RRD/RD-3/RO/Order No. 01 /2026

BEFORE THE RECOVERY OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
Certificate No. 424 of 2014

Mr. Bhargav Ranchodlal Panchal (PAN: AFUPP7738M)……….……….…Defaulter

ORDER UNDER RULE 11 OF THE SECOND SCHEDULE OF THE INCOME TAX ACT, 1961 READ WITH SECTION 28A OF THE SEBI ACT, 1992 IN THE MATTER OF IPO IRREGULARITIES.

BACKGROUND:

1. Securities and Exchange Board of India (SEBI), vide Order dated February 25, 2011, directed Mr. Bhargav Ranchodlal Panchal (hereinafter referred to as the "Defaulter") to disgorge unlawful gains amounting to Rs. 8,97,024/- along with simple interest at the rate of 10% per annum for a period of five years (2005–2010), amounting to Rs. 4,48,512/-, within 45 days from the date of the Order. The Order further stipulated that in the event of failure to remit the aforesaid amounts within the prescribed period, the Defaulter would be restrained from buying, selling or dealing in the securities market in any manner whatsoever, or accessing the securities market, directly or indirectly, for a further period of nine years, without prejudice to SEBI's right to enforce disgorgement. It was also directed that the securities held in the demat accounts of the Defaulter shall remain frozen until realization of the said amounts.

2. As the Defaulter failed to deposit the aforesaid amount within the stipulated time, recovery proceeding was initiated under Recovery Certificate No. 424 of 2014 dated July 18, 2014. A Notice of Demand (NoD) dated July 18, 2014 was issued by the Recovery Officer, Western Regional Office, Ahmedabad, directing the defaulter to make payment within 15 days. Further, Notices of Attachment of even date were issued attaching the bank accounts and demat accounts of the Defaulter.

3. Despite issuance of the aforesaid notices, the Defaulter failed to discharge the dues. Subsequently, vide letter dated February 03, 2015, the Defaulter stated that,

   "…in our letter dated 10.12.2013 and 06.03.2014, we requested for certified copy of the order passed by the WTM dated 25.02.2011 but till date we have not received the same. Since we have not received the certified copy of the order dated 25.02.2011 of SEBI, we are unable to challenge the said order. Now we are in the process to challenge the said order before Hon'ble SAT by downloading the copy of said order from the website of SEBI…"

4. Thereafter, vide notice dated June 16, 2015, the Defaulter was advised to appear before the Recovery Officer on June 24, 2015. Subsequently, another notice dated October 29, 2015 was issued advising the Defaulter to appear on December 2, 2015. However, the Defaulter did not appear for any of the aforesaid hearings. Further, vide letter dated December 2, 2015, the Defaulter reiterated that,

   "…in our letter dated 10.12.2013 and 06.03.2014, we requested for certified copy of the order passed by the WTM dated 25.02.2011 but till date we have not received the same. Since we have not received the certified copy of the order dated 25.02.2011 of SEBI, we are unable to challenge the said order. After we receive the certified copy of the order, we will challenge the said order within statutory time period…"

5. Thereafter, the Defaulter, vide letter dated November 07, 2020, submitted the following:

   i. The certified copy of the Order dated February 25, 2011 was received on October 26, 2020 pursuant to SEBI's letter dated October 20, 2020.
   ii. The Defaulter enclosed original demand drafts aggregating to Rs. 13,45,536/- bearing DD No. 170389 dated November 10, 2020, drawn on IDFC First Bank in favour of SEBI.
   iii. It was stated that the payment was being made under protest.

iv. The Defaulter requested lifting of the freeze imposed on his demat accounts on the ground that he had complied with the aforesaid WTM Order dated February 25, 2011 and deposited the disgorgement amount as directed therein.

6. SEBI, vide letter dated May 12, 2025, intimated the Defaulter that while an amount of Rs. 13,45,536/- as mentioned in the Order dated February 25, 2011 had been received, interest and other charges amounting to Rs. 15,88,733/- remained outstanding. The Defaulter was advised to appear before the Recovery Officer on May 20, 2025. However, the Defaulter did not appear on the scheduled date and instead sought rescheduling.

7. Thereafter, for administrative convenience, the instant Recovery Certificate has been transferred to the Recovery Officer in charge of Recovery Division 3 of Head Office, Mumbai.

