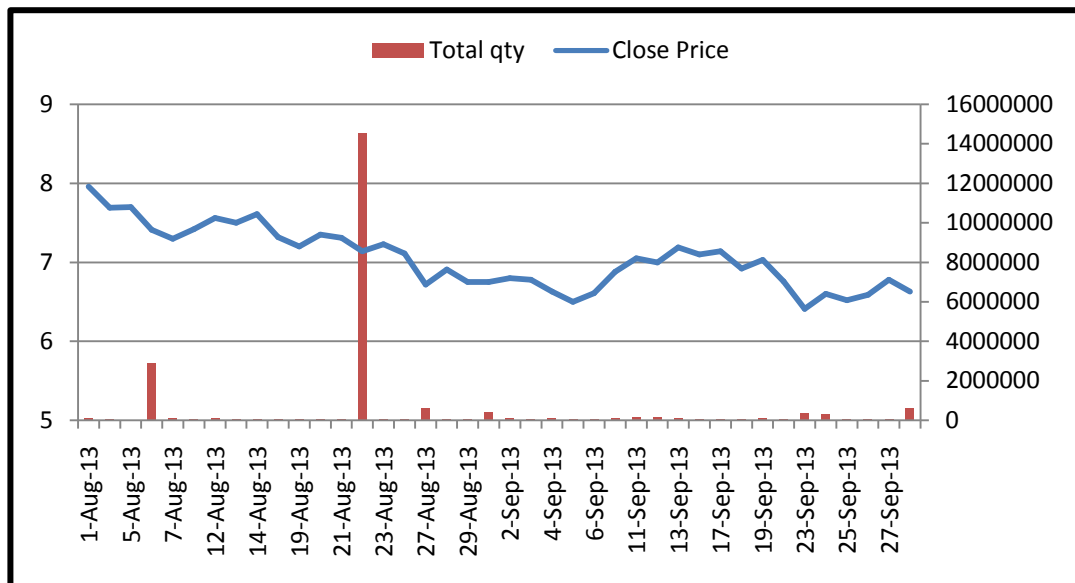


SECURITIES AND EXCHANGE BOARD OF INDIA

*AD -INTERIM EX-PARTE ORDER***UNDER SECTIONS 11(1), 11(4) AND 11B OF THE SEBI ACT, 1992 IN RESPECT OF MR. ABHIJIT RAJAN, Ex- CHAIRMAN AND MANAGING DIRECTOR OF GAMMON INFRASTRUCTURE PROJECTS LIMITED.**

1. The shares of Gammon Infrastructure Projects Limited (hereinafter referred to as "GIPL/Company") are listed at the Bombay Stock Exchange Limited (hereinafter referred to as "BSE") and National Stock Exchange Limited (hereinafter referred to as "NSE"). Based on the input of NSE that there is a possibility that certain clients might have traded on the basis of unpublished price sensitive information, Securities and Exchange Board of India (hereinafter referred to as 'SEBI'), conducted a preliminary inquiry in the dealings in the scrip of GIPL for the period August 01, 2013 to September 30, 2013 (hereinafter referred to as "examination period "). The price volume movement in the scrip of GIPL during the examination period is represented graphically below:



2. During the preliminary inquiry , the following were observed:-
- GIPL is an infrastructure project development company promoted by Gammon India Limited (holding 71.93% stake). Another promoter of GIPL is Gactel Turnkey Projects Limited holding 3.05% stake which is also the subsidiary of Gammon India Limited. Mr. Abhijit Rajan was the Chairman and Managing Director ("CMD") of GIPL till

September 20, 2013 when he resigned from the post of CMD but continued to be on the board of GIPL.

