11.63% additional shareholding) by the noticees was held to have violated regulation 11(1) of SAST Regulations 1997 (*i.e,* exceeded the creeping acquisition limit of 5% shareholding). SEBI passed an order dated September 30, 2019 directing the noticees therein to make an open offer. In the appeal preferred before Hon'ble SAT, it held that the violation under regulation 11(1) is proved but owing to circumstances such as delay in issuing the show cause notice after more than 5 years from the date of transactions and 3 years from the time the information was provided by the noticees, unknown status of the shareholders on the

trigger date and the date of the order, passing an order 3 years after hearing and 10 years after the date of trigger, etc, the impugned order cannot be sustained. Hon'ble SAT vide order dated November 23, 2021 remanded the matter to SEBI to issue an appropriate direction under regulation 44 other than the direction to make an open offer.

19. SEBI filed an appeal against the aforesaid decision. Hon'ble SC vide its order dated September 15, 2022, dismissed the appeal filed. Therefore, in accordance with directions of Hon'ble SAT, *vide* order dated March 16, 2023, *"having regard to peculiar facts and circumstances of the case including directions issued by Hon'ble SAT"*, and based on the submissions of the notices therein, SEBI directed the noticees to sell their shares acquired in violation of regulation 11(1) of SAST Regulations 1997 in excess of 5% (*i.e,* cumulatively 6.63%) and deposit the proceeds in Investor Protection and Education Fund within 3 months from the date of order. Further, the noticees were debarred from accessing the securities market and restrained from dealing in securities for 1 year from the date of order.

20. Further, in the matter of Electrotherm India Ltd, SEBI had directed the acquirers therein to make an open offer. The acquirers appealed against the SEBI order before Hon'ble SAT. Hon'ble SAT *vide* order dated May 12, 2023, held that due to the long lapse of time from the date of acquisition (2007) until the passing of open offer direction by SEBI (2023), the said direction was not proper exercise of discretion. Hon'ble SAT noted that at the time of acquisition there were 3,618 shareholders whereas as on date there are only 400 shareholders. Therefore, an open offer direction will not be equal to all stakeholders who held shares on the trigger date. Hon'ble SAT remitted the matter to SEBI to decide afresh after considering other provisions of regulation 44 of SAST Regulations 1997. *Vide* order dated September 25, 2023, SEBI passed an order directing the acquirers to return the dividend accrued on the shares concerned, debarred them for 1 year and imposed a penalty of INR 1 crore. SEBI held that considering that the acquirers at the time of passing of order were holding 7.85% shares which was lesser than the 15% trigger threshold under SAST Regulations 1997, the direction to either sell off the excess shareholding and / or transfer the proceeds or the excess securities to the Investor Protection and Education Fund is not feasible.

21. From the data available on the BSE website as on June, 2025, I note that Mr. Rajiv Kotia (Noticee 1) is classified as a promoter and is holding shares amounting to 11.64% shareholding of SCL. It may be noted that pursuant to acquisition of 2,00,100 shares on April 01, 2007 constituting approximately 3.27% shareholding, Noticee 1's total shareholding reached 15.22%. Thereafter, pursuant to another acquisition on July 01, 2007, the shareholding of Noticee 1 reached 16.53% *i.e,* excess of 1.54% beyond the threshold provided in regulation 10 of the SAST Regulations 1997.

22. Hence, I find that an appropriate direction for Noticee 1 would be disposal of the shares acquired in excess of the aforesaid threshold specified under regulation 10 and deposit of the proceeds of such disposal with the Investor Protection and Education Fund of SEBI.

Monetary penalties imposed for the same cause of action

23. On examining the cases above, I note that directions have been passed considering the facts and circumstances of each case. I note that in the present case, for the same violation, an adjudication order has been passed by SEBI dated May 18, 2020 wherein a penalty of INR 11 lakh was imposed on Noticee 1 and INR 10 lakh jointly and severally on Noticees 2 to 5. I note from the information available on record, that SEBI has recovered the aforesaid penalty amount. I also note that on the same set of facts, *vide* order dated June 30, 2017, Adjudicating Officer, SEBI has imposed a penalty of INR 10 lakh on Noticees 2 to 5 for not disclosing change of shareholding of more than 2% in violation of regulation of 7(1A) read with 7(2) of SAST Regulations 1997. The said order was appealed before Hon'ble SAT which vide order dated July 02, 2019 allowed the appeal and quashed the AO order. Further, vide order dated July 19, 2017, Adjudicating Officer, SEBI imposed a penalty of INR 5 lakh on SCL and 2 lakh each on Noticee 2, Noticee 3 and Noticee 5 for violation of section 11C(3) read with section 11(2)(i) of SEBI Act, 1992 by belatedly responding to summons issued by SEBI which hampered investigation. The aforesaid order was appealed before Hon'ble SAT, which vide order dated July 02, 2019, upheld the AO order but reduced the penalty on SCL from INR 5 lakh to INR 2 lakh and on Noticees 2, 3 and 5 from INR 2 lakh each to INR 1 lakh each. The relevant department of SEBI has informed me, that SEBI has recovered the aforesaid penalty amount from the aforesaid Noticees.

C. DIRECTIONS

24. In view of the above, I, in exercise of the powers conferred upon me under sections 11 and 11B of the SEBI Act, 1992 and regulation 44 of SAST Regulations 1997 read with regulation 32 and 35 of SAST Regulations 2011, hereby direct that:

    24.1 Mr. Rajiv Kotia (Noticee 1) shall sell shares in SCL which were in excess of the 15% threshold discussed in this Order (i.e. 1.54% shares) and deposit the entire proceeds of such sale in the Investor Protection and Education Fund of SEBI within 3 (three) months from the date of this Order and file a report to SEBI detailing compliance with the above directions within 2 (two) weeks from the date of such compliance.

    24.2 Ms. Shilpa Kotia (Noticee 2), Ms. Shweta Kotia (Noticee 3), Mr. Dhaval Kotia (Noticee 4) and Mr. Ravi Kotia (Noticee 5) are debarred from accessing the securities market and restrained from buying, selling or otherwise dealing in securities, either directly or indirectly, for a period of 3 (three) months from the date of this Order.

25. The SCN dated September 12, 2019 is hereby disposed of with respect to the Noticees.

26. This Order comes into force with immediate effect.

27. A copy of this Order shall be forwarded to the Noticees, recognized stock exchanges and depositories for necessary action.

DATE: OCTOBER 08, 2025 **ANANTH NARAYAN G.**

PLACE: MUMBAI **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA