

Sebi slaps Rs. 36 lakh fine on 4 entities for insider trading

Market regulator Sebi on Thursday slapped a total fine of Rs. 36 lakh on three individuals and Radhe Developers (India) Ltd for violating insider trading norms.

The case relates to a sharp rally in the scrip of Radhe Developers (India) Ltd during March-May, 2008. It was observed that the price of the scrip opened at Rs. 47.25 on March 27, 2008 and touched a high of Rs. 165.35 on May 7 before closing at Rs. 157.70.

Sebi, through two separate orders, has imposed a penalty of Rs. 21 lakh on Ashish Patel, Managing Director and promoter of Radhe Developers for trading in the company's scrip, while possessing un-published price sensitive information related to its quarterly earnings as well as not complying with model code of conduct.

Besides, Sebi (Securities and Exchange Board of India) has slapped a fine of Rs. 5 lakh each on the company and its two directors -- Praful Patel and Milan Patel for failing to adopt the model code of conduct as required under prohibition of Insider Trading Regulations.

According to Sebi, Ashish purchased shares from April 3, 2008 onwards and bought shares even on the day of the Board meeting (April 30, 2008) and immediately sold the scrips after the company's quarterly financial results was announced on May, 2008.

He purchased 25,885 shares of the company after April 23, 2008 and sold 6,300 shares after the announcement making a gain of Rs. 4.66 lakh through these trades.

Sebi said: " Patels were present in the meeting in the year 2003 when the model code of conduct was adopted by the company...the company and its BoDs (Milan, Ashish and Praful) responsible for setting forth the model code of conduct in absolute incongruity with the one prescribed under the PIT Regulations, which are not in terms of the spirit of the Regulation."

Noting about Ashish Patel, Sebi said he was "an insider of the Company had the access to unpublished price-sensitive information and traded in the scrip of Radhe".

(Hindustan Times)