8. In order to recover the outstanding amount of Rs. 15,88,733/- under the aforesaid Recovery Certificate, a Remittance Order dated January 06, 2026 was issued directing all banks and mutual funds in India to remit amounts/redeem folios to the extent of the dues available in the accounts of the Defaulter.

WRITTEN SUBMISSIONS AND PERSONAL HEARING:

9. Pursuant to the aforesaid Remittance Order dated January 06, 2026, the Defaulter, vide letter dated January 27, 2026, made the following submissions,

i. The disgorgement amount was duly paid within 16 days of receipt of the first certified copy of the order and that SEBI has not disputed the facts recorded in the letter dated 07.11.2020. Accordingly, no question arises of levying any further interest.

ii. Despite full compliance with the WTM Order dated 25.02.2011, the Defaulter continues to remain debarred from accessing the securities market since 27.04.2006, which is arbitrary and without legal basis, warranting immediate revocation.

iii. It is submitted that there has been a complete and unexplained inaction in the proceedings from 02.12.2015 to 12.05.2025, spanning nearly ten years. Such an inordinate and unjustified delay vitiates the present recovery action and renders it unsustainable in law.

iv. The levy of further interest on the disgorgement amount is ex facie illegal, without jurisdiction, and contrary to the binding law laid down by the Hon'ble Supreme Court under Article 141 of the Constitution of India.

v. The Defaulter paid the entire disgorgement amount within 16 days of receipt of the first certified copy of the WTM Order dated 25.02.2011, i.e., within the stipulated period. In terms of the law laid down by the Hon'ble Supreme Court in *Dushyant N. Dalal v. SEBI*, in the absence of an express direction in the order providing for levy of future interest, no such interest can be imposed. Accordingly, the present demand towards further interest is unsustainable in law.

vi. The WTM Order dated 25.02.2011 does not direct payment of interest "till actual payment," and despite this, the Ld. Recovery Officer has sought to recover additional interest, which is impermissible in view of the binding Supreme Court judgment.

vii. A quasi-judicial authority is bound to follow the law laid down by higher courts and act in accordance with binding precedents. Any deviation therefrom violates judicial discipline and the rule of law.

viii. Section 28A of the SEBI Act is purely a procedural recovery provision and does not confer any substantive power to create or impose additional liability.

ix. The impugned recovery action amounts to an overreach of statutory jurisdiction, is contrary to binding judicial precedent, and unlawfully seeks to enlarge the scope of the original disgorgement order, which is impermissible in law.

x. The law on the issue stands conclusively settled by the Hon'ble Supreme Court, and any action contrary thereto would amount to wilful disobedience, judicial indiscipline, and civil contempt. Continuation of the recovery proceedings despite the settled position would entail serious legal consequences and cause undue prejudice to the Defaulter.

xi. The Defaulter has prayed for the immediate withdrawal and setting aside of Recovery Certificate No. 424 of 2014 and the Order for Remittance dated 06.01.2026, release of all attachments effected pursuant thereto, written confirmation within seven days that the recovery proceedings stand closed and that no further interest is being claimed, and revocation of the debarment operative since 27.04.2006 with restoration of the Defaulter's right to access the securities market forthwith.

10. After considering the written submissions made by the Defaulter and pursuant to the request made for an opportunity of personal hearing, vide e-mail dated 28.01.2026, the Defaulter was granted an opportunity of personal hearing before the Recovery Officer, SEBI on 04.02.2026. Thereafter, pursuant to a request for adjournment made by the Defaulter's authorized representative vide e-mail dated 02.02.2026, the hearing was rescheduled to 06.02.2026.

11. The Defaulter, Mr. Bhargav Ranchodlal Panchal, appeared for hearing on 06.02.2026 through his authorized representative, Advocate Mr. Vikas Bengani, and reiterated the submissions made in the letter dated 27.01.2026, placing reliance upon the judgment of the Hon'ble Supreme Court of India in *Dushyant Dalal v. SEBI* and the Hon'ble WTM Order dated 21.07.2009 passed against Dushyant Dalal and others.

12. Reference was drawn to Para 32 of the abovementioned Order dated October 04, 2017 passed by Hon'ble Supreme Court of India,

"…In fact, in the last mentioned case, whose facts are very similar to the facts of the present case, the order was passed "without prejudice to SEBI's right to enforce disgorgement along with further interest till actual payment is made." The words "along with further interest till actual payment is made" are conspicuous by their absence in the order dated 21.07.2009. In the circumstances, we are of the view that Shri Subramonium Prasad is correct in his submission. If there is default in payment of Rs. 6 crores within the stipulated time, no future interest is payable inasmuch as a much severer penalty of being debarred from the market for 7 years was instead imposed…"

13. Further, the Defaulter was directed to furnish details regarding the mode of receipt of the certified copy of SEBI's Order, and was granted a period of seven days to file any additional submissions, if so advised.

14. The Defaulter, through his authorised representative, vide email dated 09.02.2026, submitted that he does not recall the exact mode or manner in which the certified copy of the WTM Order was served in 2020. However, it was stated that all recent communications have been received at the Defaulter's present address.

<u>CONSIDERATION OF ISSUES:</u>

15. I have carefully perused the documents available on record, including the Order dated October 04, 2017 passed by the Hon'ble Supreme Court of India, the Order dated July 21, 2009 passed by the Hon'ble Whole Time Member, Securities and Exchange Board of India (SEBI), and the Order dated February 25, 2011 passed by the Hon'ble Whole Time Member, SEBI in the present matter, as well as the oral and written submissions made by the Defaulter.

Upon consideration of the aforesaid, the following issues arise for determination in the instant matter:

a. Whether interest is leviable in the present case in view of the abovementioned judgment of the Hon'ble Supreme Court of India dated October 04, 2017 in *Dushyant Dalal v. SEBI*.
b. Accordingly, whether the attachment orders dated July 18, 2014 issued by the Recovery Officer, SEBI in the present matter are liable to be revoked.

16. Upon examination of the facts of the matter, it is observed that since the defaulter failed to comply with SEBI's Order dated February 25, 2011 to remit the due amount within the stipulated period, recovery proceedings for the disgorgement amount has been initiated under Section 28A of the SEBI Act, 1992 on July 18, 2014.

17. It would be apposite to refer to the statutory framework governing the recovery of amounts due under the SEBI Act, 1992. Section 28A of the SEBI Act states that,

"*If a person fails to pay the penalty imposed by the adjudicating officer or fails to comply with any direction of the Board for refund of monies or fails to comply with a direction of disgorgement order issued under section 11B or fails to pay any fees due to the Board, the Recovery Officer may draw up under his signature a statement in the specified form specifying the amount due from the person (such statement being hereafter in this Chapter referred to as certificate) and shall proceed to recover from such person the amount specified in the certificate by one or more of the following modes, namely:—*

(a) attachment and sale of the person's movable property;
(b) attachment of the person's bank accounts;
(c) attachment and sale of the person's immovable property;
(d) arrest of the person and his detention in prison;
(e) appointing a receiver for the management of the person's movable and immovable properties,

and for this purpose, the provisions of sections 220 to 227, 228A, 229, 232, the Second and Third Schedules to the Income-tax Act, 1961 and the Income-tax (Certificate Proceedings) Rules, 1962, as in force from time to time, in so far as may be, apply with necessary modifications as if the said provisions and the rules made thereunder were the provisions of this Act and referred to the amount due under this Act instead of to income-tax under the Income-tax Act, 1961."

18. Further, Section 220(2) of the Income-Tax Act, 1961 reads as follows,

"If the amount specified in any notice of demand under section 156 is not paid within the period limited under sub-section (1), the assessee shall be liable to pay simple interest at one per cent for every month or part of a month comprised in the period commencing from the day immediately following the end of the period mentioned in sub-section (1) and ending with the day on which the amount is paid…"

19. I note that, the Notice of Demand (NoD) issued under the instant Recovery Certificate has been computed by taking into consideration the following components:

    a. The amount directed to be disgorged, comprising the unlawful gains of Rs. 8,97,024/- along with interest thereon at the rate of 10% per annum for a period of five years (2005–2010), amounting to Rs. 4,48,512/-, thereby aggregating to a total disgorgement amount of Rs. 13,45,536/-.
    b. Interest at the rate of 12% per annum on the aforesaid disgorgement amount of Rs. 13,45,536/-, calculated from the date of the final order passed by the Hon'ble Whole Time Member, SEBI on February 25, 2011, till the date of issuance of the Recovery Certificate by the Recovery Officer on July 18, 2014, amounting to Rs. 5,48,094/-.
    c. Recovery cost amounting to Rs. 1,000/-.
    d. Accordingly, the total amount payable under the Notice of Demand was computed at Rs.18,94,630/-.

