

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA,
INTERIM ORDER CUM SHOW CAUSE NOTICE**

**UNDER SECTION 11(1), 11(4) AND 11B OF THE SECURITIES AND EXCHANGE
BOARD OF INDIA ACT, 1992 IN THE MATTER OF –**

Sr. No.	Noticees	DIN/CIN	PAN
Company			
1.	Ganga Sagar Foods & Beverages India Limited	U15400MP2011PLC026536	
Directors			
2.	Sekh Ranjan Ali	05309921	AZAPA3366Q
3.	Somnath Santra	06630049	DAPPS8724B
4.	Sanatan Banerjee	06685477	AUEPB3112A
5.	Gopal Saha	03565572	BDXPS9510G
6.	Sachin Ray	03565561	AURPR4962P
7.	Narayan Paul	03565584	ALVPP5142Q
Debenture Trustee			
8.	Madhumita Saha		

- Securities and Exchange Board of India ("SEBI") received several complaints along with copy of debenture certificates, alleging that Ganga Sagar Foods & Beverages India Limited ("GSFBIL") had issued Non-Convertible Redeemable Secured Debentures (hereinafter referred to as "NCDs") to mobilize money from the public and they are not refunding the money collected from the investors.
- As a matter of preliminary enquiry, the information/documents received from the complainants and the information available on MCA portal was analysed (including Form 10 filed by GSFBIL with RoC for registration of charges for debentures). From the information/details forwarded by the complainants and the details obtained from MCA portal, it is observed as under:

- The company is registered with ROC –Gwalior with CIN No. U15400MP2011PLC026536;

- Date of Incorporation of the company is August 05, 2011;
- Registered office address is at Ved Bhavan oppt. University Quarters Mahal Gaon Main Road City Center Gwalior MP 474002.
- Activity of the company is mentioned as Manufacture of Food products and beverages in Form No. 1(application and declaration of incorporation of company).
- The details of past and present directors of the company are tabulated below :

Table - A

Sr. No.	Name	Designation	DIN/PAN	Address	Date of joining	Date of resignation
1	Shri. Gopal Saha	Past Director	03565572	Bidyachakra Colony, 34, Arun Mujumdar Sarani, PO-Sevoke Road, Siliguri, 734001, West Bengal	05-8-2011	25-7-2014
2	Shri. Sachin Ray	Past Director	03565561	H No. 274/232/702, Rishi Aurobindo Road, Hakimpara, Siliguri, West Bengal-734001	05-8-2011	25-7-2014
3	Shri. Narayan Paul	Past Director	03565584	H No. 274/232/702, Rishi Aurobindo Road, Hakimpara, Siliguri, West Bengal-734001	05-8-2011	25-7-2014
4	Shri. Sekh Ranjan Ali	Present Director	05309921	Madhya Hijla paschim, Mouja-Madhya, J L No. 54, Singur, Hooghly-712409(West Bengal)	17-7-2014	
5	Shri. Somnath Santra	Present Director	06630049	Khasserabhedi,Uttar (Mauja Khasserabhedi ,J.L. NO.-11 Beraberi SINGUR HOOGHLY 712407 (WB)	17-7-2014	
6	Shri. Sanatan Banerjee	Present Director	06685477	BENEPARA, G.P - PARAMBUA SAHABAJAR P.S - DHANIAKHALI, DIST - HOOGHLY DHANIAKHALI 712423 (WB)	17-7-2014	

- Physical verification of the company at its corporate office address of Kolkata was done. However, it was ascertained that the company was not operating from the said premises.

- SEBI has received many investor complaints, where they have enclosed copies of debenture certificates issued by the company. The complainants also forwarded certain documents, which inter alia includes copies of certificate of incorporation of the company, Instructions forming part of the allotment, Terms & conditions of Debenture Issue and different schemes/ payment plans offered by GSFBIIL for mobilisation of money from the investors.
- The debenture certificates issued by GSFBIIL and furnished by complainants mention the following:
 - a) Issue of 'Non-Convertible redeemable secured Debenture' of face value Rs 100 each.
 - b) The registered folio number, allotment Letter number, Allotment date and redemption date redemption value, distinctive number of form, number of debentures, Plan, Scheme etc.
 - c) Redemption amounts mentioned on these certificates are different for different folio numbers. Apparently these folio numbers are linked with different schemes bearing different maturity period, offered by the GSFBIIL.
- From the documents available on MCA 21 portal, it is noted that:
 - a) Company has not filed any balance sheets/ annual Return.
 - b) Company has filed FORM 10, Debenture Trust deed and Certificate of Registration of Mortgage.
 - c) Debenture Trust Deed was signed between Company (Ganga Sagar Foods & Beverages India Limited) and trustee of Ganga Sagar Debenture Trust (Ms. Madhumita Saha) on 12th day of August 2011. As per the Debenture Trust deed and FORM 10, Company is to raise Rs. 50 Crores by issue of Debentures of Rs. 100/- each. In consideration to the debentures, company mortgages to the trustee all the present or future properties of the company.
 - d) Schedule – I of the debenture trust deed provides the details of different schemes of Multiplier NON-Convertible Redeemable Secured Debenture, tabulated as under:

Scheme – I Multiplier Non- Convertible Redeemable Secured Debenture

Plan - A	A1	A2	A3	A4
No. Of Debentures	12	24	36	60
Issue Price	1200/-	2400/-	3600/-	6000/-
Redemption Value	1380/-	2904/-	4536/-	8460/-
Redemption Period	15 Months + 1Day	27 Months + 1 Day	39 Months + 1 Day	63 Months + 1 Day

Scheme – II Multiplier Non- Convertible Redeemable Secured Debenture

Plan - B	B1	B2	B3	B4	B5	B6	B7	B8
Issue Price (Min. 10 Debentures)	1000/-	1000/-	1000/-	1000/-	1000/-	1000/-	1000/-	1000/-
Redemption Value	1100/-	1220/-	1500/-	2000/-	3000/-	6000/-	8000/-	10000/-
Redemption Period	1Year 1Day	2Years	3Years	5Years	6Years	10Years	12Years	15Years

Scheme – II Regular Income Non- Convertible Redeemable Secured Debenture

Plan – C	Redemption Period	Rate of interest (Per Year)	Bonus at the time of Maturity
C1	1Year + 1Day	10%	
C2	3Years	13%	1%
C3	5Years	15%	2%
C4	7Years	17%	3%
C5	10Years	20%	5%

- In order to seek information and details on the complaints filed by the investors, SEBI sent letters dated March 16, 2015 and April 27, 2015 to the complainant viz., Shri Krishnadas Pal. Thereafter, the complainant vide letter dated June 30, 2015 had provided a list of debenture holders. Further, letters dated March 16, 2015 and subsequent reminder letter dated April 27, 2015 were also sent to the company, its directors namely, Shri. Gopal Saha, Shri. Sachin Ray, Shri. Narayan Paul, Shri. Sekh Ranjan Ali, Shri. Somnath Santra and Shri. Sanatan Banerjee and, debenture trustee (Ms. Madhumita Saha) seeking details of fund mobilization activity of the company and details of debenture holders. However, none of the directors, or the company or debenture trustee replied to the letters of SEBI.
- As per the details of debenture certificates provided by the complainant, it is observed that GSFBIIL had issued Non-Convertible Secured Redeemable Debentures (“NCDs”) to 71 investors during the financial year 2012-13. Details of the debenture certificates issued by the company are provided as under:

Table - B

Kind of Securities	FY- Year	No of persons to whom the NCDs were allotted	No. of NCD's issued	Amount collected by the company*
Secured Non-Convertible Redeemable Debenture	2012 - 2013	71**	43,146	Rs. 43,14,600
Total		71	43,146	Rs. 43,14,600

*Amount collected is the total value of number of NCD's issued @ of face value Rs. 100/- each.

** Certificates provided by the complainant.

ISSUES FOR DETERMINATION

5. In the context of the abovementioned details, the issue for determination in the instant matter is whether the mobilization of funds by GSFBIIL through the issuance of NCD is in accordance with the provisions of the Securities and exchange Board of India Act, 1992 ("SEBI Act"), the Companies Act, 1956 read with the Companies Act, 2013 and the SEBI (Issue and Listing of Debt Securities), Regulations, 2008 ("Debt Securities Regulations").
6. Section 67 of the Companies Act, 1956 deals with conditions and circumstances under which an offer of shares and debentures by a company would be construed as one made to the public. Extract of relevant provisions of section 67 of the Companies Act, 1956 in this regard are reproduced as under:

“Construction of reference to offering shares or debentures to the public, etc.