- b) On September 03, 2013, GIPL made a disclosure to the stock exchanges regarding termination of Shareholders' Agreement dated April 26, 2012 with Simplex Infrastructures Limited ("SIL") for purchasing 49% equity stake in Maa Durga Expressways Private Ltd (hereinafter referred to as "Maa Durga Expressways") promoted by SIL and selling 49% equity stake in Vijayawada Gundugolanu Road Project Private Limited (hereinafter referred to as the " Vijayawada Road Project") promoted by GIPL. The total project cost as per National Highways Authority of India (NHAI) concession agreement for Vijayawada Road Project and Maa Durga Expressways was ₹ 1648 crores and ₹ 940 crores respectively.
- c) On August 09, 2013, resolution for termination of agreement was passed in the board meeting of GIPL and the said Termination Agreements were signed on August 30, 2013 by SIL and GIPL.
- d) On August 22, 2013, Mr. Abhijit Rajan sold 1,43,81,246 shares held by him in GIPL (representing approximately 70.56% of his holding in GIPL as on August 22, 2013) at BSE (72,29,985 shares) and NSE (71,50,000 shares) for an aggregate value of ₹ 10,27,40,534/.
- e) On August 22, 2013, the total traded volume in the scrip was 1,45,38,743 shares (71,89,916 shares at BSE and 73,48,827 shares at NSE). Out of this total traded volume, Mr. Abhijit Rajan traded in 1,43,81,246 shares which constitutes approximately 98.92 % of total market volume and approximately 99.02% of the net market volume.
- f) On inquiry, GIPL vide emails dated June 21, 2014 and June 27, 2014 confirmed that the telephonic discussions between the senior management of GIPL and SIL regarding termination of the Shareholders' Agreement dated April 26, 2012 commenced in the second week of July 2013. It has also forwarded the copies of emails exchanged in respect of the termination of the Shareholders' Agreement. From the information so furnished by GIPL it was noted that, GIPL and SIL exchanged draft of Termination Agreement through emails commencing from July 29, 2013 onwards. It is observed that the communication with regard to modifications in the draft Termination Agreement had continued between GIPL and SIL up to August 09, 2013 and finally the decision of termination of Shareholders' Agreement was taken by the board of GIPL in the board meeting held on August 09, 2013. GIPL vide its email dated June 21, 2014 also forwarded the extracts of the minutes of this board meeting confirming that the meeting was attended and chaired by Mr. Abhijit Rajan, the then CMD of GIPL.
- g) It is thus observed that the '*unpublished price sensitive information*' about the termination of the Shareholders' Agreement dated April 26, 2012 was in existence from the second week of July 2013 and it remained unpublished till September 03, 2013 when the

disclosure with regard to the same was made to the exchanges. Further, Mr. Abhijit Rajan was reasonably expected to have access to the aforesaid '*unpublished price sensitive information*' on all material times from second week of July 2013 and he was in possession thereof at least on August 09, 2013 when the board of directors of GIPL had approved the termination of Shareholders' Agreement.

- h) It is observed that Mr. Abhijit Rajan, CMD of GIPL sold his shares in GIPL as mentioned above on August 22, 2013 on the basis of the '*unpublished price sensitive information*' about the termination of the Shareholders' Agreement between GIPL and SIL which was published on September 03, 2013. Thus, he engaged in insider trading which is prohibited under the SEBI Act and the SEBI (Prohibition of Insider Trading) Regulations, 1992 ("PIT Regulations").
3. I note that the core activity of GIPL is participation in infrastructure projects. Thus, the termination of Shareholders' Agreement for the infrastructure projects, as big as in the instant case, was a significant change in the plans or operations of GIPL and this information had the likelihood of affecting the prices of securities of GIPL. Therefore, such information, would fall within the purview of the definition of '*price sensitive information*' under regulation 2(ha) of the PIT Regulations. Further, this '*price sensitive information*' about the termination of the Shareholders' Agreement dated April 26, 2012 was in existence from the second week of July 2013 and, beyond doubt, from August 09, 2013 i.e. the day the termination of the Shareholders' Agreement was finally approved by the board of GIPL. This '*price sensitive information*' was published on September 03, 2013 when the disclosure with regard to the same was made to the exchanges. Thus, said '*price sensitive information*' was '*unpublished*' till September 03, 2013 within the meaning of regulation 2(k) of the PIT Regulations.
4. I also note that Mr. Abhijit Rajan was the CMD of GIPL till September 20, 2013 and continues to be its director thereafter. Thus, by virtue of his position in the company, he was connected to GIPL when he indulged in the impugned trading and he continues to be connected. Apart from this, being CMD of GIPL and having attended and chaired the board meeting held on August 09, 2013, he also had full access to the '*unpublished price sensitive information*'. Thus, he is squarely covered by the definition of the term '*insider*' under regulation 2(e) of the PIT Regulations which reads as under-

Regulation 2(e)-

"insider" means any person who,

(i) is or was connected with the company or is deemed to have been connected with the company and is reasonably expected to have access to unpublished price sensitive information in respect of securities of company, or

(ii) has received or has had access to such unpublished price sensitive information ; "

5. In the facts and circumstances of this case as observed during the preliminary inquiry, it can reasonably be inferred that Mr. Abhijit Rajan was aware of the decision to terminate the Shareholders' Agreement at all relevant times when the verbal discussions were held and emails were exchanged with regard to the termination of Shareholders' Agreement. In any case, the fact that he was present and had chaired the board meeting held on August 09, 2013 wherein the final decision to terminate the Shareholders' Agreement dated April 26, 2012 was unanimously taken confirms that he was in possession of the '*unpublished price sensitive information*' about the termination of the agreements between GIPL and SIL atleast from August 09, 2013.
6. In the present case, although the board of GIPL decided to terminate the Shareholders' Agreement on August 09 2013, the same was disclosed to BSE and NSE on September 03, 2013 i.e. after a gap of around 25 days. During this period, Mr. Abhijit Rajan, being an '*insider*', sold 1,43,81,246 shares in GIPL on August 22, 2013 while he was in possession of the aforementioned '*unpublished price sensitive information*'. I note that in response to query from SEBI on this issue, GIPL vide its letter dated March 10, 2014 responded as under-

".....it appears that you are seeking to establish some kind of a connection between the sale of Mr. Abhijit Rajan of some of his equity holding in the Company and the termination of the shareholders agreement with Simplex Infrastructures Ltd. for two special purpose vehicles. In our view it may purely be coincidental."

7. I am unable to accept the above explanation. Considering the facts and circumstances of this case, sale of equity stake by CMD while in possession of the aforesaid '*unpublished price sensitive information*' cannot be a mere coincidence as apart from being privy to the developments and decisions in respect of termination of Shareholders' Agreement for the two important infrastructure projects, he attended and chaired the board meeting held on August 9, 2013 in which the decision to terminate the Shareholders' Agreement was finally taken. In this regard, it is pertinent to mention the following observation of Hon'ble Securities Appellate Tribunal in the matter of *Mrs. Chandrakala v. SEBI* (Appeal No. 209 of 2011; order dated January 31, 2012):-

"It means that the trades executed should be motivated by the information in the possession of the insider. If an insider trades or deals in securities of a listed company, it may be presumed that he / she traded on the basis of unpublished price sensitive information in his / her possession unless contrary to the same is established. The burden of proving a situation contrary to the presumption mentioned above lies on the insider. ..."

8. In view of the above, I *prima-facie* find that Mr Abhijit Rajan, being an '*insider*', had access to the '*unpublished price sensitive information*' and was in possession of the same and he dealt in the shares of GIPL on the basis of the said '*unpublished price sensitive information*' and has, thus, violated provisions of section 12A (d) and (e) of the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and regulation 3(i) read with regulation 4 of the PIT Regulations and which read as under:-

Section 12 A of SEBI Act

"No person shall directly or indirectly:-

d) engage in insider trading

e) deal in securities while in possession of material or non-public information or communicate such material or non-public information to any other person, in a manner which is in contravention of the provisions of this Act or the rules or the regulations made there under;"

Regulation 3 of PIT Regulations

"No insider shall—

i. either on his own behalf or on behalf of any other person, deal in securities of a company listed on any stock exchange [when in possession of] any unpublished price sensitive information; or

ii. -----"

Regulation 4 of PIT Regulations

"Any insider who deals in securities in contravention of the provisions of regulation 3 or 3A shall be guilty of insider trading."

9. At this point, it is pertinent to mention that, in the past also, on one occasion, Mr. Abhijit Rajan has been penalised by SEBI for violation of securities laws. SEBI, vide order dated December 21, 2006, had debarred Mr Abhijit Rajan from accessing the capital market for the period of one year for his alleged role in the rights issue of Gammon India Ltd. The appeal filed by him against the said order of SEBI was dismissed by Hon'ble Securities Appellate Tribunal vide order dated June 20, 2008.
10. I note that Mr Abhijit Rajan, is currently the Chairman and Managing Director of Gammon India Limited, a company listed on BSE and NSE. He is directly holding 81,72,459 shares (5.99%) and indirectly holding around 29% shares of the said company. I find that it is imperative for SEBI to deal firmly with such instances of violation by persons in charge of affairs of listed companies in order to send a stern message to deter indulgence in such activities by others as such activities apart from being detrimental to the interests of investors endanger the integrity of the whole securities market.

11. In view of the foregoing, I am of the *prima facie* view that this is a fit case where pending investigation, urgent action is required to be taken by way of an *ad interim ex -parte* order. Therefore, in order to protect the interest of investors and the integrity of the securities market, I, in exercise of the powers conferred upon me under section 19 read with section 11(1), section 11(4) and section 11B of the SEBI Act, pending investigation in the matter, hereby restrain Mr Abhijit Rajan (PAN- AAEPR0342J) from buying, selling or dealing in securities and accessing the securities markets, either directly or indirectly, in any manner whatsoever, till further directions.
12. The stock exchanges and the depositories are directed to ensure that all the above directions are strictly enforced.
13. Mr Abhijit Rajan may file his reply, if any, to SEBI within 21 days from the date of receipt of this order and, if he so desires, avail an opportunity of personal hearing on a date, place and time fixed in that regard by Securities and Exchange Board of India.
14. The order shall come into force with immediate effect.

DATE: July 17th, 2014

PLACE: MUMBAI

RAJEEV KUMAR AGARWAL
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA