

Jaykishor Chaturvedi & Etc. v. Securities and Exchange Board of India

Civil Appeal Nos. 1551-1553 of 2023

[2025] 8 S.C.R. 138 : 2025 INSC 846 | 2025-07-15

Whether SEBI could recover statutory interest on unpaid adjudication penalties although the orders did not expressly award interest, and whether interest began after the 45-day period in the 2014 adjudication orders or only after the later recovery notices of 13 May 2022.

220(1) | 220(2) | 220(4) | 156

Two-judge bench | J.B. Pardiwala, J. | R. Mahadevan, J.

Assessment years: See the source-scope notes; no year inferred.

01 FACTS OF THE CASE

The three appellants were promoter-directors of M/s Brijlaxmi Leasing and Finance Limited. SEBI found share acquisitions between October 2012 and July 2013 in breach of the disclosure provisions in regulations 13(4) and 13(4A), read with regulation 13(5), of the 1992 insider-trading regulations. On 28 August 2014 the Adjudicating Officer imposed penalties of Rs 11 lakh on Jaykishor Chaturvedi, Rs 5 lakh on Siddharth Jaykishor Chaturvedi and Rs 7 lakh on Ankur Jaykishor Chaturvedi. The orders required payment within 45 days of receipt. Their challenges failed before SAT and the Supreme Court, with the penalty quantum upheld on 28 February 2019. These appeals did not reopen that quantum.

SEBI's Recovery Officer issued notices on 13 May 2022 demanding the penalties and 12% annual interest stated to run from 28 August 2014. Bank-account and demat-account attachments followed on 23 June 2022. SAT rejected the appellants' challenges on 29 September 2022, leading to these section 15Z appeals. The Court records that the penalties were eventually paid only pursuant to its order dated 24 April 2023. The appellants disputed the interest and its starting point, arguing that the 2019 Explanation 4 could not retrospectively change their position and that interest required a subsequent demand notice. SEBI relied on the original adjudication orders as enforceable demands. The interest figures tabulated in paragraph 4.3 are SEBI's submissions, not the Court's independently settled final computation.

Source: [reported rendition / paragraphs 1-2.9; 6-8 / PDF pages 5, 6, 7, 12, 13 / judgment; reported rendition / paragraphs 4.1-4.3 / PDF pages 11, 12 / SEBI submission; reported rendition / paragraphs 10 / PDF pages 30, 31 / judgment; official signed judgment / paragraphs 2-2.9; 6-7; 10 / PDF pages 2, 3, 4, 5, 12, 13, 28, 29 / judgment](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court separated the penalty provisions in Chapter VI-A from the recovery and interest machinery in section 28A of the SEBI Act. Section 28A applies specified Income-tax Act provisions, including section 220, with necessary modifications to amounts due under the SEBI Act. Section 220(2) supplies statutory simple interest of 1% for every month or part of a month of default, described by the Court as 12% per annum. The interest obligation therefore did not depend on an express interest direction in each adjudication order. The enabling statutory provision was already operative when these orders were made (paragraphs 9.1-9.4 and 10).

The Court examined incorporation and reference, including the authorities collected in paragraph 9.7. Its specific conclusion was that the limited mention of section 156 in section 220(1) did not carry section 156's separate demand procedure into the SEBI Act. The SEBI scheme independently adjudicates violations and crystallises liability; an adjudication order directing payment within a stated period can itself constitute the demand. The adjudicating authority may set that compliance period. This reasoning concerns recovery under the SEBI borrowing clause, and is not a ruling that the income-tax authority may omit a section 156 notice where the Income-tax Act requires one (paragraphs 9.5-9.9 and 11.2).

For these appellants, interest began upon expiry of the 45-day compliance period in the adjudication orders. The later notices merely reiterated the existing demand and did not reset the statutory starting point. The unsuccessful challenges and any interim protection did not extinguish the interest obligation. The Court treated Explanation 4 to section 28A, inserted with effect from 21 February 2019, as clarifying the pre-existing position. Its additional observation that 30 days should apply if an adjudication order specifies no payment period addresses a hypothetical situation, because these orders specified 45 days (paragraphs 11.3-11.4).

Interest was characterised as compensatory rather than an additional punishment. Dushyant N. Dalal was discussed for equitable interest and the substantive aspect of the statutory interest levy. Footnote 29 to that quoted passage expressly distinguishes the 18 July 2013 commencement of section 28A from statutory section 220 interest chargeable with effect from 25 August 2014; the orders here were dated 28 August 2014, after both dates. This qualification should not be lost by treating the general section 28A commencement date as the universal interest commencement date. The Court distinguished the appellants' authorities in light of the existing statutory basis and post-adjudication default (paragraphs 10 and 11.4-11.6).

Source: [reported rendition / paragraphs 9.1-9.6 / PDF pages 13, 14, 15, 16, 17, 18, 19, 20 / judgment](#); [reported rendition / paragraphs 9.7-9.9 / PDF pages 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30 / judgment](#); [reported rendition / paragraphs 10-11.6; footnote 29 / PDF pages 30, 31, 32, 33, 34, 35, 36 / judgment](#); [official signed judgment / paragraphs 9.4-9.6 / PDF pages 15, 16, 17, 18, 19, 20 / judgment](#); [official signed judgment / paragraphs 9.8-10 / PDF pages 25, 26, 27, 28, 29 / judgment](#); [official signed judgment / paragraphs 11-11.6; footnote 29 / PDF pages 30, 31, 32, 33, 34, 35 / judgment](#)

03 JUDICIAL DECISION

All three civil appeals were dismissed. The Court declined to interfere with SAT's order upholding the recovery challenge's rejection. The appellants were directed to pay the interest calculated by SEBI within 15 days of receiving a copy of the judgment. The governing accrual direction is expiry of the 45-day compliance period, as stated in paragraphs 11.3 and 11.5; the judgment does not endorse computing interest from the bare adjudication date without that period. No costs were awarded, and connected miscellaneous applications were closed. There was no remand or fresh numerical calculation by the Court.

Source: [reported rendition / paragraphs 11.3; 11.5-11.7 / PDF pages 31, 32, 34, 35, 36 / judgment](#); [official signed judgment / paragraphs 11.3; 11.5-11.7 / PDF pages 31, 32, 33, 34, 35, 36 / judgment](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: SEBI on the appellants' interest and recovery challenge

Civil Appeal Nos. 1551-1553 of 2023 dismissed; statutory interest payable after the 45-day compliance period; payment directed within 15 days of receipt of the judgment; no costs

Interest liability and its starting point decided on merits; underlying penalty quantum had already attained finality

SEBI recovery under section 28A with borrowed section 220 machinery. No income-tax assessment, assessment year, general waiver of section 156, priority contest, or current-law certification is decided.

Source: [reported rendition / paragraphs 11.5-11.7 / PDF pages 35, 36 / judgment](#); [official signed judgment / paragraphs 11.5-11.7 / PDF pages 35, 36 / judgment](#)

05 AKHB REVIEW POINT

In a SEBI recovery file, preserve the original adjudication order, its service date, the actual compliance period, the appellate history and the payment dates before calculating interest. Do not substitute the date of a later recovery reminder for the due date, or omit the 45-day period merely because the operative appeals were dismissed. Keep the principal penalties separate from SEBI's submitted interest figures: the Court fixed the legal basis and starting point, but did not publish a reconciled final calculation. The section 156 discussion is an interpretation of the SEBI borrowing clause, not a general exemption from income-tax demand safeguards. For older SEBI defaults, also examine the footnote concerning 25 August 2014 and the separate equitable-interest reasoning in Dushyant N. Dalal. Verify the applicable statutory version and subsequent treatment before reliance; no automatic Income-tax Act, 2025 mapping is made.

Source: [reported rendition / paragraphs 4.1-4.3; 9.8-10; 11.2-11.7; footnote 29 / PDF pages 11, 12, 28, 29, 30, 31, 32, 33, 34, 35, 36 / judgment](#)

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

221-227; 228A; 229; 232; Second Schedule; Third Schedule; 143(1) proviso context

OTHER GOVERNING STATUTES

1.

Act: Securities and Exchange Board of India Act, 1992

Provisions: 28A; 28A Explanation 4; 15I; 15J; 15JA; 15Z; Chapter VI-A

Role: Principal adjudication and recovery framework; Explanation 4 treated as clarificatory in this setting

2.

Act: Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

Provisions: 13(4); 13(4A); 13(5)

Role: Underlying disclosure violations; original penalty quantum had already attained finality

3.

Act: Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995

Provisions: Rule 5

Role: Underlying adjudication procedure

4.

Act: Income-tax (Certificate Proceedings) Rules, 1962

Provisions:

Role: Included in the section 28A borrowing clause; no individual rule is the central issue

5.