Sl. No.	Description of the due	Amount
1	Unlawful gains directed to be disgorged	Rs.8,97,024/-
2	Interest charged at the rate of 10% for 5 years (2005 – 2010) on the unlawful gains	Rs.4,48,512/-
3	Interest charged at the rate of 12% per annum on the disgorgement amount (for 25.02.2011 – 18.07.2014)	Rs.5,48,094/-
4	Recovery cost	Rs.1,000/-
	Total	Rs.18,94,630/-

20. In this regard, I note that the Hon'ble Supreme Court of India in judgment dated October 4, 2017 in the matter of *Dushyant N. Dalal v. SEBI (2017) 9 SCC 660 (Civil Appeal No. 5677 of 2017*) (herein after referred as "**Supreme Court Judgment**") held that no future interest could be levied on the disgorgement amount in the absence of a specific direction to that effect in the order, particularly when the entity had already been debarred from accessing the securities market for a specified period for not making the payment within the specified time, which is more severe than charging interest.

21. I have also perused the order dated July 21, 2009 passed by the Whole Time Member of SEBI in the matter of *Dushyant N. Dalal* wherein the Whole Time Member while issuing directions of Disgorgement has not specified any interest for delayed payment whereas Whole Time Member has ordered that in case of such failure, the entity shall undergo debarment for a period of seven years.

22. In this connection I note that in the order dated February 25, 2011 passed by the Whole Time Member, SEBI in the present matter against Defaulter, Mr. Bhargav Panchal, Whole Time Member issued directions for debarment for a

period of nine years in case of failure to make the payment within prescribed time period.

23. In view of the above, I note that facts in the instant matter is similar to that of the order dated July 21, 2009 in the matter of *Dushyant N. Dalal* which eventually led to the passing of Supreme Court Judgment.

24. Upon perusal of orders dated July 21, 2009 & February 25, 2011 and submissions of Defaulter in the instant matter and taking into consideration the similarities between the aforesaid orders and in light of Supreme Court Judgment, I agree with the submission of the Defaulter that the judgment dated October 04, 2017 of the Hon'ble Supreme Court in the matter of Dushyant N. Dalal is applicable in the instant matter. Therefore, the levy of interest computed from the date of the final order, i.e. February 25, 2011, as computed in the Recovery Certificate mentioned at para 19 above is not warranted in the facts and circumstances of the present matter.

25. However, as mentioned in para 3 & 4 above, the Defaulter was aware of the passing of the order against him, which is evident from the Defaulter's letter dated February 03, 2015 & December 2, 2015. Since the Defaulter did not make payment of the amount within the time specified, SEBI has initiated recovery proceedings under Section 28A of the SEBI Act for recovering the amount directed to be disgorged.

26. In view of the above findings, the recovery certificate stands modified as under:

Sl. No.	**Description of the due**	**Amount**
1	Unlawful gains directed to be disgorged	Rs.8,97,024/-
2	Interest charged at the rate of 10% for 5 years (2005 – 2010) on the unlawful gains	Rs.4,48,512/-
3	Interest charged from the date of Order	Rs. 0/-
4	Recovery cost	Rs.1,000/-
5	Certificate Amount	Rs.13,46,536/-

27. It is noted that Defaulter has paid an amount of Rs. 13,45,536/- vide DD dated November 10, 2020. However, Recovery Cost of Rs. 1,000/- is still outstanding from the Defaulter.

ORDER:

28. In view of the foregoing discussion, the contention of the Defaulter that no interest is chargeable in the present matter holds merit and recovery certificate is modified as above (Para 26).

29. Since the recovery cost of Rs. 1,000/- is outstanding from the Defaulter, the Defaulter is directed to pay the said amount immediately. Upon receipt of the same, the attachments issued in the recovery certificate shall be released.

30. A copy of this Order is to be served on the Defaulter.

-Sd-

Mumbai
August 07, 2026

DEEPU ANANDAN
Deputy General Manager and
Recovery Officer