

Jhunjhunwala, 9 others settle Aptech insider trading case for Rs 37 cr

Synopsis

Rakesh Jhunjhunwala and his wife Rekha paid Rs 18.5 crore and Rs 3.2 crore, respectively. The Rs 37-crore settlement amount includes disgorgement of gains and interest charges. Utpal Sheth, CEO of Jhunjhunwala's asset management firm Rare Enterprises, and his sister Ushma Sheth Sule have also settled the insider trading complaint. Utpal Sheth is a director of Aptech.



Individually, Rakesh Jhunjhunwala paid Rs 9.5 crore as settlement amount, Rs 5.86 crore towards disgorgement of ill-gotten gains along with interest of Rs 3.10 crore.

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Mumbai: Mumbai: Billionaire Indian investor **Rakesh Jhunjhunwala**, his wife Rekha, and eight others linked with an insider trading probe involving the stock of **Aptech** have settled the nearly five-year-old case by collectively paying the market regulator Rs 37 crore. A lawyer for the investor said the move was aimed at preventing further litigation and didn't amount to admission of guilt.

Jhunjhunwala's brother Rajeshkumar, sister Sudha Gupta and mother-in-law Sushiladevi Gupta are the other members of the billionaire's family opting to settle the case with the Securities and Exchange Board of India (**Sebi**).

ET reported on February 6 this year that Jhunjhunwala, some other members of his family, and several board-level executives at Aptech had filed a settlement application with the markets regulator in the case.

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Utpal Sheth, CEO of Jhunjhunwala's asset management firm Rare Enterprises, and his sister Ushma Sheth Sule have also settled the insider trading complaint. Utpal Sheth is a director of Aptech.

The probe relates to an Aptech filing with stock exchanges on September 7, 2016, announcing the company's entry into the preschool segment.

"The said information was considered Unpublished Price Sensitive Information (UPSI) and the period of **UPSI** was March 14, 2016, to September 7, 2016," Sebi said in its settlement order on Wednesday. "It is alleged that Utpal Sheth and Rakesh Jhunjhunwala were in possession of the UPSI and communicated it to the other applicants."

The regulator alleged that on the basis of inside information, Rakesh Jhunjhunwala and his family members traded in the shares of Aptech during the UPSI period.

"A settlement does not mean that the case of Sebi was proved or there is any admission by Mr Jhunjhunwala and others. It only means that the noticees decided to not litigate and bought peace," said Sumit Agrawal, founder of Regstreet Law Advisors and Rakesh Jhunjhunwala's legal counsel.

"Settlement is not an indication of indictment but deference to an authority instead of challenging it even when it may be incorrect," said Agrawal, who is also a former Sebi officer.

Separately, other Aptech board members, including investor Ramesh S Damani and independent director Madhu Jayakumar, paid Rs 6.2 crore and Rs 1.7 crore, respectively, to settle the matter.

Aptech's former director Chugh Yoginder Pal has also settled the case.

Aptech's current and former board members, in possession of insider information, were also alleged to have traded in the company's shares during the UPSI period, Sebi said in a separate order.

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