

**PASSES SEVERAL ORDERS IN THE LAST TWO MONTHS IN A STRONG SIGNAL TO THE STREET**

# Sebi Steps Up Vigil Against Insider Trading, Cracks Down Hard

The back-to-back crackdowns by the Securities and Exchange Board of India (Sebi) show how rampant insider trading is on D-street, while also highlighting the fact that several market participants – promoters, senior company officials, investment bankers and high profile investors – have access to price-sensitive information and use it to trade. In the last one month, Sebi and the Securities Appellate Tribunal (SAT) have passed over half a dozen orders in insider trading cases. Through these actions, the markets regulator aims to blunt the criticism that not enough is being done to curb insider trading, said market participants. – **Rajesh Mascarenhas**

**JULY 2**

**COMPANY: DIVI'S LABORATORIES**

Sebi imposed a penalty of ₹96 lakh on the chief financial officer of Divi's Laboratories, L Kishore Babu, and his close associates, including his son, for indulging in insider trading in 2017. Kishore Babu and associates traded in the shares of Divi's Laboratories while in possession of unpublished price-sensitive information.

**JUNE 30**

**COMPANY: UNITED SPIRITS / DIAGEO**

Sebi slapped a fine of ₹1.32 crore on three relatives of Diageo's global business development manager Nishant Gupte. He was in possession of unpublished price-sensitive information relating to the open offer for the acquisition of shares of United Spirits by Diageo.



**JUNE 16**

**ADITYA OMPRAKASH GAGGAR**

Sebi imposed a ₹15-lakh fine on Aditya Omprakash Gaggar for leaking unverified financial results of Bata on a messaging service.

**JUNE 15**

**COMPANY: DYNAMIC TECHNOLOGIES**

Sebi directed Udayant Malhoutra, CEO of Dynamic Technologies to deposit ₹3.83 crore in an escrow account towards notional loss allegedly avoided by him by using unpublished price-sensitive information. However, the appellate body SAT later told Sebi to pass a fresh order within six months.

**JUNE 13**

**COMPANY: CRISIL / MORGAN STANLEY**

SAT upheld the charges on former

Morgan Stanley executive Utsav Pathak of insider trading in the shares of rating agency Crisil. Morgan Stanley was the banker for the Crisil open offer given by its promoter McGraw-Hill Asian Holdings in 2013. Pathak was a representative of Morgan Stanley at that point, and was legitimately associated with the exercises relating to the offer.

**JUNE 4**

**SHRUTI VORA**

Sebi fined ₹15 lakh on Shruti Vora, who was part of the sales team at Antique Stock Broking, for allegedly sharing unpublished price-sensitive information on Bata India through WhatsApp group chats.

**JUNE FIRST WEEK**

**COMPANY: APTECH / RAKESH JHUNJHUNWALA**

In another big crackdown, Sebi last



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month has sent a show-cause notice to billionaire investor Rakesh Jhunjhunwala for alleged insider trading in the shares of Aptech. The markets regulator is probing the roles of Jhunjhunwala, his family, and other board members of Aptech, including ace investor Ramesh Damani and director Madhu Jayakumar.

**MAY 29**

**SHRUTI VORA & PARTHIV DALAL**

Sebi fined Vora ₹45 lakh and Dalal ₹15 lakh, who were part of the sales team at Antique Stock Broking, for allegedly sharing unpublished price-sensitive information on Asian Paints, Mindtree and Wipro on WhatsApp groups.

Sebi in the recent past has widened the net and increased the quality of investigative processes for getting better conviction, but the current punishment or low penalty amount will not be enough to deter the rampant insider trading happening in India.

**SHRIRAM SUBRAMANIAN**,  
FOUNDER, INGOVERN RESEARCH SERVICES

It is not that Sebi does not have adequate powers to detect and prevent insider trading, but India's justice system prevents them to take immediate and stringent action against the culprits.

**J N GUPTA**, FOUNDER & MD,  
STAKEHOLDER EMPOWERMENT SERVICES

Today Sebi's regulations are one of the best globally. In terms of enforcement of insider trading law, Sebi has been passing a lot of orders relating to communications of insider information to traders even through WhatsApp and Facebook.

**SUMIT AGRAWAL**,  
FORMER SEBI OFFICIAL AND FOUNDER OF REGSTREET