

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA  
CORAM: PRASHANT SARAN, WHOLE TIME MEMBER

ORDER

Under sections 11, 11(4), 11A and 11B of the Securities and Exchange Board of India Act, 1992

In respect of Mega Mould India Limited, its Directors, Mr. Anukul Maiti (DIN: 01884307), Smt. Kanika Maiti (DIN: 02029931 ) and Mr. Swapan Roy (DIN: 02621357) and its Debenture Trustees, namely, I Core E-Services Limited and Mega Mould Debenture Trust

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Date of hearing : December 11, 2014

**Appearance** - Mr. P. Chanda, Chartered Accountant represented Mega Mould India Limited, Mr. Anukul Maiti and Smt. Kanika Maiti. No appearance or representation from Mr. Swapan Roy, I Core E-Services Limited and Mega Mould Debenture Trust

For Securities and Exchange Board of India: Mr. T. Vinay Rajneesh, Assistant General Manager and Mr. Rakesh Kumar, Assistant General Manager

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1. On the basis of the findings of a preliminary enquiry conducted by the Securities and Exchange Board of India into the offer and issuance of Secured Redeemable Non-Convertible Debentures (hereinafter referred to as "the **NCDs**") by the company, Mega Mould India Limited (hereinafter referred to as "the **Company**" or "**Mega Mould**"), SEBI observed that -

(a) the Company had allegedly made a public issue of NCDs during the August 15, 2010 to August 14, 2011 (the **First Series of NCDs**) and from October 01, 2011 to September 30, 2012 (the **Second Series of NCDs**), without complying with the provisions relating to 'public issue' of NCDs as stipulated under sections 56, 60 read with section 2(36), 73, 117B and 117C of the Companies Act, 1956 and the provisions of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 ("the **ILDS Regulations**").

(b) the Company failed to provide details regarding its First Series of NCDs.

(c) through its issue of NCDs, the Company had raised atleast Rs.716 crores from the public.

(d) I Core E-Services Limited ("**I Core**") and Mega Mould Debenture Trust who were appointed as Debenture Trustees by the Company for its issue of NCDs have contravened section 12(1) of the SEBI Act, 1992.

(e) I Core has also contravened regulation 13A(a) & (b) of the SEBI (Debenture Trustees) Regulations, 1993.

2. In order to prevent the Company and its directors and Debenture Trustees from further carrying on with the alleged fund mobilizing activity under the offer and issue of NCDs, SEBI vide an ex-parte interim order dated July 23, 2014 (hereinafter referred to as "the SEBI Order") issued the following directions :

".....

11. *In view of the foregoing, I, in exercise of the powers conferred upon me under Sections 11, 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. *Mega Mould shall not mobilize funds from investors through the issue of NCDs 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. *Mega Mould and its Directors, viz. Shri Anukul Maiti, Smt. Kanika Maiti and Swapan Roy, 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 directions;*
- iii. *Mega Mould 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. *Mega Mould shall provide a full inventory of all its assets and properties;*
- v. *Mega Mould 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 issue of NCDs, without prior permission from SEBI;*
- vi. *Mega Mould and its abovementioned Directors shall not divert any funds raised from public at large through the issue of NCDs, which are kept in bank account(s) and/or in the custody of Mega Mould;*
- vii. *ICore E-Services Limited and Mega Mould Debenture Trust are prohibited from continuing with their present assignment as debenture trustees in respect of the issue of NCDs of Mega Mould 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;*
- viii. *Mega Mould shall, within 21 days from the date of receipt of this Order, provide SEBI with all relevant and necessary particulars, as sought vide the abovementioned SEBI letter dated May 27, 2014.*

12. *The above directions shall take effect immediately and shall be in force until further directions.*

13.1 *The prima facie observations contained in this Order are made on the basis of the material available on record i.e. correspondences exchanged between SEBI and Mega Mould alongwith the documents contained therein;*

*correspondences exchanged between SEBI and ROC (West Bengal), Kolkata and information obtained from MCA21 Portal. In this context, Mega Mould 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.*

13.2 *Similarly, the Debenture Trustees i.e. ICore E-Services Limited and Mega Mould Debenture Trust, 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.*

14. *This Order is without prejudice to the right of SEBI to take any other action that may be initiated against Mega Mould and its abovementioned Directors; the Debenture Trustees, in accordance with law."*

3. The copies of the SEBI Order were served on the Company, Mr. Anukul Maiti, Smt. Kanika Maiti, I Core and Mega Mould Debenture Trust. The copy of the interim order forwarded to Mr. Swapan Roy (a director of the Company) returned with the remark 'payee absent'.

4. The Company and other noticees did not file their replies as advised vide the SEBI Order. In the interest of justice, the noticees were afforded an opportunity of personal hearing on November 07, 2014, which was rescheduled to November 14, 2014. The SEBI notices dated October 17, 2014 informing the noticees of the personal hearing scheduled on November 14, 2014 were served on all except Mr. Swapan Roy. This notice sent to Mr. Swapan Roy also returned with the remark i.e., 'payee absent'.

