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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ **W.P.(C) 10756/2019**

MR. ADITYA AGGARWAL AND ORS.

..... Petitioners

Through: Mr. Deepak Jain and Mr. Tanpreet
Gulati, Advocates.

versus

SECURITIES EXCHANGE BOARD OF INDIA AND ORS.

..... Respondents

Through: Mr. Neeraj Malhotra, Senior
Advocate with Mr. Abhishek Baid,
Mr. Praneet Das, Mr. Ashok Kumar
Jain and Mr. Nimish Kumar,
Advocates for R-1/SEBI.

Mr. Sandeep Sethi, Senior Advocate
for R-2 with his briefing counsel.

Mr. Jayant Mehta, Senior Advocate
for R-4 with his briefing counsel.

Ms. Ameya Gokhla, Advocate for R-
6.

Mr. Vaibhav Singh, Advocate.

Mr. Nikhil Nayyar, Senior Advocate
with Mr. Gyanendra Kumar, Ms.
Shikha Tandon, Ms. Sugandha Batra
and Mr. Zaid Drabu, Advocates for
R-9.

Mr. Nikhil Nayyar, Senior Advocate
with Mr. Harish Pandey, Advocate for
R-7.

Mr. Gyanendra Kumar, Ms. Shikha
Tandon and Mr. Zaid Drabu,
Advocates for R- 8 & 12.

Mr. Nikhil Nayyar, Senior Advocate
with Ms. Shikha Tandon, Mr. Zaid

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Drabu and Ms. Sugandha Batra,
Advocates for R-3 & 5.

Mr. Sahib Kochar, Ms. Swayan
Prabha Saraswati and Mr. Chirayu
Bhatt, Advocate for Intervening
Applicant.

CORAM:
HON'BLE MR. JUSTICE SANJEEV NARULA

ORDER
23.05.2022

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**CM APPLs. 24399/2022 (on behalf of R-4), 24402/2022 (on behalf of R-6)
and 24429/2022 (on behalf of R-11) – (applications filed seeking
clarification qua power of SEBI to consider/ deal with the Settlement
Applications)**

1. Aggrieved by the inaction on part of Respondent No. 1/ SEBI in respect of alleged illegality and irregularities committed by Respondent-Companies, the above-captioned petition has been filed by public shareholders. The irregularities complained of, *inter-alia*, pertain to non-compliance of minimum public shareholding norms, identity of promoters, valuation, etc. Further, the Petitioners are aggrieved by exit offers given by Respondent-Companies which is alleged to be contrary to the provisions of Securities Exchange Board of India Act, 1992, Rules and Regulations as well as exit circulars.

2. The Applicants (R-4, R-5 and R-11) have filed the present application contending that on 28th October, 2020 – SEBI issued show cause notices [*hereinafter* “SCNs”] to the Applicants and certain other entities for alleged violations of certain norms and regulations issued by SEBI in relation to

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minimum public shareholding, disclosures of shareholding details, etc.

3. The Applicants filed settlement applications with SEBI in respect of the afore-said SCNs. The settlements are currently pending before the Settlement Division of SEBI. The Applicants further contend that on 20th April, 2022, they received an e-mail communication from SEBI (Settlement Division) communicating that the High Powered Advisory Committee [*hereinafter* “**HPAC**”] of the said division recommended that the entities (including the Applicants) may intimate this Court about the filing of the settlement applications by way of a formal submission and specific permissions may be requested for consideration of the settlement applications.

4. Senior Counsels for the Applicants state that the Applicants addressed a communication to SEBI explaining that such a clarification was not necessary. However, in response thereto, SEBI *vide* communication dated 13th May, 2022, reiterated HPAC’s recommendations. In the above-said background, the instant applications have been filed.

5. The Court has heard Mr. Sandeep Sethi and Mr. Jayant Mehta, Senior Counsel for Respondents No. 2 and 4, respectively, Mr. Neeraj Malhotra, Senior Counsel for SEBI and Mr. Deepak Jain, counsel for non-Applicants/Petitioners.

6. Mr. Jain opposes the applications and argues that SEBI (Settlement Proceedings) Regulations, 2018 prohibit filing of settlement applications in

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respect of matters pending that are pending trial before any court.

7. On the perusal of previous orders, no directions are found which restrain SEBI from considering/ adjudicating the settlement applications. It appears that the instant applications have been filed by way of abundant caution at the instance of HPAC.

8. The Court has considered the objection put forth by Mr. Jain, but finds no cogent reason to reject the application. The decision on the settlement applications is the prerogative of SEBI. It is for the SEBI to deliberate and decide the same, in accordance with applicable provisions of SEBI Act, Rules, Regulations, etc. Whether the applications are prohibited or not is not for this Court to determine. Accordingly, the applications are disposed of with a clarification that SEBI shall be free to deal/ adjudicate the settlement applications filed by the Applicants, on its own merits, in accordance with law.

9. The decision on the settlement applications shall not prejudice the Petitioners and all rights and contentions of the parties herein are left open.

SANJEEV NARULA, J

MAY 23, 2022/as

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