Act: Interest Act, 1978

Provisions:

Role: Discussed through Dushyant N. Dalal on equitable interest; distinct from the already operative statutory basis in these appeals

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

R. Mahadevan, J.

PARTY ROLES IN THESE PROCEEDINGS

1.

Party: Jaykishor Chaturvedi, Siddharth Jaykishor Chaturvedi and Ankur Jaykishor Chaturvedi

Role: Appellants; promoter-directors subject to the SEBI adjudication penalties and recovery proceedings

2.

Party: Securities and Exchange Board of India

Role: Respondent regulator and recovering authority; not the income-tax Revenue

PRIMARY LEGAL SETTING

Securities regulation: statutory interest and recovery of SEBI adjudication penalties under section 28A of the SEBI Act, 1992, borrowing specified Income-tax Act provisions with necessary modifications.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(reported rendition\)](#)

Identified source rendition: 36 PDF pages; SHA-256
9b218ec3d05f2739d0f8e19f1a88721c86cbf01a50e7f733814b9f457f0cc3c8. Original bytes preserved.

[Open cited source rendition](#)

The judgment author is R. Mahadevan, J.; the consolidated index's asterisk beside J.B. Pardiwala is not adopted as an author attribution.

Both renditions contain 36 physical pages but do not share pagination. The SCR judicial text starts at physical page 5; the official original starts at page 1. No adjacent judgment contaminates the bounded text.

Paragraph 4.3 is a table within SEBI's submissions. It was visually inspected in both renditions. The Ankur interest entry is printed as 7,41,133,33, an apparent punctuation error, and has not been silently normalised or treated as a settled computation.

The 13 May 2022 demand is described as computing interest from 28 August 2014, while the Court's express holding is accrual after the 45-day compliance period. The dismissal is not recast as approval of the earlier bare-date calculation.

Paragraphs 4.1 and 4.2 describe 45 days from receipt of the adjudication orders. No service date or exact calendar accrual date is invented.

Footnote 29 to the Dushyant N. Dalal quotation states statutory section 220 interest is chargeable with effect from 25 August 2014, although section 28A itself is described as commencing on 18 July 2013. The 2014 adjudication orders post-date both. This note does not extrapolate to all pre-amendment defaults.

Paragraph 11.4's reference to an assessment notice concerns the SEBI adjudication order in context; it is not an income-tax assessment. The 30-day no-deadline situation is an additional hypothetical observation.

The reference to section 15E for the earlier SAT appeal in paragraph 2.4 is reproduced in both renditions; the note does not rely on that apparent statutory-reference slip. Section 15Z for the present appeals is expressly verified.

Section 28A(3) priority language occurs within a quoted statute; no creditor-priority contest is adjudicated here. No universal government-priority proposition is extracted.

Paragraph 11.5 quotes an income-tax interest decision concerning section 201(1A); that quoted case's outcome is not the outcome of these SEBI appeals.

SCR and neutral citations are printed on the reported cover; neutral citation, appeal numbers, author, judges and date are cross-checked against the official original.

Not an income-tax assessment case. These are SEBI recovery appeals concerning penalties imposed on 28 August 2014 for securities-disclosure violations; no assessment year is assigned.

Section 220 is applied through SEBI Act section 28A. Section 156 is substantively discussed to explain why its separate demand-notice procedure is not incorporated into the SEBI scheme; it is not dispensed with for ordinary income-tax assessments. Other recovery provisions and schedules occur in the borrowing clause rather than as independently decided issues.

STATUTORY SCOPE

Statutory provisions and historical amendments as examined in this judgment; no independent consolidated current-statute audit

No automatic mapping to the Income-tax Act, 2025 or automatic precedent carryover to later legislation.

LATER TREATMENT

Source checked 2026-10-04. Subsequent review proceedings, stays, reversals, implementation and later judicial treatment have not been comprehensively checked. This note is not a citator status certificate.

IDENTIFIED SOURCE LINKS

[reported rendition - Physical PDF page 1 / SCR page 138 - PDF pages: 36](#)

SHA-256: 9b218ec3d05f2739d0f8e19f1a88721c86cbf01a50e7f733814b9f457f0cc3c8

[official signed judgment - PDF pages: 36](#)

SHA-256: d1381e5c665762daa239043308bc1cb9830142c11cb4295156c732b40d11ff31

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