5. The Company vide letter dated October 05, 2014 submitted that it would not be able to attend the personal hearing scheduled in Mumbai due to '*acute business problem*' and '*due to tight austerity measure implemented due to paucity of fund*' and requested that it may be afforded an opportunity to attend the hearing regarding 'any case' at Kolkata. As personal hearings were scheduled in various matters on December 11, 2014 at the Eastern Regional Office of SEBI at Kolkata, the personal hearing in this case was also fixed on the same date in Kolkata. Accordingly, SEBI issued notices dated November 21, 2014 to the noticees informing them of the scheduled personal hearing. These notices were delivered on Mega Mould Debenture Trust, I Core and the Company. The Company was also advised to deliver the notice on its director Mr. Swapan Roy. However, notices sent by Speed Post to Mr. Anukul Maiti and Smt. Kanika Maiti returned with the remark '*unclaimed*'. In view of the same, notices dated

December 03, 2014 were hand delivered and the same were received on behalf of Mr. Anukul Maiti and Smt. Kanika Maiti.

6. On December 11, 2014, one Mr. Parthasarathi Chanda, Chartered Accountant appeared on behalf of the Company and submitted a Compact Disc claiming that it contains the details of Debentures issued for the period September 22, 2010 to September 22, 2011. No reply was filed by the Company. As a last opportunity, the Company and the other noticees were afforded a period of 15 days for filing their reply along with supporting documents, if any. As requested by the representative, a copy of the SEBI Order was furnished to him. Thereafter, the Company vide an undated letter (received in SEBI on January 06, 2015) stated that it was collecting information from various offices for filing its reply and requested time upto January 10, 2015 to do so. Thereafter, vide letter dated February 17, 2015 (*received in SEBI on February 23, 2015*), the Company *inter alia* made the following submissions:

- The Company had issued debentures to the general public for which no *Prospectus* was filed with the Registrar of Companies.
- A Debenture Trust Deed had been created between the Company and I Core E-Services Limited for raising funds through issuance of debentures against the Company's intangible and future tangible assets for which Form-10 had been filed with RoC vide SRN A95691887 dated October 09, 2010.
- The Company has received, till date, total applications for Rs.5,25,128 from the public against which the Company had issued Debenture Certificates to all the applicants. *The list of applicants were stated to have been provided in a Compact Disc enclosed with the above reply.*
- The Company has stopped mobilizing funds from investors through the issue of NCDs/other securities.
- No Prospectus/offer document/advertisement soliciting money from public has been issued after receipt of 'letter from SEBI'.
- No property of the directors and the Company is 'under disposal'. The market value of their properties are very high and if permitted under SEBI supervision can fetch fund more than the debenture outstanding amount of Rs.200 crore.
- The funds raised by the Company through NCDs issued to related parties were mentioned in the Company's audited accounts upto March 31, 2012 and March 31, 2013.
- I Core E-Services Limited and the Company have discontinued from acting as trustees for any further issue of NCDs of the 'I Core' group companies.

- The total amount raised by the group companies against debentures is Rs.674.87 crore against which the debenture amount is Rs.343,09,84,240/- and the part amount of Rs.42.62 crore had been refunded through group companies to the respective subscribers in cheque/cash in the respective years. *The Company has stated that the CD has been enclosed in this regard.* The Company had claimed that apart from this, there were no other schemes to raise funds from the public.

- The Company also submitted-

*"9. Besides business assets which are given from Balance Sheet, we are also having other business assets the value of which is not less than Rs.300 crore. Further the market value (of) assets mentioned in pt. no-8 and pt. no - 9 will be around Rs.1000 crore in total.*

*We had from time to time uploaded the relevant forms and particulars with the Registrar of Companies, Kolkata. Previous deviations if any from the prevalent rules and regulations is purely unintentional and due to ignorance.*

*As per accounts (unaudited) as on 31.03.2013 the balance of Debenture is around Rs.343.10 lac and the market value of Assets of Mega Mould India Ltd. and other group companies are much higher and fund of Debenture Holders are fully secured.*

*Further we are trying to start our various manufacturing units which if started can very well capable to refund the fund to investors."*

A CD with respect to *issue and part refund* was enclosed. The contents of the CD were perused.

The CD contained the following :

(a) '*ICore Debenture List*' - as per this list, the year-wise (for the years 2010, 2011, 2012 and 2013) break up of amount collected is stated. In this list, it is claimed that Rs.674,87,06,150/- has been mobilized and the maturity amount is indicated as Rs.2676,30,27,896/-.

(b) Four other Excel sheets with details of money collected during 2010, 2011, 2012 and 2013. It is noted that the figure indicated against '*Total amount*' collected during 2011, 2012 and 2013 do not match with the figures mentioned for the same set of years in the '*ICore Debenture List*'.