"67. (1) Any reference in this Act or in the articles of a company to offering shares or debentures to the public shall, subject to any provision to the contrary contained in this Act and subject also to the provisions of sub-sections (3) and (4), be construed as including a reference to offering them to any section of the public, whether selected as members or debenture holders of the company concerned or as clients of the person issuing the prospectus or in any other manner.

(3) No offer or invitation shall be treated as made to the public by virtue of sub-section (1) or sub-section (2), as the case may be, if the offer or invitation can properly be regarded, in all the circumstances-

(a) as not being calculated to result, directly or indirectly, in the shares or debentures becoming available for subscription or purchase by persons other than those receiving the offer or invitation; or

(b) otherwise as being a domestic concern of the persons making and receiving the offer or invitation ...

Provided that nothing contained in this sub-section shall apply in a case where the offer or invitation to subscribe for shares or debentures is made to fifty persons or more:

Provided further that nothing contained in the first proviso shall apply to non-banking financial companies or public financial institutions specified in section 4A of the Companies Act, 1956 (1 of 1956).”

7. For ascertaining whether the issuance of NCDs is a public issue or an issue on private placement basis, the number of subscribers is of utmost importance. Further, under the new Companies Act,

2013, post April 1, 2014, any offer or allotment of securities shall be construed as public issue if the number of offerees/allottees exceeds 200 persons, excluding certain class of subscribers. In the instant case, it is observed that even after repeated advice, the company has not provided the details of its fund mobilization activities including the details of allottees and the fund raised through the issuance of NCDs. However, from the analysis of the details of investor complaints and copy of debenture certificates provided by the complainants, it is observed that the company has issued NCDs to more than forty nine persons during the FY 2012-13 (71 investors). It is also pertinent to mention here that despite continuous follow up by SEBI with the company and its directors, they have not co-operated with the examination process. Therefore the number of investors could be more than what is mentioned in Table – B and the exact quantum of fund mobilization by GSFBIL through issuance of NCDs could not be ascertained. However, considering the documents submitted by investors, it *prima facie* leads me to draw an inference that the number of persons from whom funds were mobilised by issuance of NCDs is beyond the prescribed limit of forty nine for the year 2012-13. Therefore, it can be inferred that the company had issued NCDs to the public during the said year.

8. From the abovementioned, it will follow that since the issuance of NCDs by GSFBIL is a public issue of securities, such securities shall also have to be listed on a recognized stock exchange, as mandated under Section 73 of the Companies Act, 1956[corresponding Section 40 of Companies Act, 2013]. As per these provisions, every company intending to offer shares or debentures to the public for subscription by the issue of a prospectus shall, before such issue, make an application to one or more recognized stock exchanges for permission for the shares or debentures intending to be so offered to be dealt with in the stock exchange. However, available records do not suggest that GSFBIL has made any such application for listing of securities to any recognized stock exchange. Thus, it has violated the provisions of Section 73 of Companies Act, 1956, read with section 465 of the Companies Act, 2013.
9. Further, from the available documents and records, it is observed that GSFBIL made an offer or invitation to the public and issued debentures to more than forty nine persons. Under Section 60 of the Companies Act, 1956 [Section 389 read with Section 2(70) of the Companies Act, 2013], a company needs to register its prospectus with the RoC, before making a public offer or issuing the prospectus. Being a public offer, GSFBIL was required to register a prospectus with the RoC under

Section 60 of the Companies Act, 1956. But as per documents available on record, GSFBIIL did not file the prospectus and thus violated these provisions. It is also observed that Section 56(1) of the Companies Act, 1956 mandates that every prospectus issued by or on behalf of a company to contain the details specified in the provision. Based on the documents available on record, it is observed that GSFBIIL had not complied with the provisions of Section 56(1) of the Companies Act, 1956.

10. In addition to the above, a company which intends to issue debentures to the public has to comply with the provisions of SEBI (Issue of Listing of Debt Securities) Regulations, 2008. It is observed from the available records that GSFBIIL has not complied with the following provisions of SEBI (Issue of Listing of Debt Securities) Regulations, 2008:-

General Conditions.

4.

...

(2) No issuer shall make a public issue of debt securities unless following conditions are satisfied, as on the date of filing of draft offer document and final offer document as provided in these regulations,

(a) it has made an application to one or more recognized stock exchanges for listing of such securities therein:

Provided that where the application is made to more than one recognized stock exchanges, the issuer shall choose one of them as the designated stock exchange;

Provided further that where any of such stock exchanges have nationwide trading terminals, the issuer shall choose one of them as the designated stock exchange;

Explanation: For any subsequent public issue, the issuer may choose a different stock exchange as a designated stock exchange subject to the requirements of this regulation;

(b) it has obtained in-principle approval for listing of its debt securities on the recognized stock exchanges where the application for listing has been made;

(c) credit rating has been obtained from at least one credit rating agency registered with the Board and is disclosed in the offer document:

Provided that where credit ratings are obtained from more than one credit rating agencies, all the ratings, including the unaccepted ratings, shall be disclosed in the offer document;

(d) it has entered into an arrangement with a depository registered with the Board for dematerialization of the debt securities that are proposed to be issued to the public, in accordance with the Depositories Act, 1996 and regulations made thereunder.

Disclosures in the offer document

5. (1) The offer document shall contain all material disclosures which are necessary for the subscribers of the debt securities to take an informed investment decision.

(2) Without prejudice to the generality of sub-regulation (1), the issuer and the lead merchant banker shall ensure that the offer document contains the following:

(a) the disclosures specified in Schedule II of the Companies Act, 1956;

(b) disclosure specified in Schedule I of these regulations;

(c) additional disclosures as may be specified by the Board.

Explanation: For the purpose of this regulation, "material" means anything which is likely to impact an investors' investment decision.

Filing of draft offer document

6. (1) No issuer shall make a public issue of debt securities unless a draft offer document has been filed with the designated stock exchange through the lead merchant banker.
- (2) The draft offer document filed with the designated stock exchange shall be made public by posting the same on the website of the designated stock exchange for seeking public comments for a period of seven working days from the date of filing the draft offer document with such exchange.
- (3) The draft offer document may also be displayed on the website of the issuer, merchant bankers and the stock exchanges where the debt securities are proposed to be listed.
- (4) The lead merchant banker shall ensure that the draft offer document clearly specifies the names and contact particulars of the compliance officer of the lead merchant banker and the issuer including the postal and email address, telephone and fax numbers.
- (5) The Lead Merchant Banker shall ensure that all comments received on the draft offer document are suitably addressed prior to the filing of the offer document with the Registrar of Companies.
- (6) A copy of draft and final offer document shall also be forwarded to the Board for its records, [along with regulatory fees as specified in Schedule V] simultaneously with filing of these documents with designated stock exchange.
- (7) The lead merchant banker shall, prior to filing of the offer document with the Registrar of Companies, furnish to the Board a due diligence certificate as per Schedule II of these regulations.
- (8) The debenture trustee shall, prior to the opening of the public issue, furnish to the Board a due diligence certificate as per Schedule III of these regulations.

Mode of Disclosure of Offer Document

7. (1) The draft and final offer document shall be displayed on the websites of stock exchanges and shall be available for download in PDF / HTML formats.
- (2) The offer document shall be filed with the designated stock exchange, simultaneously with filing thereof with the Registrar of Companies, for dissemination on its website prior to the opening of the issue.
- (3) Where any person makes a request for a physical copy of the offer document, the same shall be provided to him by the issuer or lead merchant banker.

Advertisements for Public issues

8. (1) The issuer shall make a advertisement in an national daily with wide circulation, on or before the Issue opening date and such advertisement shall, amongst other things, contain the disclosures as per Schedule IV.
- (2) No issuer shall issue an advertisement which is misleading in material particular or which contains any information in a distorted manner or which is manipulative or deceptive.
- (3) The advertisement shall be truthful, fair and clear and shall not contain a statement, promise or forecast which is untrue or misleading.
- (4) Any advertisement issued by the issuer shall not contain any matters which are extraneous to the contents of the offer document.
- (5) The advertisement shall urge the investors to invest only on the basis of information contained in the offer document.
- (6) Any corporate or product advertisement issued by the issuer during the subscription period shall not make any reference to the issue of debt securities or be used for solicitation.

