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## **Sebi strikes again, pulls up more cos**

### **Gammon India banned from accessing market**

SEBI has banned Gammon India and its chief promoter Abhijit Rajan from accessing the capital market directly or indirectly. The ban has been imposed for a period of one year for violation of norms during its Rs 19 crore rights issue in 2001. Sebi has charged the promoters of diverting funds from the rights issue to increase their stake in parent company Gammon India. However, subsequent to the order, the fate of the the initial public issue of Gammon Infrastructure Projects (GIPL) – a subsidiary that Gammon India wanted to list in next year – is not yet clear. A company official said the company would challenge the order in the Securities Appellate Tribunal.

Sebi has also banned Nikhita Estate Developers, Devyani Estate & Properties – two promoter-controlled entities – and also one Reliance Silicones from accessing the capital market, as these entities have been accused of acting as fronts for siphoning of funds.

Gammon company officials were unavailable for comments.

In an order issued on late Thursday, Sebi said that the aforesaid entities will not be allowed to divest, transfer, sell or alienate in any way their shareholding in Gammon Infrastructure Projects for a period of three years from the date of the allotment in the public issue of the company.

“It cannot be denied that the whole scheme of transactions was crafted to enable the promoter associated entities of Gammon to subscribe to its rights issue using company funds and to hike their shareholding in the company without using personal funds,” G Anantharaman, whole time member, Sebi, said in an order.

Gammon India currently holds 82.5% in Gammon Infrastructure Projects. According to its proposed listing plan, around 18% was to get further diluted, which was to bring down Gammon India’s stake in GIPL to around 66%.

### **Kotak Securities fined Rs 10 lakh**

#### **Our Bureau MUMBAI**

SEBI has imposed a fine of Rs 10 lakh on Mumbai-based brokerage Kotak Securities alleging repeated failure to maintain proper margin requirements and client documentation. Sebi, in its order dated December 18, said that Kotak Securities has “repetitively committed 112 times the default of not maintaining the proper margin requirements.”

The Sebi order also points to instances of incomplete client registration forms including non-signing of photograph by clients, non-providing of annual income, no disclosure of portfolio value and lack of bankers certificate, among others.

In response, Kotak Securities said, “We are in receipt of an order from Sebi; the observations in the order are based upon routine inspections carried for the time period of 2001-03. We will examine the matter and take appropriate steps.” Sebi has also alleged unauthorised use of trading terminals. “Sebi’s inspection report says that the noticee (Kotak Securities) has 37 branch offices and one sub-broker and in compliance to Sebi circular. NSE / BSE has to grant trading terminals only at 38 (37+1) locations whereas, it is observed from Sebi’s inspection report that out of 299 NSE cash CTCL terminals, 70 terminals are operated by authorised persons and the remaining 229 are operated by persons other than authorised persons,” adjudicating officer Sura Reddy said. Kotak Securities has denied the allegation contended that Sebi has not detailed the particulars of the alleged unauthorised places and persons, where, and to whom, they have located and granted access to, trading terminals