

IN THE SECURITIES APPELLATE TRIBUNAL AT
MUMBAI

DATED THIS THE 25th DAY OF FEBRUARY, 2025.

**CORAM: Justice P. S. Dinesh Kumar, Presiding Officer
Ms. Meera Swarup, Technical Member
Dr. Dheeraj Bhatnagar, Technical Member**

**Appeal No. 121 of 2025
[Along with Misc. Application Nos. 254, 255 & 256 of 2025]**

BETWEEN

1. Madhu Chanda
2. Anandilal Chanda
3. Anandilal Chanda HUF

Flat No. 104, Boulevard Co-op
Housing Society Limited,
Plot No. 15, CTS No. 97/A/25A,
Upper Govind Nagar,
Malad (East), Mumbai- 400 097

...Appellants

Mr. Vikas Bengani, Advocate for the Appellants.

AND

The Recovery Officer,
Securities and Exchange Board of India
SEBI Bhavan, C4-A, G-Block,
Bandra Kurla Complex,
Bandra (E), Mumbai- 400 051

...Respondent

Mr. Sumit Rai, Advocate with Ms. Nidhi Singh, Ms. Komal Shah, Mr. Nishin Shrikhande and Mr. Harish Ballani, Advocates i/b Vidhii Partners for the Respondent.

THIS APPEAL IS FILED UNDER SECTION 15T OF THE SEBI ACT, 1992 TO SET ASIDE THE NOTICE OF DEMAND DATED 30.07.2021 (EX-‘A’) QUA THE APPELLANTS PASSED BY THE RESPONDENT-SEBI.

THIS APPEAL HAVING BEEN HEARD AND THE TRIBUNAL MADE THE FOLLOWING:

ORDER

Per: Justice P. S. Dinesh Kumar, Presiding Officer (Oral)

This appeal is directed against the notice of demand dated 30.07.2021 issued by the Recovery Officer, SEBI¹.

2. We have heard Shri Bengani, learned advocate for the appellant and Shri Rai, learned advocate for the Respondent.

3. Undisputed facts of the case are, the WTM² of the SEBI has passed an order dated 18.12.2020 directing the appellants to disgorge an amount of Rs. 91,21,781/-. The said order was challenged in Appeal No. 335 of 2021 and it stood dismissed vide order dated 30.10.2023. A Review Petition filed thereon in RA No. 20 of 2024 has also been dismissed vide order dated 11.12.2024.

4. Shri Bengani, learned advocate submitted that this appeal is against the action of Recovery Officer, SEBI, imposing interest on the interest component of Rs. 50,93,301, being a part of amount being disgorged. He next submitted that the appellant

¹ Securities and Exchange Board of India

² Whole Time Member

proposes to challenge the order passed by this Tribunal in Appeal No. 335 of 2021 as also in the Review Application before the Hon'ble Supreme Court. He also prayed that SEBI may be directed to grant one year's time to make the payment and be directed to charge simple interest only as per Section 28A of SEBI Act read with Section 220(2) of the Income Tax Act.

5. The WTM, SEBI, vide order dated December 18, 2020, the has directed disgorgement of Rs. 91,21,781/-. In Para 8.5 of the said order, it is stated thus:

“Madhu Chanda, Anandilal Chanda and Anandilal Chanda HUF shall jointly and severally, disgorge an amount of ₹91,21,781 (gains of ₹40,28,480 + interest of ₹50,93,301) within 45 days from the date of service of this order. In case of failure to do so, interest at the rate of 12% per annum shall be applicable from the expiry of the said 45 days till the date of actual payment.”.

(Emphasis supplied)

6. The above direction is unambiguous. It states that appellants are liable to disgorge a sum of Rs. 91, 21, 781/- within the 45 days from the date of the order. In case of failure to comply, it would attract interest at the rate of 12% per annum. Admittedly, appellants have challenged the WTM's order in this Tribunal (in Appeal No. 335 of 2021) and the said appeal has been dismissed. A review petition filed thereon has also been

dismissed. Thereafter recovery proceedings have been initiated by issuing recovery certificated dated 30.07.2021 (Exhibit-A) calling upon the appellant to pay the disgorgement amount of Rs. 91,21,781/- with interest computed from the date of the WTM's order (18.12.2020), in consonance with the WTM's direction. Appellant's grievance is that SEBI cannot collect interest from the date of the WTM's order as it amounts to charging interest on interest.

7. The order passed by the WTM has attained finality. It cannot be challenged in collateral proceedings. The appellant is challenging the consequential recovery proceedings and the same is not permissible. Resultantly this appeal fails and it is accordingly *dismissed*.

8. Pending interlocutory application(s) stand disposed of.

No costs.

Justice P. S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member