

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CORAM: S. RAMAN, WHOLE TIME MEMBER

ORDER

Under Sections 11 (1), 11(4), 11A and 11B of the Securities and Exchange Board of India Act, 1992, in the matter of Gulshan Nirman India Limited and its present/past Directors, viz. Shri Sukanta Majhi (DIN:06812965), Shri Rajat Shuvro De (DIN:06811145), Shri Deep Ghosh (DIN:03584748), Shri Md Salim (DIN:00569919), Shri Nityananda Sarkar (DIN : 03514023), Shri Sudhir Sharma (DIN:03504505), Shri Syed Akhtar (DIN:02768884), Shri Kaustabh Roy (DIN:03597279), Shri Debashish Bhattacharyya (DIN:03540207), Shri Mohammad Attaullah Khan (DIN:06367857), Shri Srinibash Ghosh (DIN:06379831), Shri Prakash Kumar Kori (DIN:05350913), Shri Manoj Singh (DIN:05350911), Shri Pradip Naskar (DIN:05350908), Shri Partha Sarathi Dey (DIN:00658131) and its Debenture Trustee, viz. Gulshan Debenture Trust (represented by trustee Smt. Aisha Begum).

1. Securities and Exchange Board of India ("**SEBI**") received letters on November 01, 2013 and November 08, 2013 from an investor alleging non-repayment of invested money in the *Non-Convertible Redeemable Secured Debentures ('NCRSDs')* issued by **Gulshan Nirman India Limited** (hereinafter referred to as '**GNIL**' or '**the company**'). The complainant also provided a copy of Letter of Allotment of NCRSDs issued by GNIL.
2. As a part of preliminary inquiry, SEBI vide letter dated January 13, 2014 advised GNIL to furnish *inter alia* the following information, viz. –
 - a. Details of the past and present directors of the company including their names, addresses, PAN and contact details.
 - b. Copy of the Memorandum and Articles of Association of the company as filed with the Registrar of Companies ("**RoC**")
 - c. Copies of Audited Balance Sheet and Profit & Loss Account of the company for the FY 2010-11, 2011-12 and 2012-13.
 - d. Brochures pertaining to offers which were made available to public.
 - e. Copies of application forms that are required to be submitted by investors/applicants.

- f. Copy of income tax return filed by the company for the last three years.

However, the said letter to GNIL returned undelivered by postal authorities. SEBI vide letters dated January 21, 2014 and February 11, 2014 advised the directors of the company viz. Shri Srinibash Ghosh, Shri Debashish Bhattacharria and Shri Mohammad Attaullah Khan to furnish the similar information. The abovementioned directors of the company vide separate letters dated February 03, 2014 and February 21, 2014 submitted that they have resigned as directors of the company w.e.f. December 23, 2013 and are not the custodian of the documents of the company. They did not provide any other information as sought by SEBI.

3. Thereafter, SEBI vide letters dated March 06, 2014 and March 24, 2014 advised the directors of the company viz. Shri Partha Sarathi Dey, Shri Rajat Shuvro De, Shri Sukanta Majhi and Shri Deep Ghosh to provide the requisite information. However, no reply was received from them. SEBI vide letter dated April 17, 2014 once again advised GNIL to provide the information sought by SEBI vide letter dated January 13, 2014 including the details of debenture holders in the given format. SEBI received a letter dated April 08, 2014 from GNIL's Kolkata office seeking further time to submit the relevant documents. As no information was received even after a considerable period of time, SEBI sent reminder letters dated June 23, 2014, October 09, 2014 and November 07, 2014 to the company and its abovementioned directors. On November 27, 2014, SEBI received one more letter from GNIL's Kolkata office stating that requisite documents would be provided to SEBI within a week. In the absence of any further reply, SEBI sent reminder letters dated December 10, 2014 and January 15, 2015 to GNIL. However, no information has been received by SEBI till date.
4. On November 03, 2014, SEBI officials also conducted a physical verification of the registered office of GNIL. It was found that the company did not exist at the said address.
5. Meanwhile, SEBI received some more complaints from investors on July 11, 2014, December 10, 2014 and February 03, 2015. The complainants also provided copies of Letters of Allotment of NCRSDs and brochure cum application form issued by GNIL.

6. SEBI also received a letter on July 09, 2014 from RoC, Bilaspur, Chhattisgarh wherein they provided *inter alia* the details of past and present shareholders and directors of the company.
7. It is also noted that the Hon'ble High Court of Jharkhand has taken up suo moto Public Interest litigation (W.P. (PIL) No. 1480 of 2013) against companies (including GNIL) for alleged unauthorized and illegal collection of money from general public.
8. Efforts were also made to obtain the information from Ministry of Corporate Affairs' Website i.e. MCA21 portal.
9. The material available on record i.e. correspondence exchanged between SEBI, GNIL and its Directors; information/documents obtained from RoC, Bilaspur, Chhattisgarh; information/documents obtained from the Ministry of Corporate Affairs' website i.e. 'MCA 21 Portal' ; complaints received and the documents enclosed there with have been perused. On an examination of the same, it is observed that –
 - i. GNIL (CIN: U45200CT2011PLC022452) was incorporated on May 03, 2011 with the RoC, Chhattisgarh having its registered office at Station Road, Near Deshbandhu School, Raipur, Chhattisgarh, India – 482001.
 - ii. The present Directors of GNIL are Shri Sukanta Majhi, Shri Rajat Shuvro De and Shri Deep Ghosh.
 - iii. Shri Md Salim, Shri Nityananda Sarkar, Shri Sudhir Sharma, Shri Syed Akhtar, Shri Kaustabh Roy, Shri Debashish Bhattacharyya, Shri Mohammad Attaullah Khan, Shri Srinibash Ghosh, Shri Prakash Kumar Kori, Shri Manoj Singh, Shri Pradip Naskar and Shri Partha Sarathi Dey, who were earlier directors of the company, have since resigned.
 - iv. It is observed from the copy of Form 10 filed by the company with RoC that the company passed a resolution on May 09, 2011 authorising issuance of debentures and created a charge of Rs. 10 Crores on its movable and immovable properties, stocks in trade, plants and machinery, furniture and fixtures, book debts and floating assets to secure the issuance of debentures. The name of debenture trust is “Gulshan

Debenture Trust” (represented by trustee Smt. Aisha Begum) and the office of the trust is situated at 31/2A, Marquis Street, Kolkata, West Bengal, India- 700016.

- v. As per the Balance Sheet of the company (Form 23AC) as on March 31, 2012 obtained from MCA21 Portal, the company had Rs. 2,69,05,000/- as long term borrowings. It is also mentioned in auditor's report for FY 2011-12 available on MCA21 Portal that *"Details of allottees of debentures of Rs.1,60,37,000/- not maintained."*
- vi. It is mentioned in a copy of the brochure cum application form received from complainants that GNIL is privately placing NCRSDs under the following terms and conditions:

Plan	A	B	C	D	E	F
<i>Issue price minimum 10 nos. Debentures</i>	₹1000	₹1000	₹1000	₹1000	₹1000	₹1000
<i>Term</i>	<i>1.3 Years</i>	<i>3.3 Years</i>	<i>5.3 Years</i>	<i>7.6 Years</i>	<i>10.3 Years</i>	<i>14 Years</i>
<i>Return on investment</i>	₹140	₹540	₹1100	₹3000	₹4500	₹9000
<i>Maturity</i>	₹1140	₹1540	₹2100	₹4000	₹5500	₹10000

Plan	A	B
<i>Special SD (Issue price minimum 1000 nos. Debentures)</i>	₹100000	₹100000
<i>Return on 1st year</i>	₹20000	₹35000
<i>Return on 2nd year</i>	₹20000	₹45000
<i>Return on 3rd year</i>	₹120000	₹60000
<i>Total Return</i>	₹160000	₹140000

- vii. It is also observed from the copies of Letters of Allotment provided by complainants that GNIL allotted NCRSDs during FY 2011-12 and 2012-13 to at least 75 investors and mobilised funds amounting to Rs.39,53,000/-. The Details of the same are as under-

Financial Year	Number of investors (No. of Letters of allotments available)	Amount Deposited (in Rs.)
2011-12	24	4,12,000
2012-13	51	35,41,000
Total	75	39,53,000

10. In the context of the abovementioned details of the Offer of NCRSDs, the issue for determination in the instant matter is whether the mobilization of funds by GNIL through the aforesaid Offer, is in accordance with the provisions of the SEBI Act, 1992 ("SEBI Act") read with the SEBI (Issue and Listing of Debt Securities), Regulations, 2008 ("Debt Securities Regulations"); the Companies Act, 1956.
11. The jurisdiction of SEBI over various provisions of the Companies Act in the case of public companies, whether listed or unlisted, when they issue and transfer securities at the relevant time flows from the provisions of Section 55A of the Companies Act, 1956. While examining the scope of Section 55A of the Companies Act, 1956, the Hon'ble Supreme Court of India in ***Sahara India Real Estate Corporation Limited & Ors. vs. SEBI (Civil Appeal no. 9813 of 2011) (Judgment dated August 31, 2012)*** (hereinafter referred to as the "***Sahara Case***"), had observed that:
- "We, therefore, hold that, so far as the provisions enumerated in the opening portion of Section 55A of the Companies Act, so far as they relate to issue and transfer of securities and non-payment of dividend is concerned, SEBI has the power to administer in the case of listed public companies and in the case of those public companies which intend to get their securities listed on a recognized stock exchange in India."*
12. In this regard –
- i. Reference is also made to Sections 67(1) and 67(3) of the Companies Act, 1956, which are reproduced as under:

"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.

(2) Any reference in this Act or in the articles of a company to invitations to the public to subscribe for shares or debentures shall, subject as aforesaid, be construed as including a reference to invitations to subscribe for them extended 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)."*

- ii. While examining the scope of Section 67 of the Companies Act, 1956, the Hon'ble Supreme Court of India in the *Sabara Case* observed that:

"Section 67(1) deals with the offer of shares and debentures to the public and Section 67(2) deals with invitation to the public to subscribe for shares and debentures and how those expressions are to be understood, when reference is made to the Act or in the articles of a company. The emphasis in Section 67(1) and (2) is on the "section of the public". Section 67(3) states that no offer or invitation shall be treated as made to the public, by virtue of subsections (1) and (2), that is to any section of the public, if the offer or invitation is 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 otherwise as being a domestic concern of the persons making and receiving the offer or invitations. Section 67(3) is, therefore, an exception to Sections 67(1) and (2). If the circumstances mentioned in clauses (1) and (b) of Section 67(3) are satisfied, then the offer/invitation would not be treated as being made to the public.

The first proviso to Section 67(3) was inserted by the Companies (Amendment) Act, 2000 w.e.f. 13.12.2000, which clearly indicates, nothing contained in Sub-section (3) of Section 67 shall apply in a case where the offer or invitation to subscribe for shares or debentures is made to fifty persons or more. ...

Resultantly, after 13.12.2000, any offer of securities by a public company to fifty persons or more will be treated as a public issue under the Companies Act, even if it is of domestic concern or it is proved that the shares or debentures are not available for subscription or purchase by persons other than those receiving the offer or invitation. ...

I may, therefore, indicate, subject to what has been stated above, in India that any share or debenture issue beyond forty nine persons, would be a public issue attracting all the relevant provisions of the SEBI Act, regulations framed thereunder, the Companies Act, pertaining to the public issue. ..."

- iii. In the instant matter, for ascertaining whether the Offer of NCRSDs is a public issue or an issue on private placement basis in accordance with Section 67 of the Companies Act, 1956, the number of subscribers is of utmost importance.
 - a. It is noted from the table at paragraph 9 (vii) above that GNIL issued NCRSDs to at least 75 investors and mobilized Rs.39,53,000/- during FY 2011-12 and 2012-13. In FY 2012-13 alone, GNIL allotted NCRSDs to at least 51 investors. NCRSDs have thus been issued and subscribed by more than forty nine persons. In the brochure cum application form and Letters of Allotment issued by GNIL, it has been mentioned that NCRSDs were being issued on a private placement basis. However, the company has not provided any documents to substantiate their claim that the said issue of debentures is a private placement. Merely mentioning that an issue is a private placement does not make it such. Further, as detailed in para 3 of this order, GNIL and its directors also failed to submit relevant information despite being granted several opportunities to do so. Based on the facts available in this case, including in particular the number of persons to whom the NCRSDs have been issued by GNIL, the only conclusion can be that this issue was nothing but a public issue of securities in terms of provisions of Section 67(3) of the Companies Act, 1956.
 - b. GNIL is not stated to be a non-banking financial company or a public financial institution within the meaning of Section 4A of the Companies Act and therefore, is not covered under the second proviso to Section 67(3).
 - c. It is pertinent to note that by virtue of Section 55A of the Companies Act 1956, Section 67 of that Act, so far as it relates to issue and transfer of securities, shall also be administered by SEBI.

13. I note that –

- i. From the abovementioned, it will follow that since the *Offer of NCRSDs* 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. In this regard, reference is made to Sections 73 of the Companies Act, 1956, of which sub-Sections (1), (2) and (3) are relevant for the instant case, which is reproduced as under:

"73. (1) 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 recognised stock exchanges for permission for the shares or debentures intending to be so offered to be dealt with in the stock exchange or each such stock exchange.

(1A) Where a prospectus, whether issued generally or not, states that an application under sub-section (1) has been made for permission for the shares or debentures offered thereby to be dealt in one or more recognised stock exchanges, such prospectus shall state the name of the stock exchange or, as the case may be, each such stock exchange, and any allotment made on an application in pursuance of such prospectus shall, whenever made, be void, if the permission has not been granted by the stock exchange or each such stock exchange, as the case may be, before the expiry of ten weeks from the date of the closing of the subscription lists :

***Provided** that where an appeal against the decision of any recognised stock exchange refusing permission for the shares or debentures to be dealt in on that stock exchange has been preferred under section 22 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), such allotment shall not be void until the dismissal of the appeal.*

(2) Where the permission has not been applied under subsection (1) or such permission having been applied for, has not been granted as aforesaid, the company shall forthwith repay without interest all moneys received from applicants in pursuance of the prospectus, and, if any such money is not repaid within eight days after the company becomes liable to repay it, the company and every director of the company who is an officer in default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at such rate, not less than four per cent and not more than fifteen per cent, as may be prescribed, having regard to the length of the period of delay in making the repayment of such money.

(3) All moneys received as aforesaid shall be kept in a separate bank account maintained with a Scheduled Bank until the permission has been granted, or where an appeal has been preferred against the refusal to grant such permission, until the disposal of the appeal, and the money standing in such separate account shall, where the permission has not been applied for as aforesaid or has not been granted, be repaid within the time and in the manner specified in sub-section (2); and if

default is made in complying with this sub- section, the company, and every officer of the company who is in default, shall be punishable with fine which may extend to fifty thousand rupees.”

- ii. In the *Sabara Case*, the Hon'ble Supreme Court of India also examined Section 73 of the Companies Act, 1956, wherein it observed :

"Section 73(1) of the Act casts an obligation on every company intending to offer shares or debentures to the public to apply on a stock exchange for listing of its securities. Such companies have no option or choice but to list their securities on a recognized stock exchange, once they invite subscription from over forty nine investors from the public. If an unlisted company expresses its intention, by conduct or otherwise, to offer its securities to the public by the issue of a prospectus, the legal obligation to make an application on a recognized stock exchange for listing starts. Sub-section (1A) of Section 73 gives indication of what are the particulars to be stated in such a prospectus. The consequences of not applying for the permission under sub-section (1) of Section 73 or not granting of permission is clearly stipulated in sub-section (3) of Section 73. Obligation to refund the amount collected from the public with interest is also mandatory as per Section 73(2) of the Act.

Listing is, therefore, a legal responsibility of the company which offers securities to the public, provided offers are made to more than 50 persons.

...

