

# SAT partially stays SEBI order against Kirloskar family in insider-trading case

Tribunal stays operative portion of ₹16-crore fine with condition

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The Securities Appellate Tribunal (SAT) has issued a partial stay on the order of market regulator SEBI against Rahul Kirloskar, Atul Kirloskar, Alpana Kirloskar and Arti Kirloskar in an insider-trading case.

In October 2020, SEBI held the Kirloskar family members guilty of insider trading in shares of a group company way back in 2010 and banned them from markets for six months.

The tribunal's reason for the partial stay was that SEBI had delayed in sending its show-cause notice. SEBI had issued a show-

**Kirloskar Brothers**



cause notice under the Prohibition of Fraudulent and Unfair Trade Practices (PFUTP) norms in 2020. The regulator's probe was based on the sale of 10.7 million shares (13.5 per cent stake) of Kirloskar Brothers to Kirloskar Industries (KIL) on October 6, 2010.

The SEBI said the promoters are guilty of fraud against minority shareholders as they were not aware of the promoter group's financial condition at the time of the stake sale. It had also asked them to pay up more than ₹16 crore with

interest for all these years. The SAT has instead stayed the effect and operation of the SEBI order, provided that the appellants, Kirloskars, do not sell their shares in Kirloskar Industries to the value of ₹10 crore each. Another person accused by SEBI, Jyotsna Kulkarni, will not sell her shares to the tune of ₹20 crore.

The tribunal refused to issue any direction against the SEBI order against Sanjay Kirloskar and Pratima Kirloskar on the reasoning that they had already deposited the penalty amount under protest. The penalty was around ₹42 lakh. It refused to deal with the question of 'whether the transfer of shares from husband to wife amounts to insider trading or not.' "We find that the appellants have already deposited the amount of penalty under protest. In view of the aforesaid, no interim order is required to be passed."