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SEBI bars Gammon India from trading

Our Bureau

Market regulator finds irregularities in 2001 rights issue

Mumbai , Dec 21

SEBI has barred Gammon India Ltd, its chairman Mr Abhijit Rajan, and two other entities from accessing the capital market for one year from December 21, 2006, for irregularities in its 2001 rights issue.

The regulator has also barred them from selling or transferring their shareholding in Gammon Infrastructure Projects Ltd, a company promoted by Gammon India, which has filed documents with SEBI for an IPO. The ban is for three years from the date of allotment of the IPO shares.

Mr Rajan is the promoter and Chairman and Managing Director of both Gammon India and Gammon Infrastructure Projects Ltd.

Reliance Silicones

SEBI also barred Reliance Silicones (I) Pvt Ltd, another company involved in the same rights issue irregularities, from accessing the capital market for one year from the date of the order.

It was alleged that funds of Gammon India were used for subscribing to its own rights issue. In effect the promoters did not use their own monies to subscribe to the issue. Funds were routed through Reliance Silicones and two promoter-controlled entities, namely Nikhita Estate Developers Pvt Ltd and Devyani Estate & Properties.

Gammon India had come out with a Rs 18.96 crore rights issue in 2001 for 63,20,572 shares of Rs10 each at a premium of Rs 20 per share in the ratio 1:1.

The issue opened on October 15, 2001, and closed on November 15, 2001.

SEBI findings suggest violation of the SEBI (Prohibition of fraudulent and unfair trade practices relating to securities market) Regulations.