

Rakesh Jhunjunwala, Wife, Five Others Settle Aptech Insider Trading Case With SEBI

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Rakesh Jhunjunwala

Ace investor Rakesh Jhunjunwala, his wife Rekha Jhunjunwala and five others have settled a case with the Securities and Exchange Board of India (SEBI) related to using unpublished price sensitive information (UPSI) on [Aptech Ltd](#). Rakesh Jhunjunwala paid Rs 9.50 crore as settlement charges, disgorgement of ill-gotten gains and interest charges.

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On September 7, 2016, Aptech had announced its foray into the preschool segment after market hours. As per the SEBI order, this was a UPSI between March 14, 2016, and September 7, 2016, the date of official announcement.

“It is alleged that Utpal Seth and Rakesh Jhunjunwala were in possession of the UPSI and communicated the same to other applicants. On the basis of the UPSI, Rakesh Jhunjunwala, Rekha Jhunjunwala, Rajeshkumar Jhunjunwala, Shushila Devi Gupta, Sudha Gupta and Ushma Seth Sule are alleged to have traded in the scrip of Aptech during the UPSI period,” the Sebi order says.

As per SEBI settlement regulations, a defendant can settle an issue with the market regulator without admitting or denying the charges.

Apart from Jhunjhunwala, Rekha Jhunjhunwala has paid Rs 1.57 crore. Rajesh Kumar Jhunjhunwala, brother of Rakesh Jhunjhunwala, has paid Rs 1.22 crore, Sudha Gupta has paid Rs 50 lakh, Sushila Devi, mother-in-law of Rakesh Jhunjhunwala, has paid Rs 80 lakh, Ushma Seth Sule has paid Rs 52.95 lakh and Utpal Sheth, a close associate of Rakesh Jhunjhunwala, paid Rs 69 lakh as settlement amount.

“Settlement with SEBI allows defendants to settle insider trading charges without admitting the facts underlying those charges. In India, settlement orders before 2018 would state that a noticee 'neither admits nor denies' any allegation, while the new settlement regulations employ the language “without admitting or denying the findings of fact and conclusions of law”. This is because a settlement does not take away the legal presumption of innocence of a person unless proven guilty. Most settlement applications are filed to put quietus to the matter and avoid litigation. This leaves the question of facts and law both open and buried,” said Sumit Agrawal, Partner, Regstreet Law Advisors, and a lawyer of Rakesh Jhunjhunwala and his family.