SO/PSD/2025-26/6348

SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: SHRI AMARJEET SINGH, WHOLE TIME MEMBER &
SHRI KAMLESH CHANDRA VARSHNEY, WHOLE TIME MEMBER

ORDER

In compliance with the directions of the Hon'ble Supreme Court of India issued vide Order dated October 06, 2025 in the matter of Ashok Dayabhai Shah & Ors. vs Bharat Nidhi Limited & Ors. [Special Leave Petition (C) Nos. 19853-19855 and 19946-19948 of 2025]

In the matter of Bharat Nidhi Limited & Ors.

In respect of:

SR. NO.	NOTICEES
1	Bharat Nidhi Limited
2	Mr. Vineet Jain
3	Ashoka Marketing Limited
4	Arth Udyog Limited
5	Matrix Merchandise Limited
6	Mahavir Finance Limited
7	TM Investment Limited
8	Sanmati Properties Limited

(The Noticees mentioned above are individually referred to by their respective names or Noticee No. and collectively referred to as "Noticees", unless the context specifies otherwise)

BACKGROUND

1. Pursuant to receipt of complaints *inter alia* alleging misrepresentation of promoter shareholding as public shareholding and non-compliance with the requirements of maintaining minimum public shareholding by Bharat Nidhi Limited ("**BNL**" / "**Company**") and subsequent investigation by SEBI into the said

allegations, a Show Cause Notice dated October 28, 2020 ("**SCN**") was issued to the Noticees alleging violations of, *inter alia*, the provisions of securities laws, including Section 12A(a) and (b) of SEBI Act read with Regulations 3(b), (c) and 4(1) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ("**PFUTP Regulations**") and calling upon them to show cause as to why suitable directions and penalty should not be issued against them for the said violations.

2. Pursuant to the above, Noticees filed their respective settlement application(s) in terms of provisions of the SEBI (Settlement Proceedings) Regulations, 2018 ("**Settlement Regulations**") proposing to settle the abovementioned proceedings. The settlement applications were processed and put up before the Internal Committee (IC), the High Powered Advisory Committee (HPAC) and the Panel of Whole Time Members as constituted under the Settlement Regulations and a Settlement Order dated September 12, 2022 ("**Settlement Order**") was passed, settling the abovementioned proceedings *qua* all Noticees, *inter alia*, on the terms quoted below:

"i. this Order disposes of the enforcement proceedings initiated by SEBI for the defaults as mentioned earlier in respect of the applicants;

ii. SEBI shall not initiate any other enforcement action against the applicants for the said defaults; and

iii. Bharat Nidhi Limited shall submit a report of compliance with the terms of its undertaking given at paragraph 5, within 15 days of the passing of this settlement order, failing which the settlement order shall cease to operate qua all the applicants."

3. The Settlement Order was challenged before Hon'ble Bombay High Court by a group of minority shareholders of BNL led by Mr. Ashok Dayabhai Shah and Ms. Pina Pankaj Shah vide separate Writ Petitions [*WP No. 447/2023 (filed on October 10, 2022) and WP No. 530/2023 (filed on October 10, 2022)]*, *inter alia,* praying for quashing or setting aside the Settlement Order. During the pendency of the

aforesaid Writ Petitions, the Settlement Order was revoked and withdrawn by SEBI in terms of regulation 28 of the Settlement Regulations for failure to comply with the Settlement Order and the same was communicated to Noticees vide letter dated November 10, 2023. It was also communicated to Noticees that upon revocation of the Settlement Order, no amount paid under the Settlement Regulations would be refunded and SEBI would restore or initiate the proceedings with respect to which the Settlement Order was passed.

4. Aggrieved by the revocation of the Settlement Order by SEBI, three separate Writ Petitions [*WP No. 3977/2024 (filed on January 17, 2024), WP No. 4828/2024 (filed on January 22, 2024) and WP (L) No. 2325/2024 (filed on January 22, 2024)*] were filed by the Noticees before Hon'ble Bombay High Court. Vide Order dated June 11, 2025, the Hon'ble Bombay High Court set aside the revocation of the Settlement Order and remanded the proceedings to SEBI for reconsideration by affording an opportunity of hearing to Noticees.

5. The minority shareholders of BNL preferred Special Leave Petitions before Hon'ble Supreme Court against the abovementioned Order dated June 11, 2025 passed by the Hon'ble Bombay High Court. The Hon'ble Supreme Court vide its Order dated October 06, 2025, *inter alia*, directed SEBI to hear and dispose of the case within 45 days during which the parties were to maintain status quo and all actions taken pursuant to the Settlement Order were to be subject to the outcome of the final decision of SEBI. The Hon'ble Supreme Court also observed that SEBI would decide the case uninfluenced by any observations made by the Hon'ble Bombay High Court in its judgment dated June 11, 2025.

6. In compliance with the aforesaid directions of Hon'ble Supreme Court read with the directions of Hon'ble Bombay High Court issued vide its judgment dated June 11, 2025, the present Panel of WTMs has been constituted to reconsider the matter. As per the directions of the Hon'ble Bombay High Court, an opportunity of personal hearing was provided to the Noticees which was scheduled on October 17, 2025.

Personal Hearings before the Panel of WTMs

7. During the personal hearing before us on October 17, 2025, submissions were made by Mr. Venkatesh Dhond, Senior Advocate (on behalf of Noticee 1), Mr. Ashish Kamat, Senior Advocate (on behalf of Noticees 3 and 4), and Mr. Ameya Gokhale, Advocate (on behalf of Noticees 2, 5, 6, 7 and 8). At the outset, as a preliminary issue, BNL requested SEBI to furnish the grounds on which the Settlement Order was proposed to be revoked. In this regard, the following was communicated to the Noticees vide email dated October 20, 2025 as the grounds on which the Settlement Order was proposed to be revoked:

"… as also communicated to you during the hearing on October 17, 2025, it may be noted that a settlement order dated September 12, 2022 was passed and an undertaking was submitted by the Noticees/Applicants to comply with the settlement order. However, the communications received by SEBI from you do not show that effective steps have been taken by the Noticees/Applicants to provide exit opportunity to all the public shareholders within a period of three months, in accordance with terms of the settlement order dated September 12, 2022. In view of the same, you are called upon to explain as to why the settlement order dated September 12, 2022 should not be revoked, in terms of Regulation 28 of the SEBI (Settlement Proceedings) Regulations, 2018.

It is also seen that there is no evidence of satisfaction of paragraph 8(iii) of the settlement order dated September 12, 2022 which provides that if Bharat Nidhi Limited fails to submit a report of compliance with the terms of its undertaking given at paragraph 5 of the Settlement Order, within 15 days of the passing of the Settlement order, the settlement order shall cease to operate qua all the applicants. You are requested to explain how this condition has been complied with failing which show cause why the settlement order dated September 12, 2022 should not be revoked in terms of Regulation 28 of the SEBI (Settlement Proceedings) Regulations, 2018."

8. Pursuant to the requests made by the Noticees during the hearing, another opportunity of hearing was granted to them on October 24, 2025. During the hearing on October 24, 2025, oral submissions were made by the aforementioned authorized representatives of the Noticees who undertook to submit the same in writing. During the hearing, the Noticees were also advised to submit the following information/ documents:

   i. Scrutiniser report pertaining to the result of voting by shareholders of BNL for buyback dated October 26, 2022;
   ii. Internal approvals of the corporate shareholders of BNL who expressed their willingness to offer exit to public shareholders in October 2022;
   iii. Board resolution of BNL approving the proposal of willing shareholders to privately buyout the shares tendered by other shareholders (after the willingness expressed by such shareholders);
   iv. Proof of offer made to the public shareholders other than the offer made through buyback process;
   v. Copy of approval of buy-back offer obtained from shareholders of BNL on October 26, 2022.

9. Vide the communication dated October 30, 2025, the Noticees filed their written submissions and the information/ documents sought during the hearing, except the document mentioned at para 8 (iii) and (iv) above, in respect of which explanation was provided by the Noticees, which has been discussed in subsequent paragraphs.

Submissions made by the Noticees

10. The oral / written submissions made by the Noticee 1, which are also adopted by other Noticees, are summarized as follows:

   (a) Prior to SEBI's *S*ettlement *O*rder, BNL had come out with an offer for buy-back of up to 21,791 of its paid up equity shares in 2019, i.e., 0.746% of its total paid up equity shares as on March 31, 2019. However, the said buy-back offer garnered a poor response since only 0.671% of BNL's shares

were tendered by shareholders willing to participate in the offer. Thus, BNL already had an idea of the number of its shareholders who would be willing to participate in an exit offer.