*Section 73(2) says that every company and every director of the company who is an officer in default, shall be jointly and severally liable to repay that money with interest at such rate, not less than four per cent and not more than fifteen per cent, as may be prescribed. The scope of the above mentioned provisions came up for consideration before this Court in *Raymond Synthetics Ltd. & Ors. V. Union of India* (supra), wherein the Court held that in a case where the company has not applied for listing on a stock exchange, the consequences will flow from the company's disobedience of the law, the liability to pay interest arises as from the date of receipt of the amounts, for the company ought not to have received any such amount in response to the prospectus. I am, therefore, of the view that since *Sabaras* had violated the listing provisions and collected huge amounts from the public in disobedience of law, SEBI is justified in directing refund of the amount with interest."*

- iii. Having regard to the abovementioned observations of the Hon'ble Supreme Court of India, since the *Offer of NCRSDs* is *prima facie* a public issue in accordance with the provisions of the Companies Act, 1956, the same will attract the requirement of compulsory listing before a recognized stock exchange in terms of Section 73(1) of

the Companies Act, 1956 and also compliance with provisions of Sections 73(2) and 73(3) of that Act.

- iv. In the facts of the instant case, it *prima facie* appears that GNIL has violated the provisions of Section 73 of the Companies Act, 1956, in respect of the *Offer of NCRSDs*.
- 14. Under Section 2(36) read with Section 60 of the Companies Act, 1956, a company needs to register its prospectus with the RoC, before making a public offer or issuing the prospectus. As per the aforesaid Section 2(36), "*prospectus*" means any document described or issued as a prospectus and includes any notice, circular, advertisement or other document inviting deposits from the public or inviting offers from the public for the subscription or purchase of any shares in, or debentures of, a body corporate. As mentioned above, since the *Offer of NCRSDs* was made to fifty persons or more, it has to be construed as a public offer. Having made a public offer, GNIL was required to register a prospectus with the RoC under Section 60 of the Companies Act, 1956. In the instant case, there is no evidence on record to indicate whether or not GNIL has filed a prospectus. In view of the same, I find that *prima facie*, GNIL has not complied with the provisions of Section 60 of Companies Act, 1956.
- 15. Under Section 56(1) of the Companies Act, 1956, every prospectus issued by or on behalf of a company, shall state the matters specified in Part I and set out the reports specified in Part II of Schedule II of that Act. Further, as per Section 56(3) of the Companies Act, 1956, no one shall issue any form of application for shares in or debentures of a company, unless the form is accompanied by abridged prospectus, contain disclosures as specified. Based on the material available on record, I find that GNIL has not complied with the provisions of Section 56(1) and 56(3) of the Companies Act, 1956 and therefore *prima facie*, has violated the aforesaid provisions.
- 16. Under Section 117B of the Companies Act, 1956, no company shall issue a prospectus or a letter of offer to the public for subscription of its debentures, unless it has, before such issue, appointed one or more debenture trustees for such debentures and the company has, on the face of the prospectus or the letter of offer, stated that the debenture trustee or trustees have given their consent to the company to be so appointed. Based on the material available on record, I find that GNIL has not complied with the provisions of

Sections 117B of the Companies Act, 1956 and therefore, has *prima facie* violated the aforesaid provisions.

Section 12(1) of the SEBI Act states : "*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*". Gulshan Debenture Trust (represented by trustee Smt. Aisha Begum) are not registered with SEBI. 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."*

Based on the material available on record, I find that Gulshan Debenture Trust (represented by trustee Smt. Aisha Begum) has *prima facie*, failed to meet the eligibility criteria specified under the provisions of the Debenture Trustees Regulations and therefore, has acted as unregistered Debenture Trustees, which amounts to violation of the abovementioned provisions of the SEBI Act read with the Debenture Trustee Regulations.

17. Further, under Section 117C of the aforesaid Act, where a company issues debentures, it shall create a debenture redemption reserve for the redemption of such debentures, to which adequate amounts shall be credited, from out of its profits every year until such debentures are redeemed. Based on the material available on record, I find that GNIL has not complied with the provisions of Sections 117C of the Companies Act, 1956 and therefore, has *prima facie* violated the aforesaid provisions.
18. In addition to the above, reference may be made to the Debt Securities Regulations, which were framed by SEBI in exercise of its powers under Section 30 of the SEBI Act and are applicable to the public issue and listing of debt securities. It may be relevant to note that under the aforesaid Regulations, '*debt securities*' have been defined as '*non-convertible debt securities which create or acknowledge indebtedness, and include debenture...*' In this context, I find that GNIL, through the *Offer of NCRSDs*, which is a public issue of debt

securities, has *prima facie* violated the following provisions of the aforesaid Regulations, which contain *inter alia* conditions for public issue and listing of debt securities, viz.

- i. Regulation 4(2)(a) – *Application for listing of debt securities*
- ii. Regulation 4(2)(b) – *In-principle approval for listing of debt securities*
- iii. Regulation 4(2)(c) – *Credit rating has been obtained*
- iv. Regulation 4(2)(d) – *Dematerialization of debt securities*
- v. Regulation 4(4) – *Appointment of Debenture Trustee*
- vi. Regulation 5(2)(b) – *Disclosure requirements in the Offer Document*
- vii. Regulation 6 – *Filing of draft Offer Document*
- viii. Regulation 7 – *Mode of disclosure of Offer Document*
- ix. Regulation 8 – *Advertisements for Public Issues*
- x. Regulation 9 – *Abridged Prospectus and application forms*
- xi. Regulation 12 – *Minimum subscription*
- xii. Regulation 14 – *Prohibition of mis-statements in the Offer Document*
- xiii. Regulation 15 – *Trust Deed*
- xiv. Regulation 16 – *Debenture Redemption Reserve*
- xv. Regulation 17 – *Creation of security*
- xvi. Regulation 19 – *Mandatory Listing*
- xvii. Regulation 26 – *Obligations of the Issuer, etc.*

19. Upon a consideration of the aforementioned paragraphs, I am of the view that GNIL is *prima facie* engaged in fund mobilising activity from the public, through the *Offer of NCRSDs* and as a result of the aforesaid activity has violated the aforementioned provisions of the Companies Act, 1956 (Section 56, Section 60 read with Section 2(36), Section 73, Section 117B, Section 117C) and the Debt Securities Regulations.
20. SEBI has a statutory duty to protect the interests 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 thinks fit for fulfilling its legislative mandate. Further, as per the provisions of Section 55A of the Companies Act, 1956, administrative authority on the subjects relating to public issue of securities is exclusively with SEBI. For this purpose, SEBI can exercise its jurisdiction under Sections 11(1), 11A, 11B and 11(4) of the SEBI Act read with Section 55A of the Companies Act, 1956, over companies who issue *Non-Convertible Redeemable Debentures* to fifty persons or more, but do not comply with the applicable provisions of the aforesaid Companies Act and the

Debt Securities Regulations. Steps therefore, have to be taken in the instant matter to ensure only legitimate fund raising activities are carried on by GNIL and no investors are defrauded. This is especially so as GNIL and its directors failed to submit the relevant details sought by SEBI despite being granted several opportunities to do so. Considering the fact that a charge of Rs. 10 Crores has been created on properties and assets of the company, it is reasonable to presume that the company might have collected large amounts of money from the public. Perhaps, the failure on the part of the company to submit necessary information is to hide these facts from SEBI. In light of the same, I find there is no other alternative but to take recourse through an interim action against GNIL and its past/present Directors along with its Debenture Trustee, viz. Gulshan Debenture Trust (represented by trustee Smt. Aisha Begum), for preventing that company from further carrying on with its fund mobilising activity under the *Offer of NCRSDs*.

21. In view of the foregoing, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4), 11A and 11B of the SEBI Act read with the Debt Securities Regulations and the Debenture Trustee Regulations, hereby issue the following directions –
- i. GNIL shall forthwith cease to mobilize any fresh funds from investors through the *Offer of NCRSDs* or through the issuance of equity shares or any other securities, to the public and/or invite subscription, in any manner whatsoever, either directly or indirectly till further directions;
 - ii. GNIL and its present/past Directors, viz. Shri Sukanta Majhi (DIN:06812965), Shri Rajat Shuvro De (DIN:06811145), Shri Deep Ghosh (DIN:03584748), Shri Md Salim (DIN:00569919), Shri Nityananda Sarkar (DIN : 03514023), Shri Sudhir Sharma (DIN:03504505), Shri Syed Akhtar (DIN:02768884), Shri Kaustabh Roy (DIN:03597279), Shri Debashish Bhattacharyya (DIN:03540207), Shri Mohammad Attaullah Khan (DIN: 06367857), Shri Srinibash Ghosh (DIN:06379831), Shri Prakash Kumar Kori (DIN:05350913), Shri Manoj Singh (DIN:05350911), Shri Pradip Naskar (DIN:05350908) and Shri Partha Sarathi Dey (DIN:00658131), are prohibited from issuing prospectus or any offer document or issue advertisement for soliciting money from the public for the issue of securities, in any manner whatsoever, either directly or indirectly, till further orders;
 - iii. GNIL and its abovementioned Directors, are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in the securities market, either directly or indirectly, till further directions;

- iv. GNIL shall provide a full inventory of all its assets and properties;
 - v. GNIL's abovementioned Directors shall provide a full inventory of all their assets and properties;
 - vi. GNIL and its abovementioned Directors shall not dispose of any of the properties or alienate or encumber any of the assets owned/acquired by that company through the *Offer of NCRSDs*, without prior permission from SEBI;
 - vii. GNIL and its abovementioned present Directors shall not divert any funds raised from public at large through the *Offer of NCRSDs*, which are kept in bank account(s) and/or in the custody of GNIL;
 - viii. GNIL shall furnish the information sought by SEBI vide letters dated January 13, 2014, April 17, 2014, December 10, 2014 and January 15, 2015 including the details of investors and Balance Sheet of the company for FY 2012-13 to 2014-15 within 21 days from the date of receipt of this Order.
 - ix. The Debenture Trustee, viz. Gulshan Debenture Trust (represented by trustee Smt. Aisha Begum), is prohibited from continuing with her present assignment as a debenture trustee in respect of the *Offer of NCRSDs* of GNIL and also from taking up any new assignment or involvement in any new issue of debentures, etc. in a similar capacity, from the date of this order till further directions.
22. The above directions shall take effect immediately and shall be in force until further orders.
23. The *prima facie* observations contained in this Order are made on the basis of the material available on record i.e. correspondence exchanged between SEBI, GNIL and its Directors; information/documents obtained from the Ministry of Corporate Affairs' website i.e. 'MCA 21 Portal'; complaints received and the documents enclosed there with. In this context, GNIL and its abovementioned Directors are advised to show cause as to why suitable directions/prohibitions under Sections 11(1), 11(4), 11A and 11B of the SEBI Act including the following, should not be taken/imposed against them:
- i. Directing them jointly and severally to refund money collected through the Offer of NCRSDs along with interest, if any, promised to investors therein;
 - ii. Directing them to not issue prospectus or any offer document or issue advertisement for soliciting money from the public for the issue of securities, in any manner whatsoever, either directly or indirectly, for an appropriate period;

- iii. Directing them to refrain from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities for an appropriate period.
24. GNIL and its abovementioned Directors, may, within 21 days from the date of receipt of this Order, file their reply, if any, to this Order and may also indicate whether they desire to avail themselves an opportunity of personal hearing on a date and time to be fixed on a specific request made in that regard.
25. Similarly, the Debenture Trustee, viz. Gulshan Debenture Trust (represented by trustee Smt. Aisha Begum), may, within 21 days from the date of receipt of this Order, file her reply, if any, to this Order and may also indicate whether he desires to avail an opportunity of personal hearing on a date and time to be fixed on a specific request made in that regard.
26. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against GNIL; its abovementioned Directors and its Debenture Trustee, viz. Gulshan Debenture Trust (represented by trustee Smt. Aisha Begum), in accordance with law.

Place: Mumbai
Date: May 12, 2015

S. RAMAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA