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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ W.P.(C) 19247/2025

YOGIETA SONDHI MEHRA .....Petitioner

Through: Mr. Rajiv Nayyar, Sr. Adv., Ms. Awantika Manohar, Ms. Parul Dhurvey. Mr. Manan Mehra and Mr. Aman Kr. Pandey, Advs.

versus

SECURITIES AND EXCHANGE BOARD OF INDIA & ANR. .....Respondents

Through: Mr. Neeraj Malhotra, Sr. Adv., Mr. Mahfooz Nazki, Mr. Ashish Prasad, Ms. Mukta Dutta and Mr. Hasnat Nazki, Advs.

CORAM:
HON'BLE MR. JUSTICE SACHIN DATTA

<u>O R D E R</u>

% **18.12.2025**

<u>CM APPL.80289/2025 (Exemption)</u>

1. Allowed, subject to all just exceptions.

2. Application stands disposed of.

<u>W.P.(C) 19247/2025 and CM APPL.80288/2025</u>

3. The present petition has been filed by the petitioner impugning summons dated 11.11.2025 and 01.12.2025 bearing Nos. SEBI/HO/ISD/ISD-SEC-2/P/OW/2025/ 28360/1 and SEBI/HO/ISD/ISD-SEC-2/P/OW/2025/ 30070/1, respectively, issued by Securities and Exchange Board of India (SEBI) under Sections 11C(3) and 11C(5) of the Securities and Exchange Board of India Act, 1992 (hereinafter "*SEBI Act*").

4. Learned senior counsel for the petitioner submits that the said summons have been issued wholly without jurisdiction. He draws attention

to Section 11C of the SEBI Act, 1992 which reads as under:

"11-C. Investigation.-(1) Where the Board has reasonable ground to believe that—

(a) the transactions in securities are being dealt with in a manner detrimental to the investors or the securities market; or

(b) any intermediary or any person associated with the securities market has violated any of the provisions of this Act or the rules or the regulations made or directions issued by the Board thereunder,

It may, at any time by order in writing, direct any person (hereafter in this section referred to as the Investigating Authority) specified in the order to investigate the affairs of such intermediary or persons associated with the securities market and to report thereon to the Board.

(2) Without prejudice to the provisions of Sections 235 to 241 of the Companies Act, 1956 (1 of 1956), it shall be the duty of every manager, managing director, officer and other employee of the company and every intermediary referred to in Section 12 or every person associated with the securities market to preserve and to produce to the Investigating Authority or any person authorised by it in this behalf, all the books, registered, other documents and record of, or relating to, the company or, as the case may be, of or relating to, the intermediary or such person, which are in their custody or power.

(3) The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before it or any person authorised by it in this behalf as it may consider necessary if the furnishing of such information or the production of such books, or registers, or other documents, or record is relevant or necessary for the purposes of its investigation.

(4) The Investigating Authority may keep in its custody any books, registers, other documents and record produced under sub-section (2) or sub-section (3) for six months and thereafter shall return the same to any intermediary or any person associated with securities market by whom or on whose behalf the books, registers, other documents and record are produced:

Provided that the Investigating Authority may call for any book, register, other document and record if they are needed again:

Provided further that if the person on whose behalf the books, registers, other documents and record are produced requires certified copies of the books, registers, other documents and record produced before the Investigating Authority, it shall give certified copies of such books, registers, other documents and record to such person or on whose behalf the books, registers, other documents and record were produced.

(5) Any person, directed to make an investigation under sub-section (1), may examine on oath, any manager, managing director, officer and other employee of any intermediary or any person associated with securities market in any manner, in relation to the affairs of his business and may administer an oath accordingly and for that purpose may require any of those persons to appear before it personally.

(6) If any person fails without reasonable cause or refuses—

(a) to produce to the Investigating Authority or any person authorised by it in this behalf any book, register, other document and record which is his duty under sub-section (2) or sub-section (3) to produce; or

(b) to furnish any information which is his duty under sub-section (3) to furnish; or

(c) to appear before the Investigating Authority personally when required to do so under sub-section (5) or to answer any question which is put to him by the Investigating Authority in pursuance of that sub-section; or

(d) to sign the notes of any examination referred to in sub-section (7),

he shall be punishable with imprisonment for a term which may extend to one year, or with fine, which may extend to one crore rupees, or with both, and also with a further fine which may extend to five lakh rupees for every day after the first during which the failure or refusal continues.

(7) Notes of any examination under sub-section (5) shall be taken down in writing and shall be read over to, or by, and signed by, the person examined, and may thereafter be used in evidence against him.

(8) Where in the course of investigation, the Investigating Authority has reasonable ground to believe that the books, registers, other documents and record of, or relating to, any intermediary or any person associated with securities market in any manner, may be destroyed, mutilated, altered, falsified or secreted, the Investigating Authority may make an application to [49][the Magistrate or Judge of such designated court in Mumbai, as may be notified by the Central Government] for an order for the seizure of such books, registers, other documents and record.

[50][(8-A) The authorised officer may requisition the services of any police officer or any officer of the Central Government, or of both, to assist him for all or any of the purposes specified in sub-section (8) and it shall be the duty of every such officer to comply with such requisition.]

(9) After considering the application and hearing the Investigating Authority, if necessary, [51][the Magistrate or Judge of the Designated Court] may, be order, authorise the Investigating Authority—

(a) to enter, with such assistance, as may be required, the place or places where such books, registers, other documents and record are kept;

(b) to search that place or those places in the manner specified in the order; and

(c) to seize books, registers, other documents and record, it considers necessary for the purposes of the investigation:

Provided that the [52][the Magistrate or Judge of the Designated Court] shall not authorise seizure of books, registers, other documents and record, of any listed public company or a public company (not being the intermediaries specified under Section 12) which intends to get its securities listed on any recognised stock exchange unless such company indulges in insider trading or market manipulation.

(10) The Investigating authority shall keep in its custody the books, registers other documents and record seized under this section for such period not later than the conclusion of the investigation as it considers necessary and thereafter shall return the same to the company or the other body corporate, or, as the case may be, to the managing director or the manager or any other person, from whose custody or power they were seized and inform [53][the Magistrate or Judge of the Designated Court] of such return:

Provided that the Investigating Authority may, before returning such books, registers, other documents and record as aforesaid, place identification marks on them or any part thereof.

(11) Save as otherwise provided in this section, every search or seizure made under this section shall be carried out in accordance with the provisions of the Code of Criminal Procedure, 1973 (2 of 1974)[54] relating to searches or seizures made under that Code."

5. It is submitted that in terms of the aforesaid statutory stipulation, the concerned investigating authority has jurisdiction to summon either intermediary "or" any person associated with the securities market. It is submitted that on a perusal of the interim order dated 15.10.2025, passed by the SEBI itself, the petitioner does not fall within any of the aforesaid categories, and no findings in this regard have even been rendered in the said order.

6. It is further submitted that the order dated 15.10.2025 seeks to attribute culpability to the petitioner without any basis whatsoever and without affording any opportunity of hearing to the petitioner.

7. It is pointed out that a detailed reply / representation of the petitioner dated 14.12.2025, raising appropriate jurisdictional and legal objections, is pending consideration before the SEBI and it would be highly prejudicial if the petitioner is summoned even without consideration of the same.

8. It is further submitted that the respondent's failure to consider the petitioner's detailed reply / representation and supporting material, before continuing with precipitative measures, is wholly arbitrary and also contrary to settled law regarding the scope of regulatory purview in such matters.

9. In the above conspectus, particularly with regard to the jurisdictional issue/s raised by the petitioner, the matter requires consideration.

10. Issue notice.

11. Learned counsel, as aforesaid, accepts notice on behalf of the respondent no.1.

12. Issue notice to the respondent no.2, on necessary steps being taken by the petitioner, through all permissible modes, including electronically.

13. Learned senior counsel for the respondent no.1 submits that interim order dated 15.12.2025 has not been assailed by the petitioner. He further draws attention to the fact that the petitioner's reply / representation dated 14.12.2025 has been received only on 15.12.2025 by SEBI. He accedes that the same is active consideration of SEBI.

14. Learned counsel for the respondent no.1 submits that the petitioner is a "person associated with the security market". Concededly, however, there is no finding in the interim order dated 15.10.2025 to that effect.

15. Let reply be filed within a period of two weeks.

16. List on 13.01.2026.

17. In the meantime, till the next date of hearing, no further precipitative steps by way of issuance of fresh summons shall be taken by the respondent against the petitioner.

SACHIN DATTA, J

DECEMBER 18, 2025/cl