(b) In view of the above and the fact that buy-back was a tax-efficient mode for the shareholders in terms of section 115QA of the Income-Tax Act, 1961, BNL decided to offer exit to shareholders through the Buy-back route in 2022 as well, since the Settlement Order did not specify any particular mode of providing an exit offer to the shareholders.

(c) The Board of Directors of BNL, in its meeting dated September 22, 2022, approved the proposal for buy-back of 1.067% of its paid-up share capital (i.e., amounting to 25% of BNL's total paid up capital and free reserves which was the maximum quantity allowed to be bought back in terms of Section 68(2)(c) of the Companies Act, 2013) and postal ballot notices were issued to shareholders seeking their consent to the proposed buy-back offer. Further, a public announcement dated September 27, 2022 of the proposed buy-back was also made in two daily newspapers. The buy-back offer was given to all 100% public shareholders as required under the Settlement Order. It is only the ability of BNL to buy-back which was restricted to 1.067% under the Companies Act.

(d) BNL submitted a compliance report to SEBI on September 27, 2022 in terms of Para 8(iii) of the Settlement Order, *inter alia*, stating that BNL intended to provide exit by way of buy-back of shares and that BNL was in the process of writing to seven of its public shareholders holding more than 1% shares (hereinafter referred to as "**willing public shareholders**") asking them if they were willing to provide an exit to the other public shareholders (hereinafter referred to as "**remaining public shareholders**") of BNL.

(e) BNL addressed letters on September 30, 2022 to the willing public shareholders to ascertain their willingness to continue as BNL

shareholders and their intent to provide exit to other shareholders for a period of two months at the same exit price as that of the buy-back offer.

(f) Out of these 7 shareholders, 3 shareholders (viz., TM Investment Ltd., Sanmati Properties Ltd, and Mr. Vineet Jain) expressed their intent (between 5 to 10 October, 2025) to provide exit to the remaining public shareholders, up to the extent of a cumulative 3.224% shares of BNL. Thus, a total of 4.291% shares (1.067% shares in buy-back and 3.224% as private buyout by the willing public shareholders) could have been possibly bought back in the process, which turned out to be more than the total number of shares (4.046%) actually tendered by the remaining public shareholders in response to the buy-back offer of BNL. Accordingly, BNL was demonstrably in a position to provide exit to all remaining public shareholders who intended to exit, in compliance of the Settlement Order.

(g) The Hon'ble Bombay High Court vide its order dated October 17, 2022 in the Writ Petitions (WP Nos. 447 and 530 of 2023) filed by certain minority shareholders (hereinafter referred to as "**the Minority Shareholders**"), *inter alia*, challenging the Settlement Order, directed that BNL may proceed to the extent of inviting offers, however, it shall not finalize the offer.

(h) Since the buyout by the willing public shareholders was intricately linked to the buy-back by BNL (as shares tendered in the buy-back would be in an escrow account awaiting the Buy-back process), once the finalization of buy-back was restrained by the Hon'ble Bombay High Court, the private buyout could also not proceed further.

(i) The effective compliance of the Settlement Order would mean performance of the steps which could have been possibly taken by BNL, rather than those which were restrained by a judicial decision. Thus, the test of compliance could not be whether the exit offer ultimately fructified or not. BNL even approached Hon'ble Bombay High Court highlighting that the restraint imposed by the Order dated 17 October 2022 would result in non-compliance of the statutory timelines. The Hon'ble Bombay High Court

vide its order dated December 5, 2022 directed that BNL may claim benefit of the interim orders so far as the time frame is concerned. Thus, BNL cannot be faulted for not complying with any timelines imposed on it.

(j) SEBI did not raise any objections to BNL's letter dated December 19, 2022 informing that the finalization of the buy-back was restrained by the Hon'ble Bombay High Court. Further, in its response to SEBI's letter dated March 9, 2023 seeking the status of exit offer to be given as per the Settlement Order, BNL, vide its letter dated March 10, 2023, reiterated the contents of its previous letter dated December 19, 2022. There was no response from SEBI to BNL's letter dated March 10, 2023. SEBI was also informed that the willing public shareholders of BNL had expressed willingness to provide an exit offer to other shareholders up to a certain amount, however, since the buy-back process was on hold, it was difficult for BNL to take any further steps regarding this offer.

(k) The essence of SEBI's affidavit dated March 13, 2023 filed before the Hon'ble Bombay High Court in the Writ Petitions (WP Nos. 447 and 530 of 2023) was that the restraint by the Hon'ble High Court was the reason for the inability of BNL to complete the Buy-back.

(l) On September 5, 2023, SEBI submitted before the Hon'ble Bombay High Court that there was a change in the Panel of WTMs and the issue of whether the Settlement Order should be revoked or not would be looked at afresh. However, pursuant to a detailed representation made by BNL to SEBI in this regard, SEBI tendered a 'without prejudice' note before the Hon'ble High Court during the hearing on September 13, 2023, which, however, was not taken on record due to objections raised by the Minority Shareholders. The Hon'ble High Court recorded in its order dated September 13, 2023 that the issues as raised in the petition could not be resolved and that the parties agreed that the proceedings would be required to be heard and decided. Thus, SEBI, in essence, stated that Settlement Order could not be revoked.

(m) The Hon'ble Bombay High Court vide its order dated October 23, 2023 ("**Disclosure Order**"), *inter alia*, directed SEBI to furnish the documents (including internal notings, communications of SEBI and the Investigation Report) sought by the Minority Shareholders. An SLP filed by BNL challenging the Disclosure Order was dismissed by the Hon'ble Supreme Court and SEBI also submitted during the hearing before the Hon'ble Bombay High Court on November 8, 2023 that it was considering challenging the Disclosure Order.

(n) Thereafter, SEBI revoked the Settlement Order on November 10, 2023 after which the Writ Petitions filed by the Minority Shareholders before Hon'ble Bombay High Court were disposed on December 1, 2023.

(o) Pursuant to the disposal of the Writ Petitions filed by the Minority Shareholders, the interim order of restraint on the buy-back came to an end and in view of the fact that the buy-back was a measure under the Companies Act, 2013 and BNL was prohibited from withdrawing the same, BNL took prompt steps to complete the buy-back and the buy-back was completed by BNL on December 15, 2023.

(p) The Minority Shareholders filed an IA in the already disposed of Writ Petitions (WP Nos. 447 and 530 of 2023), *inter alia*, seeking the revival of the disposed Writ Petitions and restraint on the public announcement dated December 11, 2023 issued by BNL in relation to the buy-back. The said IA was dismissed by the Hon'ble Bombay High Court.

(q) BNL also filed a Writ Petition No. 3977 of 2024 before the Hon'ble Bombay High Court challenging the Revocation Order dated November 10, 2023 vide which the Settlement Order was revoked. The Hon'ble Bombay High Court set aside the revocation of the Settlement Order and remanded the matter back to SEBI vide its Order dated June 11, 2025.

(r) Since SEBI's Settlement Order dated September 12, 2022 stood revived as a result of setting aside of the Revocation Order, BNL took prompt steps to provide an exit offer to its remaining public shareholders and approached the willing public shareholders holding an aggregate of 78.67% equity shares of BNL, seeking their interest in providing an exit offer for a period of three months to the remaining public shareholders holding an aggregate of 21.33% shares (amounting to approx. INR 690 Crore). Thereafter, BNL came out with another exit offer (hereinafter referred to as "**Second Exit Offer**") which commenced from July 8, 2025 and was to continue up to October 7, 2025.

(s) A total of 4345 shares (aggregating to 0.151% of the total paid-up equity shares of BNL) were tendered by the remaining public shareholders in the Second Exit Offer till October 6, 2025 and the same were purchased by the willing public shareholders in terms of the Second Exit Offer, thus, providing an exit to the remaining public shareholders who tendered these shares.

(t) However, the Hon'ble Supreme Court, vide its order dated October 6, 2025 (i.e., one day before the Second Exit Offer Period was to come to an end) directed the parties to maintain status quo and all actions taken pursuant to the Settlement Order dated September 12, 2022 were to be subject to the outcome of the final decision of SEBI.

(u) Post passing of the aforesaid order by the Hon'ble Supreme Court, an additional 16,952 shares (aggregating to 0.591% of the total paid-up equity shares) were tendered by BNL's remaining public shareholders on October 6, 2025 itself. However, in view of the status quo directed, the RTA of BNL is in the process of returning the same to the respective shareholders.

(v) A Settlement Order can be revoked under Regulation 28 of the Settlement Regulations only if a settlement order has been violated. However, the instant case is not one of wilful non-compliance.

(w) A reading of Para 8(iii) of the Settlement Order makes it clear that the settlement was predicated upon BNL submitting a report of compliance with the terms of its undertaking as stated at Para 5 of the Order within 15 days of passing of the Settlement Order. Thus, Para 8(iii) only required submission of a compliance report, rather than performance of the terms of the undertaking, and the only compliance that was to be reported was that of giving an undertaking in terms of Para 5. Thus, as soon as a report was filed on September 27, 2022 stating compliance of having given an undertaking, the conditions of settlement were met. The Settlement Order confined automatic revocation *qua* all Applicants only in the event the undertaking was not filed or the compliance report was not submitted.

(x) Para 9 of the Settlement Order provided for the right of SEBI to take enforcement action if SEBI found that any of the three contingencies mentioned in the Para 9 (viz., untrue representation, breach of clauses/undertakings/waivers, or discrepancy while arriving at settlement terms) had been met, which entails a subjective finding and is a vastly different scenario than the automatic revocation contemplated in Para 8 of the Settlement Order. Further, the conclusions referred to in sub-paras (a), (b) and (c) of Para 9 of the Settlement Order could only be drawn against particular Applicants whose conduct would have fallen within the confines of the contingencies mentioned in these sub-paras. Thus, the right of SEBI to proceed against any of the individual Applicants / Noticees has to be tested on an individual basis and accordingly, even though the Settlement Order was a composite one, the cessation of the same could only be against an Applicant / Noticee individually in the event of default by the said Applicant / Noticee, rather than a composite revocation. Therefore, any alleged non-compliance by BNL could never dissolve the settlement *qua* the other parties.

11. Apart from the above, Noticees 3 and 4 also made certain additional submissions which are summarized as under:

(a) Noticees 3 and 4 have complied with the monetary as well as non-monetary terms of settlement laid down in the Settlement Order.

(b) In terms of regulations 13 to 15 of the Settlement Regulations, the recommendations of HPAC can either be accepted or rejected, but cannot be modified/supplemented by the Panel of WTMs and in the event the Panel of WTMs does not accept the recommendation of HPAC, it may return the same for re-examination of the settlement terms. Accordingly, the condition in Para 8(iii) of Settlement Order, which was neither a part of the revised settlement terms of the Noticees nor a part of the recommendations of HPAC or of the Demand Notice, could not have been introduced at the stage of passing of the Settlement Order by the Panel of WTMs and as such, Para 8(iii) of Settlement Order is untenable *qua* Noticees 3 and 4 and cannot be relied upon by SEBI while considering the issue of revocation of the Settlement Order.

(c) The revocation of the Settlement Order *qua* Noticees 3 and 4 was not possible once the compliance report was filed by BNL. Further, the requirement to file a compliance report within 15 days as per Para 8(iii) of the Settlement Order cannot be equated with actual implementation of the non-monetary undertaking given by BNL.

(d) At no point of time did SEBI address any correspondence to Noticees 3 and 4 or indicate in any manner that BNL or Noticees 3 and 4 had breached the Settlement Order, including Para 8(iii) thereof, since all correspondence pursuant to filing of the compliance report were addressed only to BNL. Accordingly, the words “the communications received by SEBI from you” appearing in SEBI’s email dated October 20, 2025 to all the

Noticees for providing the grounds on which the Settlement Order was proposed to be revoked do not even pertain to Noticees 3 and 4.

(e) The Settlement Order cast different obligations on different Noticees and Noticees 3 and 4 did not violate any condition contained in the Settlement Order and thus, the consequences of alleged violation of the Settlement Order by another Noticee could not be visited on Noticees 3 and 4. This is more so in light of Regulations 8, 10(b) and 27(2) of the Settlement Regulations and on account of the fact that the allegations against the Noticees and the Settlement Applications (including the consideration thereof and the meetings with each Applicant) were distinct for each Noticee and even the Settlement Order was not composite but disjunct *qua* all Noticees. Any interpretation to the contrary would mean that an innocent party which has fully abided by the Settlement Order, such as Noticees 3 and 4 would face serious civil consequences. Even the Demand Notice dated July 20, 2022 contained no such co-extensive liability which would indicate that the Settlement Order was composite in nature.

(f) The Settlement Order was not liable to be revoked on account of the following reasons:

(i) Even after 3 months of passing of the Settlement Order, it was SEBI's stated position on its affidavit filed before the Hon'ble Bombay High Court that the Settlement Order was being complied with by the Noticees.

(ii) The Hon'ble Bombay High Court vide its order dated December 05, 2022 directed that in view of its earlier order restraining the finalization of the exit offer, BNL may claim the benefit of the interim orders in respect of the timeframe of completion of exit offer, which essentially meant that in case the Buy-back was allowed to be proceeded with at a later stage by the Hon'ble High Court, the order restraining the finalization of exit offer would not come in the way of compliance with the timeline for completion of the offer.

(iii) The policy of law leans in the favour of settlement and revocation of settlement is an extreme measure which is required to be sparingly exercised.

(g) SEBI's affidavit dated March 13, 2023 in the Writ Petitions filed before Hon'ble Bombay High Court challenging the Settlement Order acknowledged the inability of BNL to finalize the Buy-back offer owing to the judicial restraint and stated that SEBI shall take appropriate enforcement action if, pursuant to any examination, it was found that BNL or any other Noticees had breached the terms of the Settlement Order. Thus, SEBI did not notice any non-compliance till that date and the contents of the affidavit amounted to a judicial admission on the part of SEBI vesting a right in favour of the Noticees against revocation of the Settlement Order (in support of this contention, reliance is placed on the judgments in *Nagindas Ramdas v. Dalptatram Ichharam & Ors.* and *Sangramsinh P. Gaekwad v. Shantadevi P. Gaekwad*). Further, SEBI submitted before the Hon'ble Bombay High Court during the hearing of Writ Petitions filed by the Minority shareholders on September 13, 2023 that the Settlement Order could not be revoked.

(h) Accordingly, it is not open to SEBI to contend that there was any purported non-compliance of the Settlement Order. The conduct and position of SEBI led to a legitimate expectation to arise in favour of Noticees that the Settlement Order could not be revoked (reliance is placed on the judgments in *SEBI v. Sunil Krishna Khaitan and Ors., Punjab Communications Ltd. v. Union of India & Ors.* and *Council of Civil Service Unions v. Minister of Civil Service*). Further, it has been held that legitimate expectation is much broader in scope than even promissory estoppel (reliance is placed on the judgment in *State of Jharkhand v. Brahmaputra Metallics Ltd.*).

(i) The revocation of Settlement Order carries grave civil consequences for the Noticees 3 and 4 such as forfeiture of the settlement amount and reinstatement of the enforcement proceedings after a protracted settlement process. The principles of natural justice ought to be complied with when an action by an administrative or quasi-judicial body leads to civil consequences (reliance is placed on the judgments in *State Bank of India & Ors. v. Rajesh Agarwal and Ors., Mohinder Singh Gill v. The Chief Election Commissioner*).

(j) The entire approach of SEBI in the present case indicated that it was acting with a predetermined mind and in a hasty manner. This was evident from email dated October 20, 2025 where no documents/material were provided by SEBI to Noticees 3 and 4. The correspondence purportedly sought to be relied upon by SEBI did not even relate to or concern Noticees 3 and 4 and no specific correspondence or the context / background was identified basis which SEBI was alleging non-compliance of the Settlement Order *qua* Noticees 3 and 4. Accordingly, Noticees 3 and 4 are completely disabled from dealing in any manner with any contention that SEBI may propose to take in connection with the revocation.

12. Additionally, Noticees 2, 5, 6, 7 and 8 also made certain specific submissions which are summarized as under:

(a) Breach of the Settlement Order by one of the Applicants cannot automatically be considered as a breach by all the Applicants.

(b) The limited purport of the Para 8(iii) of Settlement Order was filing of a compliance report by BNL in terms of its undertaking.

(c) The Demand Notice issued to Noticees mentioned only monetary terms of settlement and no undertaking was required to be given by Noticees. Thus, there was no direction to Noticees to ensure compliance by BNL of the terms of its undertaking.

Consideration of issues and findings

13. At the outset, it is pertinent to note that the Hon'ble Bombay High Court while observing that the decision to revoke the Settlement Order ought to have been preceded by an opportunity of hearing to the Petitioners, remanded the matter back to SEBI for reconsideration of its decision on the ground of failure of the Petitioners to comply with the conditions of the Settlement Order. The Hon'ble High Court also permitted the petitioners to raise the said ground before SEBI. In this regard, the Hon'ble Supreme Court vide its order dated October 6, 2025, *inter alia*, observed that the matter was remanded to SEBI only on the ground that the principles of natural justice had not been followed and directed SEBI to hear and dispose of the case within 45 days.

14. In view of the above and in light of the facts of the matter, the contentions of the Noticees and the material on record, the limited issue that warrants our consideration is whether the Settlement Order is liable to be revoked on the ground of breach of the terms of settlement by the Noticees. In this regard, the questions that arise for our consideration are as follows:

    (a) Whether the terms stated in Para 5 of the Settlement Order were complied with by BNL within the timeline mentioned therein?
    (b) Whether the terms stated in Para 8(iii) of the Settlement Order were complied with by BNL within the timeline mentioned therein?
    (c) In case the answer to question at (b) above is in the negative, whether the revocation of the Settlement Order is warranted qua Noticees 2 to 8 also?

15. We now proceed to decide the abovementioned issues, one by one.

Whether the terms stated in Para 5 of the Settlement Order were complied with by BNL within the timeline mentioned therein?

16. We note that under Para 5 of the Settlement Order, BNL was required to pay INR 2,43,10,000 as settlement amount along with an undertaking, *inter alia*, "***to provide another exit offer to its public shareholders for a period of three months after Settlement Order*** *at the same exit price as was offered in the offer given by it in 2019, subject to any enhancement of such exit offer price if so desired by the High Court of Delhi.*" (Emphasis supplied)

17. While the payment of settlement amount and compliance with terms of the undertaking other than the one quoted in the previous paragraph, as mentioned in Para 5 of the Settlement Order are not in dispute, the status of compliance of the condition highlighted above (i.e. *to provide another exit offer to its public shareholders for a period of three months after Settlement Order*) is the pivotal issue which needs to be addressed. The entire matter hinges on which way this question is addressed.

18. We note that BNL has primarily contended that it had taken effective steps towards compliance of the abovementioned condition. In this regard, it has submitted that:

    (a) It had given an exit through buy-back route since it was a tax-efficient mode for the shareholders and the Settlement Order did not specify any particular mode for providing an exit to the shareholders.
    (b) The buy-back was for 1.067% of BNL's paid-up share capital, which was equal to 25% of BNL's total paid up capital and free reserves which was the maximum quantity allowed to be bought back in terms of Section 68(2)(c) of the Companies Act, 2013.
    (c) BNL addressed letters in September 2022 to its shareholders holding more than 1% shares, who had expressed their willingness in 2019 not to exit BNL, to ascertain their willingness to provide exit to other shareholders for a period of two months at the same exit price as that of the buy-back offer. Three shareholders expressed their intent to provide exit to other shareholders, up to the extent of a cumulative 3.224% shares of BNL. Thus, a total of 4.291% shares (1.067% shares in buy-back and 3.224% as private

buyout by the Continuing Shareholders) could have been possibly bought back in the process, which exceeded the total number of shares (4.046%) tendered by the shareholders in response to the buy-back offer of BNL. Accordingly, BNL was demonstrably in a position to provide exit to all willing shareholders, in compliance of the Settlement Order.

(d) The Hon'ble Bombay High Court vide its order dated October 17, 2022 directed that BNL may proceed to the extent of inviting offers, however, it shall not finalize the offer. Since the buyout by private shareholders was intricately linked to the buy-back by BNL (as shares tendered in the buy-back would be in an escrow account awaiting the Buy-back process), once the finalization of buy-back was restrained by the Hon'ble Bombay High Court, the private buyout could also not proceed further.

(e) The Hon'ble Bombay High Court vide its order dated December 5, 2022 directed that BNL may claim benefit of the interim orders so far as the time frame is concerned. Thus, BNL cannot be faulted for not complying with any timelines imposed on it.

(f) The effective compliance of the Settlement Order would mean performance of the steps which could have been possibly taken by BNL, rather than those which were restrained by a judicial decision. Thus, the test of compliance could not be whether the exit offer ultimately fructified or not.

(g) SEBI did not raise any objections to BNL's letter dated December 19, 2022 informing that the finalization of the buy-back was restrained by the Hon'ble Bombay High Court. SEBI was also informed that certain shareholders of BNL had expressed willingness to provide an exit offer to other shareholders up to a certain amount, however, since the buy-back process was on hold, it was difficult for BNL to take any further steps regarding this offer. The essence of SEBI's affidavit dated March 13, 2023 filed before the Hon'ble Bombay High Court in the Writ Petitions (WP Nos. 447 and 530 of 2023) was that the restraint by the Hon'ble High Court was the reason for the inability of BNL to complete the Buy-back.

(h) The Hon'ble High Court recorded in its order dated September 13, 2023 that the issues as raised in the petition could not be resolved and that the

parties agreed that the proceedings would be required to be heard and decided. Thus, SEBI, in essence, stated that Settlement Order could not be revoked.

(i) Since SEBI's Settlement Order dated September 12, 2022 stood revived as a result of setting aside of the Revocation Order, BNL took prompt steps to provide an exit offer to its remaining shareholders. BNL came out with Second Exit Offer which commenced from July 8, 2025 and was to continue up to October 7, 2025.

19. We note that while BNL has contended that it had taken effective steps for providing exit to the remaining public shareholders, however, the facts of the case show that the steps taken by BNL fell short of an effective exit offer to the remaining public shareholders for a period of three months, as agreed under the settlement terms.

20. It is noted that even though the Settlement Order did not specify the mode of providing the exit offer to the remaining public shareholders, the buy-back route taken by the Company was not an effective step, since it limited the number of shares which could be acquired by BNL, considering the limitation provided in Section 68(2)(c) of the Companies Act, 2013. Thus, though the offer was to all, it was attached with a restraint that only up to 1.067% of shares could be bought back. BNL has admitted that under the buy-back offer, only 1.067% equity shares could be acquired. However, we find that the shares for remaining public shareholders for which an exit opportunity (for shareholders other than those 77.83% shareholders who expressly stated that they want to continue with BNL) was to be provided by BNL amounted to 22.17% of total shareholding in BNL. The Company's contention that it chose the buy-back method due to it being a tax-efficient method for the shareholders cannot be accepted as a valid justification for opting for buy-back method rather than a method which effectively allowed all the remaining public shareholders to avail exit simultaneously, without any limitation on the number of shares being accepted. While complying with the condition of the Settlement Order, the only mandate before the Company was to

ensure that the exit offer was real, complete, timely and effective and not whether it was tax-efficient for the shareholders or not.

21. BNL has further contended that apart from the buy-back offer by the Company for 1.067% shares, it had also taken steps whereby three large shareholders expressed their intent to provide exit to other shareholders, up to the extent of a cumulative 3.224% shares of BNL. Thus, a total of 4.291% shares could have been possibly bought back in the process, which was more than 4.046% shares tendered by the shareholders in the buy-back offer of BNL. Accordingly, BNL was in a position to provide exit to all willing shareholders, in compliance of the Settlement Order. BNL has further contended that as the Hon'ble Bombay High Court vide its order dated October 17, 2022 only allowed BNL to proceed to the extent of inviting offers but not finalize the offer, it could not proceed with the private buy-back which intricately linked to the buy-back by BNL.

22. BNL has admitted that the Hon'ble High Court had only barred the finalization of the buy-back but had allowed it to the extent of inviting offers. In such a situation, if BNL wanted the private buy-back by the three shareholders to be an effective step for providing exit opportunity to the remaining public shareholders, it would have taken further steps in this regard. The same would have shown seriousness on part of BNL to comply with the condition in the Settlement Order, since what was restrained by the High Court was finalization of the buy-back offer by BNL. In the absence of any further steps by the Company, the contention that it could not comply with the condition in the Settlement Order due to the order of the Hon'ble High Court does not appear credible.

23. During the hearing, the Noticees were asked to provide proof of offer made to the remaining public shareholders other than the offer made through buyback process, in response to which no such proof was submitted. It was submitted that the process of buyback and the exit offer by the three shareholders of BNL (TM Investment Limited, Sanmati Properties Limited and Mr. Vineet Jain) could only take place sequentially because the shares tendered by the shareholders of BNL in the buyback process were placed in an escrow account. Only upon completion

of the buyback process, the shares tendered during the buy-back but which could not be bought back by the company would be released from the escrow account.

24. It is noted that BNL on its own adopted a multi-step process, wherein *step 1* was the proposed buy back, *step 2* being the private buy out by its above mentioned willing public shareholders and eventually *step 3* if needed, the scheme of share reduction and exploring other options including seeking an exemption from appropriate authorities to relax the statutory limit prescribed under Section 68 of the Companies Act for buy-back. By the resolution dated September 22, 2022, the board of directors of BNL permitted it to approach its shareholders holding more than 1% shares of BNL and who had provided an undertaking to continue as shareholder of BNL, seeking their expression of willingness to provide exit to the remaining shareholders. However, there is no subsequent Board approval of offer of private buy-back. Therefore, it is clear that BNL on its own adopted a process which ran contrary to the terms of settlement. The offer that was made was effectively to only 1.067% shareholder.