Abridged Prospectus and application forms

9. (1) The issuer and lead merchant banker shall ensure that:
 - (a) every application form issued by the issuer is accompanied by a copy of the abridged prospectus;

- (b) the abridged prospectus shall not contain matters which are extraneous to the contents of the prospectus;
- (c) adequate space shall be provided in the application form to enable the investors to fill in various details like name, address, etc.
- (2) The issuer may provide the facility for subscription of application in electronic mode.

Minimum subscription.

12. (1) The issuer may decide the amount of minimum subscription which it seeks to raise by issue of debt securities and disclose the same in the offer document.
- (2) In the event of non-receipt of minimum subscription all application moneys received in the public issue shall be refunded forthwith to the applicants.

Prohibitions of mis-statements in the offer document.

- 14.(1) The offer document shall not omit disclosure of any material fact which may make the statements made therein, in light of the circumstances under which they are made, misleading.
- (2) The offer document or abridged prospectus or any advertisement issued by an issuer in connection with a public issue of debt securities shall not contain any false or misleading statement.

Trust Deed

15. (1) A trust deed for securing the issue of debt securities shall be executed by the issuer in favour of the debenture trustee within three months of the closure of the issue.
- (2) The trust deed shall contain such clauses as may be prescribed under section 117A of the Companies Act, 1956 and those mentioned in Schedule IV of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993.
- (3) The trust deed shall not contain a clause which has the effect of –
- (i) limiting or extinguishing the obligations and liabilities of the debenture trustees or the issuer in relation to any rights or interests of the investors;
 - (ii) limiting or restricting or waiving the provisions of the Act , these regulations and circulars or guidelines issued by the Board;
 - (iii) indemnifying the debenture trustees or the issuer for loss or damage caused by their act of negligence or commission or omission.

Debenture Redemption Reserve

16. (1) For the redemption of the debt securities issued by a company, the issuer shall create debenture redemption reserve in accordance with the provisions of the Companies Act, 1956 and circulars issued by Central Government in this regard.
- (2) Where the issuer has defaulted in payment of interest on debt securities or redemption thereof or in creation of security as per the terms of the issue of debt securities, any distribution of dividend shall require approval of the debenture trustees.

Creation of security

17. (1) The proposal to create a charge or security , if any, in respect of secured debt securities shall be disclosed in the offer document along with its implications.
- (2) The issuer shall give an undertaking in the offer document that the assets on which charge is created are free from any encumbrances and if the assets are already charged to secure a debt, the permissions or consent to create second or pari-passu charge on the assets of the issuer have been obtained from the earlier creditor.
- (3) The issue proceeds shall be kept in an escrow account until the documents for creation of security as stated in the offer document, are executed.

Mandatory listing

19. (1) *An issuer desirous of making an offer of debt securities to the public shall make an application for listing to one or more recognized stock exchanges in terms of sub-section (1) of section 73 of the Companies Act, 1956 (1 of 1956).*

(2) *The issuer shall comply with conditions of listing of such debt securities as specified in the Listing Agreement with the stock exchange where such debt securities are sought to be listed.*

(3) *Where the issuer has disclosed the intention to seek listing of debt securities issued on private placement basis, the issuer shall forward the listing application along with the disclosures specified in Schedule I to the recognized stock exchange within fifteen days from the date of allotment of such debt securities.*

Obligations of the Issuer, Lead Merchant Banker, etc.

26. (1) *The issuer shall disclose all the material facts in the offer documents issued or distributed to the public and shall ensure that all the disclosures made in the offer document are true, fair and adequate and there is no misleading or untrue statements or mis-statement in the offer document.*

(2) *The Merchant Banker shall verify and confirm that the disclosures made in the offer documents are true, fair and adequate and ensure that the issuer is in compliance with these regulations as well as all transaction specific disclosures required in Schedule I of these regulations and Schedule II of the Companies Act, 1956.*

(3) *The issuer shall treat the applicants in a public issue of debt securities in a fair and equitable manner as per the procedures as may be specified by the Board.*

(4) *The intermediaries shall be responsible for the due diligence in respect of assignments undertaken by them in respect of issue, offer and distribution of securities to the public.*

(5) *No person shall employ any device, scheme or artifice to defraud in connection with issue or subscription or distribution of debt securities which are listed or proposed to be listed on a recognized stock exchange.*

(6) *The issuer and the merchant banker shall ensure that the security created to secure the debt securities is adequate to ensure 100% asset cover for the debt securities."*

11. Upon consideration of the aforementioned paragraphs, I am of the view that for the Financial Year 2012-13, GSFBIL is *prima facie* engaged in fund mobilising activity from the public, through the issuance of NCDs without complying with the aforementioned provisions of the Debt Securities Regulation.
12. In terms of section 73(2) of the Companies Act, 1956, the company and every director who is an officer in default is jointly and severally liable for repayment of the money raised in breach of provisions of section 73(1). As per available information, Gopal Saha, Sachin Ray and Narayan Paul were directors of GSFBIL during the period of money mobilization through *offer and allotment of Secured Redeemable Debentures* and hence are responsible for contravention of the abovementioned Public Issue requirements and are also liable for refund of money to the investors. Sekh Ranjan Ali, Somnath Santra and Sanatan Banerjee have become directors of the company post the money mobilization, and hence, are liable for the alleged contraventions by GSFBIL.

13. It is also observed from the extracts of the debenture trust deed dated August 12, 2011 of GSFBIIL and other documents that GSFBIIL has appointed Ganga Sagar Debenture Trust represented by Ms. Madhumita Saha as Debenture Trustee for the issuance of NCDs. As per Section 12(1) of the SEBI Act "*No... trustee of trust deed ... shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act*". Further, Regulation 7 of SEBI (Debenture Trustees) Regulations, 1993 ("*Debenture Trustees Regulations*"), provides that: "*no person should act as a debenture trustee unless he is either –*
- i. a scheduled bank carrying on commercial activity; or*
 - ii. a public financial institution within the meaning of section 4A of the Companies Act, 1956; or*
 - iii. an insurance company; or*
 - iv. body corporate."*
14. It is observed that GSFBIIL had appointed a Debenture Trustee which is not registered with SEBI. Based on the material available on record, I find that M/s Ganga Sagar Debenture Trust represented by Ms. Madhumita Saha as Debenture Trustee *prima facie* failed to meet the eligibility criteria specified under the provisions of the Debenture Trustees Regulations and therefore, has acted as an unregistered Debenture Trustee, which is a violation of the provisions of Section 12(1) of SEBI Act, 1992 and Regulation 7 of SEBI (Debenture Trustee) Regulations, 1993.
15. SEBI has a statutory duty to protect the interest of investors in securities and promote the development of, and to regulate, the securities market. Section 11 of the SEBI Act has empowered it to take such measures as it deems fit for fulfilling its legislative mandate. Further, sub-section (4) of section 11 of SEBI Act, 1992 lists measures that SEBI may take, by an order in writing, either pending or on completion of investigation or inquiry, in the interest of investors in the securities market. Section 11B empowers SEBI to issue such directions as may be appropriate to any company in respect of issue of capital, transfer of securities etc., in the interest of investors in securities and the securities market.
16. Protecting the interest of investors is the prime mandate for SEBI and therefore, steps have to be taken in the instant matter to ensure that issue of securities to the public is carried out in accordance with the applicable provisions of law as cited in the foregoing paragraphs. As per available information, the company has mobilised at least Rs. 43,14,600/- during FY 2012-13 through issue of

NCDs. Further, the company and its directors have not co-operated with the examination of the matter and the company has not complied with filing of annual reports and balance sheet. Therefore, I am of the view that there is no other alternative but to take recourse through an interim action against GSFBIL and its Directors along with its Debenture Trustees for preventing them from carrying on further with the issuance of NCDs to the public.

Directions

17. In view of the foregoing, I, in exercise of the powers conferred upon me under Sections 11, 11(4) and 11B of the SEBI Act, hereby issue the following directions, which shall take effect immediately and shall remain in force till further directions: –

- i. GSFBIL shall cease to mobilize fresh funds through offer and issuance of NCDs or through offer and issuance of any other securities, to the public and/or invite subscription, in any manner whatsoever, either directly or indirectly.
- ii. GSFBIL and its Directors, viz. Gopal Saha, Sachin Ray, Narayan Paul, Sekh Ranjan Ali, Somnath Santra and Sanatan Banerjee shall not buy, sell or otherwise deal in the securities market, either directly or indirectly, or associate themselves with any listed company or company intending to raise money from the public.
- iii. GSFBIL and its above mentioned Directors shall not dispose of or alienate or encumber any of its/their assets or properties nor divert any fund raised from the public through offer and allotment of NCDs without prior permission from SEBI.
- iv. GSFBIL and its above named directors shall co-operate with SEBI and shall furnish all information/documents in connection with the offer and issuance of securities, including the documents sought earlier.
- v. Ms. Madhumita Saha, the trustee of Ganga Sagar Debenture Trust shall not henceforth act as debenture trustees in respect of the issuance of NCDs of GSFBIL and shall not take up any new assignment or involve himself in any new issue of securities in a similar capacity.
- vi. M/s Ganga Sagar Debenture Trust and Ms. Madhumita Saha shall not buy, sell or otherwise deal in the securities market, either directly or indirectly, or associate themselves with any listed company or company intending to raise money from the public.

18. The *prima facie* findings contained in paragraphs 7, 11 and 14 this Order are made on the basis of the material available on record i.e. complaints received from investors along with the documents and MCA 21 portal. In this context, GSFBIL and its abovementioned Directors, its Debenture Trustee M/s Ganga Sagar Debenture Trust represented by Ms. Madhumita Saha (hereinafter referred to as the “Noticee”) are hereby called upon to show cause as to why suitable directions/prohibitions under Sections 11, 11(4), and 11B of the SEBI Act should not be issued/imposed, including the following directions, namely:-
- i. GSFBIL and its directors, viz. Gopal Saha, Sachin Ray and Narayan Paul to jointly and severally refund the money collected through the *offer and allotment of NCDs*, with an interest of 15% per annum (the interest being calculated from the date when the repayments became due in terms of Section 73(2) of the Companies Act, 1956 till the date of actual payment);
 - ii. The money refunded should be supported by a certificate of two independent Chartered Accountants to the satisfaction of SEBI (to be submitted to SEBI within 7 days of completion of the refund); and
 - iii. The Noticees to be refrained / prohibited from accessing the securities market by issue of prospectus / offer document / advertisement and buying, selling or otherwise dealing in securities in any manner whatsoever, directly or indirectly, for a period of four years from the date of effecting the refund as mentioned above.
19. The Noticees may, within 21 days from the date of receipt of this interim order -cum- show cause notice, file their respective replies. GSFBIL and its directors are directed to furnish an inventory of their assets in their reply. In the event the Noticees intend to avail an opportunity of personal hearing, they may do so by seeking a confirmation in writing from SEBI for the same within 90 days from the date of receipt of this Order. In the event of the Noticees failing to file replies or requesting for an opportunity of personal hearing within the said 90 days, the preliminary findings at paragraphs 7, 11 and 14 of this Order shall become final and absolute against the respective Noticees automatically, without any further orders. Consequently, the respective Noticees shall automatically be bound by the directions contained in paras 18, as applicable.
20. The Noticee nos. 1 to 8 shall comply with the directions at paragraphs 18 above within a period of 90 days from the date of this Order becoming final, failing which SEBI may initiate appropriate

enforcement action under SEBI Act, 1992 including Recovery, Adjudication or Prosecution in addition to making a suitable reference to State Government / Local Police.

21. This Order is without prejudice to any other action that SEBI may initiate under securities laws, as deemed appropriate.
22. Copy of this Order shall be forwarded to the recognized stock exchanges and depositories for information and necessary action. A copy of this Order may also be forwarded to MCA/concerned RoC for their information and necessary action with respect to the directions imposed on the company and its directors.

DATE: February 12, 2019

PLACE: Mumbai

G. MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA