



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 25TH DAY OF FEBRUARY, 2026

BEFORE

THE HON'BLE MR. JUSTICE M.G.S. KAMAL

WRIT PETITION NO. 23361 OF 2023 (GM-RES)

BETWEEN:

SIC STOCKS AND SERVICES PVT LTD.,
1301 AND 1302 PRESTIGE MERIDIAN II,
M G ROAD,
BANGALORE-560 001
REPRESENTED BY MANAGING DIRECTOR,
MR SIDHARTH HANDA
AGED ABOUT 49 YEARS.

...PETITIONER

(BY SRI. ASHOK NAIK.,ADVOCATE)

AND:

1. M/S BSE LIMITED
REPRESENTED BY MR. THILAKRAJ RAI
SHREE RAGHAVENDRA COMPLEX
NO.184, 3RD FLOOR,
MALLESWARAM
BANGALORE-560 003
EMAIL ID: thilakraj.rai@bseindia.com
2. BSE LIMITED
FLOOR 25, PJ TOWERS,
DALAL STREET,
MUMBAI-400 001.
3. M/S WISETREE CAPITAL PVT LTD
REPRESENTED BY SREENIVAS REDDY GALI
S/O LATE O.T. REDDY GALI
L2-5022, PANTHUR ROAD,





HC-KAR

NC: 2026:KHC:11822
WP No. 23361 of 2023

SOBHA IRIS APARTMENT,
DEVARBISANAHALLI DOSSAKANNELI
BANGALORE-560 103.
EMAIL ID: thilakraj.raai@bseindia.com

...RESPONDENTS

(BY SRI. M.G. NANJAPPA., ADVOCATE FOR R1 & R2;
SRI. SUDHARSHAN SUESH, ADVOCATE FOR R3)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO QUASH THE ORDER OF THE INVESTOR GRIEVANCE REDRESSAL COMMITTEE (IGRC) DATED 14/06/2023 (ANNEXURE-P) AGAINST THE TRADING MEMBER.

THIS PETITION, COMING ON FOR FURTHER HEARING, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE M.G.S. KAMAL

ORAL ORDER

Petitioner is before this Court being aggrieved by the order dated 14.06.2023 passed by the Investors Grievance Redressal Committee of Respondent Nos. 1 and 2 produced at Annexure-P in terms of which petitioner herein has been directed to pay a sum of Rs.2,46,84,857.99/- being balance out of total sum of Rs.3,46,84,857.99/-.

2. Admitted facts of the matter are that petitioner, which is a registered Stock Broking House, carrying on the



business of trading in Respondent Nos.1 and 2 as well as National Stock Exchange being governed and supervised by the regulations of SEBI had offered to render its services in investment in the Public Security to respondent No.3. In furtherance to which, the petitioner admittedly became due and payable in a sum of Rs.3,51,84,857.99/- being the sale proceeds of the shares which were sold by the petitioner through certain intermediary. That respondent No.3 alleged such sale by the petitioner through its intermediary was without its consent and concurrence. A complaint in this regard was filed by the respondent No.3 before the Investors Grievance Redressal Committee. Which by the Order impugned dated 14.06.2023 produced at Annexure-P as noted above, considering the allegations made in the complaint and the response by the petitioner, Trading Member and on appreciation of the material placed before, allowed the complaint directing the petitioner to pay the sum as noted above.

3. Learned counsel for the petitioner at the outset vehemently submits that the Investors Grievance Redressal



Committee had no jurisdiction and authority to entertain the complaint raised by the respondent No.3, inasmuch as the transaction subject matter of the complaint fell outside the purview of the dispute resolution process provided under the regulations. He submits though the origin of the relationship between the petitioner and the respondent No.3 was in respect of and pursuant to investment of money into the securities in view of certain compelling circumstances petitioner had sold the securities and had even paid the part of the sale proceeds in a sum of Rs.1,04,50,000/- and as regard to the balance amount, petitioner and Respondent No.3 had entered into a private arrangement. In this regard, he refers to a document titled as Memorandum Of Understanding at Annexure-L dated 13.02.2023 that had been entered into between the petitioner and the respondent No.3 wherein encapsulating the transactions that had taken place between the petitioner and respondent No.3 pertaining to the investments in the securities resulting in petitioner becoming liable to pay the amount as above, an assurance appears to have been made by the petitioner to respondent No.3 of paying the balance sum after



the petitioner selling its property at Prestige Acropolis, Koramangala, Bengaluru.

4. Referring to the said document, counsel for the petitioner vehemently submits that this memorandum of understanding partakes the character of a private transaction between the petitioner and the respondent No.3 taking the entire case out of the purview of SEBI and its Investors Grievance Redressal Committee. He also refers to Annexure-B which is a Frequently Asked Questions (FAQ) format issued by SEBI Complaints Redress System (SCORES)" wherein at Section I para 3, following is provided;

"3. Which are the matters that cannot be considered as complaints in SCORES?

a. Complaint not pertaining to investment in securities market.

b to g.....

h. Disputes arising out of private agreement with companies /intermediaries."

5. Thus, referring to answer (h) to question No.3 as noted above, he insists that in the light of petitioner having entered into a memorandum of understanding as per Annexure-L with the respondent No.3, the same partakes the character of private agreement not being amenable for



adjudication by the Investors Grievous Redressal Committee. Thus, he concludes since an arrangement of this nature is expressly excluded from the purview of adjudication by SCORES, the impugned order could not have been passed.

6. He relies upon the following citations in support of his submission;

- "1. THE UNION OF INDIA VS. KISHORILAL GUPTA AND BROS -[AIR 1959 SC 1362]
2. ONGC MANGALROE PETROCHEMICALS LTD., VS. ANS CONSTRUCTIONS-[(2018) 3 SCC 373]
3. BOOZ ALLEN AND HAMILTON INC. VS. SBI HOME FINANCE LTD., -[(2011) 5 SCC 532]
4. NATIONAL INSURANCE CO. LTD., VS. BOGHARA POLYFAB PVT. LTD., -(2009) 1 SCC 267
5. STATE OF PUNJAB VS. DAVINDER PAL SINGH BHULLAR- (2011) 14 SCC 770
6. VINAY BUBNA VS. STOCK EXCHANGE, MUMBAI AND OTHERS-(1999) 6 SCC 215
7. AFCONS INFRASTRUCTURE LTD., AND ANOTHER VS. CHERIAN VARKEY CONSTRUCTION COMPANY PRIVATE LIMITED AND OTHERS- (2010) 8 SCC 24."

7. *Per contra*, learned counsel appearing for respondent Nos.1 and 2 furnishes a copy of a Circular dated



20.06.2019 issued by the SEBI which is addressed to all recognized Stock Exchangers, recognized Clearing Corporations, all depositors, all trading members/clearing members and all depository participants through depositories, wherein paragraph 1, it is stated as under;

"1. In order to protect clients' funds and securities, the Securities Contracts (Regulation) Act, 1956 and Securities Exchange Board of India (Stock-Brokers) Regulations, 1992 specifies that the stock broker shall segregate securities and moneys of the client or clients or shall not use the securities or moneys of a client or clients for self or for any other client".

8. Thus, relying upon the above, he submits the very object and purpose of bringing in force the SEBI Regulation is to protect the interest of the investors which the Circular seeks to re-emphasize. He submits that in the instant case, there is no other transaction which had transpired between the petitioner and the respondent No.3 other than the investment in the security stocks. As such, the contention urged by the petitioner referring to the memorandum of understanding at Annexure-L cannot be countenanced. Hence, seeks for dismissal of the petition.

9. Learned counsel appearing for respondent No.3 on the other hand submits that the petitioner and the respondent



No.3 had entered into understanding and were transacting the business for over a decade purely and clearly in the investment in the stock and security market. He also refers to a document at Annexure-E produced by the petitioner which is a power of attorney executed by respondent No.3 in favour of the petitioner giving authority to deal with the investments made by him as they deemed fit. He submits that the stocks which are held by the respondent No.3 were sold albeit without the permission of the respondent No.3 and the sale proceeds had not been handed over to the respondent No.3. This clearly amounts to violation of the regulations and the understanding which the parties had arrived at. Memorandum of Understanding at Annexure-L, if any, he submit the same were thrust upon the respondent No.3 as an assurance by the petitioner to make the payment which it has illegally withheld. Therefore, he submits the respondent No.3 had no other option but to invoke the jurisdiction of the Investors Redressal Grievance Committee as constituted under SEBI regulations which has rightly allowed the claim directing the petitioner to pay the amount as directed. Thus, he submit there is no



illegality committed by the Investors Grievance Redressal Committee warranting interference.

10. Heard. Perused the records.

11. Even as pleaded by the petitioner, initial and the original transaction between the petitioner and the respondent No.3 has been the investments in the stock market. As already noted above, there being no dispute of petitioner having realized a sum of Rs.3,51,34,857.99/- being the sale proceeds of the shares belonging to the respondent No.3 sold through its intermediaries was required to be paid by the petitioner forthwith. Though the respondent No.3 alleged that such a sale transaction was one without his consent, now he says that he would not insist upon the said issue if his money is paid.

12. This Court on 20.01.2026 had passed the following order;

"After arguing the matter at length, in the light of admitted fact of petitioner having sold the shares/stocks of respondent No.3 in the open market for a total sum of Rs.3,46,84,857.99 as far back as on 30.12.2022, has paid only a sum of Rs.1,00,00,000/- and is still due and liable to pay a sum of Rs.2,46,84,000/- approximately.

Though petition is filed assailing the order passed by the Investor Grievance Redressal Committee dated



14.06.2023 holding petitioner liable to pay a sum of Rs.2,46,84,857.99, in the light of submission made, learned counsel for petitioner to submit proposal for payment of said amount.

List this matter on 27.01.2026 for further hearing."

13. Pursuant to the said order, petitioner filed a memo dated 23.01.2026 which was taken note of and further order was passed on 27.01.2026 which read as under;

The petitioner has filed a memo dated 23.01.2026 which reads as under;

1. The petitioner moved before this Hon'ble Court in the instant Writ Petition seeking the relief "to Quash the Order of the Investor Grievance Redressal Committee (IGRC) dated 14.06.2023 (Annexure "P").

2. It is submitted that the SIC Stocks & Services Pvt., has the following assets:

a Rs.85,00,000.00 kept as deposits with Bombay Stock exchange.

b. Rs.82,00,000.00 kept as deposits with National Stock Exchange.

c. Demat Holdings worth Rs.35,00,000.00 with Bombay Stock Exchange.

d. Further the SIC Stocks & Services Pvt., Ltd has an immovable property situated at 100BB P J Tower Dalal Street Fort, Mumbai worth Rs. 50,00,000.00 (Rupees Fifty lakhs) approximately.

e. Another immovable property, at 1013 PJ Tower Dalal Street, Mumbai worth Rs.1,80,00,000.00 (Rupees One Crore Eighty lakhs only) (approximately).

3. It is therefore submitted that the SIC Stocks & Services Pvt Ltd is ready that the deposit of Rs. 2,02,00,000.00 which be directed to be released directly



to the Respondent No.3, by the Respondent No.1 and Respondent No.2.

4. The balance amount will be paid immediately after the sale and paid to M/s. Wise Tree Capital Pvt Ltd. The Petitioner undertakes to sell the property it immediately.

In these circumstances, this Hon'ble Court be pleased to direct the Respondent No.2, that the Deposits held be directly released and transferred to the Respondent No.3 and direct RespondentNo.2, provide NOC for the sale of the properties and the Petitioner undertakes to sell the immovable property held at 100BB and 1013, immediately."

2. Since the amount indicated at para 2 (a) and 2(c) and the property referred to at para 2(d) and 2(e) appears to be at the disposal of the respondent Nos. 1 and 2, respondent Nos.1 and 2 are directed to respond to the same. In other words, respondent Nos.1 and 2 are to clarify whether the petitioner is entitled to the release of the amount and the property mentioned as above.

3. Simultaneously, petitioner is at liberty to make a representation to National Stock Exchange with regard to the amount mentioned in paragraph 2(b) of the petition.

4. Respondent Nos. 1 and 2 to submit response to the same on the next date of hearing.

List this matter on 18.02.2026."

14. In response, learned counsel for respondent Nos.1 and 2 filed objection to the said memo on 24.02.2026 denying the contents of the memo dated 23.01.2026 filed by the petitioner. The said objections also sets out in detail the amount which was deposited by the petitioner lying with SEBI which appears to be in a sum of Rs.15,00,000/- deposited by the petitioner and had been adjusted and set off against the



amounts payable under the BSE regulation. As such there is no money available with BSE as claimed in the memo. He submits only a sum of Rs.1,34,834/- is available which can be made use of to repay the amount payable to the respondent No.3. The said objection also indicates the claim of ownership of certain immovable property as made in the memo dated 24.02.2026 being claimed by the respondent Nos. 1 and 2/BSE, in the aforesaid event have been recorded in its order only to indicate what had transpired during the hearing of these proceedings, in that the petitioner himself had admitted and agreed to pay the amount due and payable to the respondent No.3. Since the said action did not work out, the matter was taken up for disposal on merits.

15. As already noted above, the only contention urged by the petitioner is with regard to jurisdiction of the Investors Grievance Redressal Committee on the purported premise of the transactions between the petitioner and the respondent No.3 having become private transaction in the light of Memorandum of Understanding dated 13.02.2023 as per Annexure-L. Perusal of the said document indicate that the



same has come into existence pursuant to and in furtherance to the amount of Rs.3,51,34,857.99/- payable by the petitioner to the respondent No.3 from and out of the sale proceeds of the stock and it is not a document pertaining to any independent exclusive and a private transaction as sought to be made out. As rightly pointed out by learned counsel for the respondent No.3, the said document, if at all, can be considered as only an assurance by the petitioner to pay the amount payable to the respondent No.3 from and out of the sale proceeds of the shares.

16. The Frequently Asked Questions as noted above, para 3(a) specifically mentions only those complaints which do not pertain to and arise out of the investment security exchange are not entertainable. The case at hand as narrated above even as admitted by the petitioner would squarely fall within the disputes arising out of and during the course and in furtherance of the performance of the investment agreement and understanding.

17. In that view of the matter the only contention urged by the counsel for petitioner of the Investors Grievance



Redressal Committee lacking jurisdiction is heard only to be rejected. The judgments produced by the petitioner as noted above do not even remotely come to his rescue, inasmuch as the said judgments and orders have been passed under completely different and distinct set of facts and circumstances and not under the circumstances involved as that of the case at hand, namely Security Exchange Regulations. In view of the aforesaid circumstances, the petition lacks merit and the same is ***rejected***. Respondent No.3 is at liberty to proceed to realise the amount in accordance with law including the assets of the petitioner.

Sd/-
(M.G.S. KAMAL)
JUDGE