25. Apart from the above, it is also important to note that even if the Company had gone ahead with the private buy-back by the willing public shareholders, as referred to above, the same also would not have qualified as an effective exit option, since the offer would have been limited to 3.224% shares as per commitment of the willing public shareholders, as against all the remaining public shareholders. It is of no consequence that the shareholders who responded against this private buyout were less in number. What is important is that the offer was not effectively made to all shareholders as stipulated under the settlement order.

26. We note that as per the settlement terms, BNL not only had to provide an exit offer to its remaining public shareholders, the same was also to be done for a period of three months after Settlement Order. We have already seen that it was not effectively offered to all public shareholders. Further, it is seen that the terms of offer to be given for a period of three months has also not been complied with. In this regard, we note that the buy-back offer given by BNL was open for only

one month, as per the provisions of the Companies Act, 2013 applicable to buy-back offers. However, the same fell short of the three months' period, as specified in the settlement order. The Noticees have contended that the remaining two months of exit opportunity to remaining public shareholders would have been provided through private buy-out by certain shareholders, as referred to above.

27. During the hearing on October 24, 2025, the Noticees were asked to provide board resolution of BNL approving the proposal of willing shareholders to privately buyout the shares tendered by other shareholders (after the willingness expressed by such shareholders). However, no such board resolution was provided. The Noticees in this regard have stated that since the board of BNL had already approved BNL approaching its shareholders to put an offer to provide exit to other shareholders, there was no need for another separate board resolution to be passed once the offers were received from the three shareholders of BNL.

28. The Noticees have contended that the private buyout offer could not be done due to restraint imposed by the Hon'ble High Court on finalization of the buy-back offer by BNL and also due to the fact that the shares tendered by the shareholders were lying in an escrow account. In this regard, we note that Hon'ble High Court did not stop inviting offers. If BNL initially had come out with buyback and private buyout together or only private buyout for a period of three months, terms of settlement could have been complied with (provided it was offered to effectively all remaining public shareholders). The fact that it was not done is due to choice taken by BNL which ran contrary to settlement terms. Hence, neither any effective steps were taken for giving effect to private buy-out by certain shareholders nor the offer was kept open for three months, as per the settlement order.

29. The Noticees have contended that after the Settlement Order was revived as a result of setting aside of the Revocation Order, BNL took prompt steps to provide an exit offer to its remaining shareholders. As per the Noticees, BNL came out with Second Exit Offer which commenced from July 8, 2025 and was to continue

up to October 7, 2025. We find that the abovementioned step, which was done almost three years later, cannot be given credit while assessing compliance with the Settlement Order and would not mitigate the lapse on part of BNL to provide exit offer for three months after the Settlement Order dated September 12, 2022. Further, the Second Exit Offer cannot be taken as compliance of the Settlement Order as it was not part of the undertaking filed or report filed under para 8(iii) of the Settlement Order. Hence, this Second Exit Offer is ignored while adjudging compliance with the terms of settlement by the Noticees.

30. Having observed as above, we note that one of the primary contentions raised by BNL in the proceeding is that SEBI at various stages did not object to the stance taken by the Company or impliedly accepted the same so as to endorse the Company's stand. In this regard, BNL has selectively referred to SEBI's affidavits to create a narrative that SEBI had impliedly accepted that there was compliance of the conditions of the Settlement Order. BNL has also invoked the concept of 'Estoppel and 'Legitimate Expectation' in support of its contentions in this regard. It has submitted that SEBI's contemporaneous conduct demonstrates SEBI's own understanding that there was no dispute, and that the Noticees were in compliance of the Settlement Order. In view thereof, the Noticees have argued that SEBI is estopped from holding that there is any breach/non-compliance of the Settlement Order and thus cannot revoke the same at this stage. Further, the Noticees have contended that the conduct and position of SEBI led to a legitimate expectation to arise in favour of the Noticees that the Settlement Order could not be revoked at this stage.

31. To support the aforesaid argument, Noticees have relied on SEBI's affidavit dated March 13, 2023 filed before the Hon'ble Bombay High Court in writ petition no. 447 of 2023 (hereinafter referred to as "**2023 Affidavit**") and the order of Hon'ble Bombay High Court dated December 01, 2023 (hereinafter referred to as "**2023 BHC Order**").

32. To substantiate the aforesaid arguments, the Noticees have relied on various judgments of the Hon'ble High Court and the Hon'ble Supreme Court. We have considered the said judgments.

33. In this regard, at the outset, we note that SEBI at no point of time during the judicial proceedings or otherwise had taken a stand that there was effective compliance with the condition mentioned in the Settlement Order or that the Settlement Order could not be revoked. It is evident from SEBI's averment in para 7 of the 2023 Affidavit, which shows that the issue of examination of Noticees' compliance status was an open question which was yet to be decided. The relevant contents of the 2023 Affidavit are reproduced as follows:

"5. I say that Respondent No. 2 [BNL] took voluntary undertaking inter alia to provide exit offer to its public shareholders for a period of three months after Settlement Order at the same exit price as was offered in the offer given by it in 2019, subject to any enhancement of such exit price if so directed by the High Court of Delhi. It may be noted that the manner/type of exit offer to be taken by the Company was not specified in the impugned settlement order. However, by virtue of the voluntary undertaking by Respondent No. 2, it is imperative upon the Respondent No. 2 to provide an exit offer to all its public shareholders for a period of three months.

6. I say that as far as the present buyback by Respondent No. 2 is concerned, this Hon'ble Court vide its order dated 17th October, 2022 has directed that Respondent No. 2 may proceed to the extent of inviting offers but shall not finalize the offer. Thus, the buyback cannot be proceeded with by Respondent No. 2 in view of the aforementioned directions of this Hon'ble Court.

7. I say that the Respondent No. 2 along with other entities mentioned in the Settlement Order have furnished an undertaking to the answering Respondent [SEBI] to comply with the non-monetary terms forming part of the settlement terms. I further say that the answering Respondent shall ensure that the terms of

impugned Settlement Order are complied with in letter and spirit by Respondent No. 2 and other applicants forming part of the impugned settlement order. Pursuant to any examination to be conducted by the answering Respondent [SEBI], if it is found that the Respondent No. 2 [BNL] and other applicants forming part of the impugned Settlement Order have breached any of the settlement terms, the answering Respondent shall take enforcement actions against the Respondent No. 2 and other applicants forming part of the impugned Settlement Order, including the continuance of the enforcement proceedings against the Respondent No. 2 and other applicants, in respect of which the impugned Settlement Order has been passed." (Emphasis supplied)

34. It is clear from the contents of the aforesaid affidavit that SEBI expressly reserved its right, not only to examine the compliance of settlement terms by the *Noticees* but also to take enforcement actions against the *Noticees*, including continuance of enforcement proceedings against the *Noticees* in respect of which the impugned settlement order has been passed. The above-stated position is in accordance with the mandate of SEBI Act, 1992 read with Settlement Regulations. Reliance on SEBI's statement acknowledging BNL's inability to finalize buy-back due to judicial restraint does not lead to conclusion that there was no non-compliance till then. It was only a statement that the issue still needed to be examined which is evident from the later part of the submissions produced and discussed above.

35. Apart from the 2023 Affidavit, the *Noticees* have relied on 2023 BHC Order wherein Hon'ble Bombay High Court has observed that SEBI had informed the court that the settlement orders cannot be revoked. The relevant part of the order is mentioned below:

> *"27. We may observe that when the final hearing of the present proceedings was to commence on 5 September 2023, SEBI had taken a position that the impugned settlement orders can be reconsidered as there was a change in the Whole Time Members (WTM) of SEBI, and accordingly, the proceedings can be put to an end. We had accordingly passed the following order:-*

1. We had placed this matter for final hearing today at 2.30 p.m.
2. Mr. Seervai, learned Senior Counsel for the Petitioners, has commenced his arguments. At the midst of the hearing Mr. Bhatt, learned Senior Counsel for the Respondent No.1-SEBI, has stated before us that there was a change in the Whole Time Members (WTM) of the SEBI. He states that SEBI would now be in a position to take a decision as to whether the settlement order in question (Exhibit- "A") has stood revoked. Mr. Bhatt would contend that if the settlement order stands revoked, in such event, further adjudication of the present petition would not be called for.
3. We are of the opinion that it would be appropriate to know the stand of the SEBI. Depending as what the SEBI informs the Court on the adjourned date of hearing, further course of action on the proceedings can be decided.
4. Accordingly, stand over to 13th September 2023 at 2.30 p.m.

However, on the adjourned date of hearing, that is, on 13 September 2023, the Court was informed by SEBI that the settlement orders cannot be revoked. The order dated 13 September 2023 reads thus:

1. Today the matter is placed before us on the backdrop of our order dated 5th September 2023. From what has been heard from the learned Counsel for the parties, it appears that the issues as raised in the petition cannot be resolved. The parties agree that the proceedings would be required to be now heard and decided.
2. We, accordingly, place the proceedings for hearing on 4th October 2023 at 2.30 p.m. to be followed on 5th October 2023 and 9th October 2023." (Emphasis supplied)

36. We note that the observation of the Hon'ble High Court was made in a specific context, since SEBI had submitted a 'without prejudice memo' wherein SEBI had indicated how the matter could be resolved which was not taken on record by the Hon'ble High Court. Any statement that settlement orders cannot be revoked would be in contradiction with regulation 28 of the Settlement Regulations. Thus, any statement made by SEBI during the hearings before the Hon'ble Courts have to be seen in the context of the facts and circumstances being discussed there. Further, whether settlement order can be revoked or not is a question of law and whether SEBI is estopped from taking correct position of law subsequently is discussed hereinafter.

37. Having observed as above, even assuming that an inference is arising out of interpretation of any averment made by SEBI before the Hon'ble High Court that the Noticees had complied with the settlement terms, the concept of estoppel

and legitimate expectation cannot be invoked in the present case to bind SEBI to such interpretation, as discussed below.

38. The Noticees have relied upon the judgment of the Hon'ble Supreme Court in the matter of *SEBI v. Sunil Krishna Khaitan and Ors*.[1], wherein it was held that principle of estoppel is not applicable against law but considering the facts and circumstances of the matter, the court held that estoppel was applicable in that case since the issue at hand was a legacy matter and SEBI had deviated from its own interpretation made in similar matters in the past. The relevant part is quoted below:

> *"60. Contention of the Board that there is no estoppel against law is well known, but the said principle is not applicable for several reasons. First, the interpretation accepted by the Appellate Tribunal is not only plausible but more acceptable than the interpretation propounded by the Board. Secondly, the Board, which has the power to enact the Regulations, interpret and apply them, adjudicate and also pass a penalty order in case of violation for good and substantial reasons had interpreted regulations in the same manner in earlier instances as interpreted by the Appellate Tribunal. Thirdly, the adjudication orders in the present case were passed well after the Takeover Regulations 1997 were repealed with the enactment and enforcement of the Takeover Regulations 2011. In the present case, therefore, we are dealing with a legacy issue. Regulation 10 of the Takeover Regulations 1997, as interpreted and applied by the Board for over ten years, is sought to be overturned by the Board, thereby, creating penal consequences. This should not be permitted and is hardly acceptable when we apply the principle of good governance and regulation." (Emphasis supplied)*

39. The Noticees have also relied on the judgment in the case of *Council of Civil Service Unions vs. Minister of the Civil Service*[2], wherein the House of Lords observed that for a legitimate expectation to arise, the decisions of the administrative authority must affect the person by depriving him of some benefit or advantage which either (i) he had in the past been permitted by the decision-maker to enjoy and which he can legitimately expect to be permitted to continue to do until there has been communicated to him some rational grounds for withdrawing it on which he has been given an opportunity to comment; or (ii) he

[1] (2023) 2 SCC 643
[2] 1985 AC 374 (408-409)

has received assurance from the decision-maker that they will not be withdrawn without giving him first an opportunity of advancing reasons for contending that they should not be withdrawn. The aforesaid case was also relied upon by Hon'ble Supreme Court in *Punjab Communications Ltd. (supra)*. The *Noticees* have also relied on *State of Jharkhand v. Brahmaputra Metallics Ltd.*[3] to contend that legitimate expectation is much broader in scope than even promissory estoppel.

40. The Noticees have further relied on *Sangramsinh P. Gaekwad v. Shantadevi P. Gaekwad*[4] where the Hon'ble Supreme Court, while relying on its earlier decision in *Nagindas Ramdas Vs. Dalpatram Iccharam alias Brijram and others*[5], held that judicial admissions by themselves can be made the foundations of the right of the parties. The relevant part of the order reads as under:

> *"26. Admissions if true and clear are by far the best proof of the facts admitted. Admissions in pleadings or judicial admissions admissible under Section 58 of the Evidence Act, made by the parties or their agents at or before the hearing of the case, stand on a higher footing than evidentiary admission. The former class of admissions are fully binding on the party that makes them and constitute a waiver of proof. They by themselves can be made the foundation of the rights of the parties. On the other hand evidentiary admissions which are receivable at the rival as evidence are by themselves not conclusive. They can be shown to be wrong." (Emphasis supplied)*

41. Having analyzed the underlying principles laid down in abovementioned judgments relied upon by the *Noticees*, we find that these judgments cannot be taken as supporting the Noticees' case. The judgement in *Sunil Krishna Khaitan (supra)* does not apply to the present case since there is nothing on record to show that SEBI has been consistently taking an opposite view in similar matters before or that the provisions of Settlement Regulations have not been consistently applied by SEBI in the past. The judgement in *Sunil Krishna Khaitan* in fact acknowledges the well-known principle that there is no estoppel against law. Considering the factual matrix in the instant matter, the said principle is

[3] (2021) 18 SCC 66, Para 38 to 47
[4] (2005) 11 SCC 314, Para 218
[5] AIR 1974 SC 471 para 27

squarely applicable since SEBI is statutorily bound to ensure compliance with the terms of settlement and the same is also recorded in para 7 of the 2023 Affidavit, as quoted earlier at para 27.

42. The principle of legitimate expectation as captured in *Council of Civil Service Unions (supra)* and *Brahmaputra Metallics Ltd. (supra)* is also not applicable in the present matter since it does not suffice the test laid down in the aforesaid orders as detailed above. Further, the doctrine of legitimate expectation is an evolving concept and some judgements on the doctrine are discussed hereinafter. In *Dr. Chanchal Goyal (Mrs) v. State of Rajasthan*[6], the Hon'ble Supreme Court held that whether or not an expectation is legitimate is a question of fact and clear statutory words override the legitimate expectation. In *Howrah Municipal Corpn. & Others vs Ganges Rope Co. Ltd.*[7], it was held that a right cannot be claimed on the basis of legitimate expectation when it is contrary to statutory provisions which have been enforced in public interest. In *Hira Tikkoo v. Union Territory of Chandigarh*[8], the Hon'ble Supreme Court observed that principles of legitimate expectation do not apply against public authorities when their mistaken advice or representation is found to be in breach of statute and is therefore not in public interest.

43. In backdrop of the aforesaid judicial pronouncements, it is clear that the issue of revocation of the settlement order was alive even during the pendency of the proceedings before Hon'ble Bombay High Court. SEBI never communicated or assured to Noticees that Settlement Order cannot be revoked. In fact, the plain text of relevant statutory provisions, Settlement Order and the 2023 Affidavit, clearly indicates that the Settlement Order was revocable and SEBI was statutorily empowered to examine non-compliance with the terms of the settlement order. Considering the same, we are of the opinion that SEBI's

[6] 2003 INSC 102
[7] (2004) 1 SCC 663
[8] (2004) 6 SCC 765

conduct cannot be said to have created legitimate expectation in the mind of the Noticees that the Settlement Order was irrevocable.

44. The reliance on *Sangramsinh P. Gaekwad (supra)* and *Nagindas Ramdas (supra)* by the *Noticees* is also misplaced since SEBI never admitted before any judicial forum that the *Noticees* had complied with the impugned Settlement Order. In the matter of *Western Coalfields Ltd. v. Smati Industries*[9]*,* it was held that an averment not amounting to "admission" would not attract the principle of estoppel and law of estoppel cannot be invoked on a qualified admission by the defendant in its written statement. As seen from the contents of the affidavit, SEBI expressly reserved its right to adjudge on the compliance status of the settlement terms by the *Noticees* and thus at best can be called a qualified admission. Thus, reliance by the *Noticees* on SEBI's oral submission or selective quotes from the affidavit to preclude SEBI from revoking the settlement order is patently misplaced since SEBI expressly reserved its statutory right to revoke the settlement order in case of non-compliance upon future examination by SEBI.

45. Further, even in the context of 2023 BHC Order wherein Hon'ble Bombay High Court has observed that SEBI had informed the court that the settlement orders cannot be revoked, the principle of estoppel cannot be invoked to bind SEBI to such averment, since there can be no estoppel against the law.

46. The above position is further supported by the judgment in the matter of *P. C. Sethi and others vs. Union of India*[10], wherein the Hon'ble Supreme Court has held that admissions in affidavits filed by the Government which are mere expression of opinion limited to the context and not specific assurance, are not binding on the Government to create any estoppel. The relevant part of the judgement is quoted below for ease of reference:

[9] AIR 2003 Bom 369
[10] 1975 4 SCC 67

"21. The petitioners also sought to take advantage of what they described as admission in Government's affidavits filed in connection with certain earlier proceedings of similar nature and other admissions in Parliament on behalf of the Government. We, are, however, unable to hold that such admissions, if any, which are mere expression of opinion limited to the context and also being rather vague hopes, not specific assurances, are binding on the Government to create an estoppel." (Emphasis supplied)

47. Similarly, in *Ariff v. Jadunath Majumdar*[11], it was held that the principle of estoppel cannot override the provisions of a statute. In *Jagadbandhu Saha v. Radha Krishna Pal*[12], it was held that the principle of estoppel cannot be invoked to defeat the plain provisions of a statute. In *Bangalore Development Authority R. Hanumaiah*[13], it was held that the rule of promissory estoppel cannot be availed to permit or condone a breach of law and it cannot be invoked to compel the government to do an act prohibited by law since it would be going against the statute, which is not permissible under estoppel.

48. In the matter of *Raghava Rajagopala Chari v. State of Assam*[14], it was held that there is no estoppel on a point of law or a settled proposition of law. In the matter of *Isabella Johnson v. Susai*[15], it was held that there can be no estoppel on a pure question of law and that a question of jurisdiction in a case is a pure question of law. In the matter of *C.I.T. v. B.N. Bhattachargee*[16], it was held that operation of law cannot be prevented by estoppel. In the matter of *Jagwant Singh v. Silam Singh*[17], it was held that a person cannot be estopped for a misrepresentation on a point of law. An admission on point of law is not an admission of a "thing" so as to make the admission matter of estoppel. In the matter of *Dhanraj v. soni Bai*[18], it was held that where persons merely represent their conclusions of law

[11] AIR 1931 PC 79
[12] ILR (1909) 36 CAL 920
[13] (2005) 12 SCC 508
[14] AIR 1965 Assam 109
[15] AIR 1991 SC 993
[16] ITR (1979) 118 461
[17] ILR (1899) 21 All 285
[18] (1925) 27 Bom LR 837

as to the validity of an assumed or admitted adoption, there is no representation of a fact to constitute an estoppel.

49. With respect to the submission of the Noticees that revocation of settlement is an extreme measure which is required to be sparingly exercised, we note that in *Kotak Mahindra Bank Limited v. Commissioner of Income Tax, Bangalore and Anr*,[19] cited by Noticees, the Hon'ble Supreme Court cautioned against unnecessary judicial review of the settlement orders and the said order was not in context of revocation of a settlement order. Nonetheless, we are also of the view that revocation of settlement should be sparingly exercised and that has been the consistent practice of SEBI in the past. However, we find this case to be one of the rare cases where revocation has become necessary by operation of law in view of the facts and circumstances as discussed in this order. The relevant part of *Kotak Mahindra* order is quoted below:

"13. Before parting with the record, we may add that having regard to the legislative intent, frequent interference with the orders or proceedings of the Settlement Commission should be avoided. We have already indicated the limited grounds on which an order or proceeding of the Settlement Commission can be judicially reviewed. The High Court should not scrutinize an order or proceeding of a Settlement Commission as an appellate court. Unsettling reasoned orders of the Settlement Commission may erode the confidence of the bonafide assessees, thereby leading to multiplicity of litigation where settlement is possible. This larger picture has to be borne in mind."

50. From perusal of the aforesaid judgements of Hon'ble courts, we are of the opinion that doctrine of estoppel and legitimate expectation are not applicable in the present case. It is clear from perusal of aforesaid judgements that the doctrine of estoppel is a rule of evidence and it cannot be invoked to nullify the provisions of law. SEBI being a public authority cannot be bound by a representation if such representation defeats the purpose of a statutory provision contained in the Settlement Regulations in the interest of investors. If the *Noticees* were allowed

[19] 2023 SCC OnLine SC 1215

to invoke doctrine of estoppel and legitimate expectation, it would defeat the provisions of the law, i.e., the SEBI Act, 1992 and the Settlement Regulations.

51. In view of the abovementioned observations and findings, we are of the opinion that BNL failed to comply with the settlement term of providing exit offer to its remaining public shareholders for a period of three months after the Settlement Order.

Whether the terms stated in Para 8(iii) of the Settlement Order were complied with by BNL within the timeline mentioned therein?

52. Having recorded our findings in the foregoing paragraphs in respect of Issue 1 that BNL neither complied with the terms of the Settlement Order nor took effective steps in furtherance of the same, we now proceed to address the issue of whether the terms stated in Para 8(iii) of the Settlement Order were complied with in the matter.

53. Para 8(iii) of the Settlement Order reads as under:

"BNL shall submit a report of compliance with the terms of its undertaking given at paragraph 5, within 15 days of the passing of this settlement order, failing which the settlement order shall cease to operate qua all the applicants."

54. The Noticees have contended that the introduction of Para 8(iii) itself in the Settlement Order was untenable since it was purportedly not a part of the approved settlement terms or the demand notice issued to the Noticees, and in terms of Regulation 15 of the Settlement Regulations, the Panel of WTMs can only accept or reject the settlement terms recommended by the HPAC and cannot modify or supplement the same.

55. We note that Para 8(iii) of the Order was merely in the nature of supplying a precise timeline for compliance of the voluntary undertaking given by BNL itself

and did not introduce any substantive change to the agreed settlement terms. We further note that prior to the revocation of the Settlement Order, the argument regarding non-tenability of Para 8(iii) of the Settlement Order was neither raised by BNL (or the other Noticees) in any manner before SEBI or the Hon'ble Bombay High Court, nor while filing the compliance report with SEBI in terms of the same Para 8(iii) of the Order. Further, BNL (and the other Noticees) had even defended SEBI's Settlement Order in the Writ Petitions filed by the Minority Shareholders. The conduct of BNL during this period clearly shows that para 8(iii) was in the Settlement Order with their consent. Therefore, it is not open to the Noticees to contend at this stage that that the introduction of Para 8(iii) itself in the Settlement Order was untenable. In any case panel of WTMs are final authority and HPAC only has advisory role.

56. We note that undertaking referred to in Paragraph 5 of the Settlement Order *qua* BNL was, *inter alia*, to *"provide another exit offer to its public shareholders for a period of three months after Settlement Order at the same exit price as was offered in the offer given by it in 2019, subject to any enhancement of such exit price if so directed by the High Court of Delhi"*.

57. BNL in its argument has given to understand that SEBI is holding that the compliance of settlement terms was to be completed within 15 days of the Settlement Order. However, we note that at no point of time, it has been SEBI's stand that BNL was required to complete the entire exit offer process within a period of 15 days. A plain reading of the Settlement Order itself establishes that the only compliance required in terms of the Para 8(iii) was for BNL to bring out an offer of exit to all its remaining public shareholders within 15 days from the date of Settlement Order and the said offer was to remain open for the shareholders for a period of 3 months.

58. Noticees have argued that in terms of para 8(iii) of the Settlement Order, as soon as a report was filed stating compliance of having given an undertaking was met, the conditions of settlement were met. As per the Noticees, the only contingency in which the Settlement Order would automatically cease to operate was if no

undertaking was given by BNL and no report recording the factum of having given an undertaking was filed. We are of the view that this contention is without any merit and is a manifest misreading of the Settlement Order since the undertaking as mentioned in Para 8(iii) of the Order was voluntary undertaking which was furnished even prior to issuance of the Settlement Order and there was no further undertaking required to be given. What was actually required was a report on compliance of the said undertaking.

59. As regards the question as to whether para 8(iii) of the Settlement Order was complied with, we note that BNL's compliance report dated September 27, 2022 submitted to SEBI merely stated that BNL proposed to provide exit by way of buy-back of shares (subject to the approval by its shareholders and to the extent of 1.067% shares of BNL) and that it was **in the process of writing** to 'its certain public shareholders' asking them if, as a step subsequent to the completion of the buyback, they were willing to provide an exit to the remaining public shareholders.

60. It is pertinent to note that BNL wrote a letter to such shareholders (holding more than 1% shares of BNL) only on September 30, 2022, after the expiry of the 15 days' period from Settlement Order, i.e., September 27, 2022, which meant that the proposed next step, i.e., offering exit to shareholders by means of a private buyout by its willing shareholders, was not even put in motion. In this regard, Noticee No. 2 (Mr. Vineet Jain), Noticee No. 8 (Sanmati Properties Limited) and Noticee No. 7 (TM Investment Limited) had expressed their willingness to provide exit offer to the remaining public shareholders on October 05, 2025, October 07, 2022 and October 10, 2022 respectively. Thus, at the time of filing of compliance report on September 27, 2022, only thing that was certain was BNL offering exit opportunity to remaining public shareholders for a total of 1.067% shares only for a period of only one month. The filing of the compliance report by BNL which contained a mere reference to uncertain future steps to be taken by BNL (which also, as a matter of fact, did not envisage providing an offer to all the shareholders of BNL) was nothing but a failed formality to meet the timeline of 15 days.

61. It is pertinent to note that BNL, post the revocation order of SEBI on June 11, 2025, brought out another exit offer on July 07, 2025 offering that the entire shareholding of all the public shareholders, except those who were willing to continue as shareholders of BNL, (i.e., 21.33% shareholding) would be bought by the Noticees 2 to 8 herein. Given that such a step was possible in 2025, it would have been equally possible for BNL to make such an offer in 2022 itself to demonstrate its intent of complying with the Settlement Order.

62. BNL has argued that it complied with the settlement term of offering exit offer within 15 days of the Settlement Order, as its buy-back offer was made to 100% of its remaining public shareholders. It has contended that only the quantum of shares which could have been actually bought back by BNL was restricted to 1.067% in terms of the Companies Act, 2013. It has also stated that it had an idea from its experience in the buy-back offer of 2019 as to how many of its investors were willing to exit. Further, BNL has contended that it was in a position to provide an exit to all the shareholders (4.046%) who had tendered their shares since BNL, along with its other shareholders, was willing to buy 4.291% shares of BNL.

63. We find the abovementioned arguments to be unconvincing. At the time of making its Buy-back offer (on September 27, 2022), BNL could neither have known that how many of its shareholders would tender their shares, nor how many of its other shareholders would be willing to provide an exit to other shareholders. It was never certain that the turnout of the 2019 tendering process would be repeated.

64. Furthermore, even the cumulative number of shares which could have been bought back by BNL (1.067%) and the shares offered to be privately bought out by some shareholders of BNL (3.224%) in October 2022 (after the 15-day period of filing the compliance report was already over) fell utterly short of the 22.17% shares (considering that 77.83% shareholders of BNL opted to continue as shareholders) which should have been offered by BNL to be acquired from the

shareholders in terms of the Settlement Order. It is reiterated at this stage that in contrast to the 2022 exit offer, the Second Exit Offer brought out by BNL in 2025 was indeed to all its shareholders except those who had explicitly opted to continue as shareholders. However, we have already held that Second Exit Offer was not in compliance with the Settlement Order.

65. BNL has also attempted to raise the argument of impossibility of performance of the terms of the Settlement Order in light of the order of the Hon'ble Bombay High Court dated October 17, 2022 whereby BNL was restrained from finalizing the Buy-back. However, it is clear that the order of the Hon'ble Bombay High Court dated October 17, 2022 came at a time when the time period of 15 days for filing a compliance report by BNL (of having made an offer to all the existing shareholders) had already passed. Thus, any claim by BNL of a purported impossibility created by a restraint order of the Hon'ble Bombay High Court cannot cure a non-compliance which had already occurred. The ineffective compliance of para 8(iii) of the Settlement Order had already happened prior to filing of writ petition before the Hon'ble Bombay High Court.

66. As per BNL's own submissions, effective compliance of the Settlement Order would have been performance of the steps which were possible to have been taken. Since in the present case, it has been established that BNL did not take all the steps which it could have possibly taken in respect of compliance with Para 8(iii) of the Settlement Order, the answer to Issue 2 comes out to be in the negative.

In case the answer to question at (b) above is in the negative, whether the revocation of the Settlement Order is warranted qua Noticees 2 to 8?

67. Once we have held that Para 8(iii) of the Settlement Order was not complied with by BNL, the related issue that arises for our consideration is whether the Settlement Order was liable to be revoked *qua* all the Applicants. In this regard, the Noticees 2 to 8 have argued that they had complied with their respective terms of settlement and Para 8(iii) of the Settlement Order did not cast any

obligation on Noticees 2 to 8 to file any undertaking or to ensure that BNL filed its compliance report and thus, once the compliance report was filed by BNL, there was no occasion for SEBI to revoke the order *qua* Noticees 2 to 8.

68. We note that the Para 8(iii) of the Settlement Order is unambiguous and clearly brings out that a failure to comply with the terms of Para 8(iii) would render the Settlement Order liable to be revoked *qua* all the Applicants. Since prior to the revocation of the Settlement Order by SEBI, none of the Noticees raised any contention against the terms of Para 8(iii) before any forum, and even defended the Settlement Order before the Hon'ble Bombay High Court, they are squarely bound by the terms of Para 8(iii) of the Settlement Order. Further, as stated earlier, in terms of the Settlement Regulations, Panel of WTMs is the final authority to decide on settlement (role of HPAC being advisory) and the terms of Settlement Order were accepted by Noticees. Accordingly, once it is found that Para 8(iii) was not complied with by BNL, we have no hesitation in holding that the Settlement Order is indeed liable to be revoked *qua* all the Applicants.

69. We also note that the Noticees other than BNL have also made certain other contentions in support of their case, viz., that if an undertaking was given by BNL, breach of the same could only bind BNL; that at no point of time, SEBI indicated to the Noticees that they had breached the Settlement Order; and that no correspondence was exchanged between SEBI and the Noticees (except BNL) regarding compliance of the Settlement Order. In this regard, in line with the finding rendered by us in the previous paragraphs, we reiterate that the Settlement Order had categorically mentioned that non-compliance with the terms of Para 8(iii) of the Order would result in revocation of the Order *qua* all Applicants and as such, no distinction was made in the Order as to whose failure to comply with the terms of Para 8(iii) would make the Order liable to be revoked.

70. We also note that the Noticees have contended that the explanation to Regulation 8 and Regulations 10(b) and 27(2) of the Settlement Regulations demonstrate that the settlement proceeding against each applicant is distinct and

severable and the Settlement Regulations themselves do not envisage a composite treatment of the different applicants in relation to settlement proceedings. Upon a careful reading of the Settlement Regulations, it is observed that the Regulations, *inter alia*, provide that filing of a settlement application by one or more persons in a matter shall not affect the proceedings against a person who has not filed a settlement application in that matter, and that while arriving at the settlement terms, one of the factors that may be considered is the role played by an applicant in case the alleged default is committed by a group of persons.

71. At this juncture, without prejudice to the foregoing observations, we find it pertinent to add that the SCN issued by SEBI in this matter was a composite one which, *inter alia*, alleged that by structuring BNL's shareholding pattern to mislead the non-promoter investors, BNL and its promoters (the Noticees herein) perpetrated a fraud on the non-promoter investors. Since the SCN alleged that the Noticees were collectively responsible for the violations, *inter alia*, of the provisions of Section 12A(a) and (b) of SEBI Act read with Regulations 3(b), (c) and 4(1) of the PFUTP Regulations, there cannot be an occasion to revoke the Settlement Order only *qua* BNL and any revocation would necessarily have to operate *qua* all the Noticees. The present case is an example of a composite settlement order because the SCN had alleged that the Noticees had collectively perpetrated a fraud on the non-promoter shareholders of BNL, and thus, the argument of the Noticees that SEBI did not consider the role of each applicant separately in the settlement proceedings is of no avail. Accordingly, it is clear that the composite revocation of the Settlement Order *qua* all Noticees in the facts of the present matter is in consonance with the provisions of the Settlement Regulations.

72. Furthermore, the composite nature of the Settlement Order itself is manifested, *inter alia*, in Para 9 of the Order which, while enumerating the contingencies where SEBI could exercise its right under Regulation 28 of the Settlement Regulations to take enforcement actions, explicitly envisages the continuance of

proceedings against all the applicants in the event any of the said contingencies occur. The said contingencies mentioned in Para 9 of the Order also use the words such as *"any representation made by the applicants*", *"the applicants have breached any of the clauses/conditions of undertakings/waivers"* to clearly indicate that the Settlement Order is not severable *qua* each Noticee as contended by them.

73. Accordingly, the Issue 3 stands answered in the affirmative and we hold that the Settlement Order is liable to be revoked *qua* all the Noticees on account of non-compliance with the terms of Para 8(iii) thereof.

ORDER

74. The Settlement Order dated September 12, 2022 stands revoked and withdrawn *qua* all Noticees in terms of Regulation 28 of the Settlement Regulations for failure to comply with the Settlement Order.

75. A copy of this order shall be served on all Noticees.

76. This order shall come into force with immediate effect.

KAMLESH CHANDRA VARSHNEY
Digitally signed by KAMLESH CHANDRA VARSHNEY
Date: 2025.11.17 17:20:48 +05'30'

KAMLESH CHANDRA VARSHNEY
WHOLE TIME MEMBER

AMARJEET SINGH
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AMARJEET SINGH
WHOLE TIME MEMBER

PLACE: MUMBAI
DATE: NOVEMBER 17, 2025