7. I have considered the SEBI Order, the reply and material submitted by the Company and other material available on record. I note that -

- a) the Company was incorporated on July 19, 2005 and registered with the RoC, Kolkata with CIN - U27109WB2005PTC104263. The registered office of the Company is situated at Village Monoharbahal, P.O. Ethora, Dist. Burdwan, West Bengal-713359, India and the administrative office is situated at 54/2, Rafi Ahmed Kidwai Road, Kolkata-700016.

- b) The **Directors of the Company are Mr. Anukul Maiti, Smt. Kanika Maiti and Mr. Swapan Roy.**
- c) Mega Mould became a subsidiary of I Core E-Services Limited by virtue of a Board Resolution dated June 30, 2010.
- d) As per the submissions of the Company, the material submitted by it, Form - 10 (two forms - dated 09.10.2010 for issuance of debentures of Rs.200 crores and 27.10.2011 for issuance of debentures of Rs.150 crores) forwarded by the RoC, West Bengal, it is noted that the Company had issued NCDs in two series/tranches. As per the submissions of the Company, it has issued NCDs during August 15, 2010 to August 14, 2011 (the **First Series of NCDs**) and from October 01, 2011 to September 30, 2012 (the **Second Series of NCDs**).
- e) The terms, conditions and features of the First Series of issue of NCDs, as per the documents circulated by Company for application, resolution dated 07.08.2010, Form-10 dated 11.10.2010 are reproduced/mentioned below:

<b>Issue Size</b>	`200 Crores						
<b>Nature of Instrument</b>	Secured Redeemable Non-Convertible Debentures						
<b>Instrument Form</b>	Physical / Demat						
<b>Face Value</b>	`100 per Debenture						
<b>Issue Price</b>	`100 per Debenture						
<b>Minimum Subscription</b>	10 Debentures in multiples of 10 Debenture thereafter						
<b>Tenure</b>	364 days/ 3 years/ 5 years/ 8 years/ 10 years/ 12 years						
<b>Put &amp; Call Option</b>	None						
<b>Redemption/ Maturity</b>	At par						
<b>Coupon Rate</b>	<b>Plan</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Issue Price minimum 10 Debentures @ 100 Per Debenture (100x10)	1000	1000	1000	1000	1000	1000
	Redemption Period	364 days	3 Years	5 Years	8 Years	10 Years	13 Years
	Redemption Premium	120	500	1000	3000	5000	9000
	Maturity Amount	1120	1500	2000	4000	6000	10000
	Annualized Yield on Investment	12%	13.75%	14.11%	17.71%	18.32%	19.65%
	TD		3 Years	3 Years	6 Years	6 Years	9 Years
Minimum 10 Debentures		12% General	12.5% for Senior Citizen	14% for General	14.5% for Senior Citizen		

	<i>N.B.: Another 50% Bonus at the time of Redemption. Subject to achievement of the projected business target (for TD only)</i>
<b>Interest Payment</b>	<i>On Maturity</i>

<b>Issue Time Table</b>	Open (15.08.2010) Close (14.08.2011)
<b>Resolution of Board of Directors</b>	07.08.2010
<b>Trustees</b>	Mr. Chandan Dey and Smt. Kanika Maiti of I-Core E-Services Ltd
<b>Who can Apply</b>	Individuals/ Scheduled Commercial Banks/ Financial Institutions/ Insurance Companies/ Mutual Funds/ Bodies Corporate

As per the Form-10 regarding particulars of registration of charges for debentures issued by the Company, the following details were noted :

<b>Trustee</b>	I Core E-Services Limited
<b>Date of creation of charge</b>	22.09.2010
<b>Amount of present issue of series</b>	~200 Crores
<b>Resolution of Board of Directors</b>	07.08.2010
<b>Description of property charged</b>	Immovable Properties/ Plant & Machinery/ Intangible Assets/ Others
<b>Particulars of the property charged</b>	Land measuring 0.32 acres & 0.42 acres in name of Mega Mould India Ltd at Dist. Burdwan P.S. Faridpur, Mouza. Sorpi, J.L. No. 36, Khatian No. 1363, Plot No. 68 & 69. All intangible assets of the Company valued at ₹225 Crores together with all future tangible assets.

- f) The terms, conditions and features of the Second Series of issue of NCDs, as per the documents circulated for application, resolution dated 14.10.2011 of the Board of Directors and Form-10 dated 27.10.2011 are reproduced/mentioned below:

<b>Issue Size</b>	~150 Crores
<b>Nature of Instrument</b>	<i>Secured Non-Convertible Redeemable Debentures</i>
<b>Instrument Form</b>	<i>Physical / Demat</i>
<b>Face Value</b>	~100 per Debenture
<b>Issue Price</b>	~100 per Debenture
<b>Minimum Subscription</b>	<i>10 Debentures in multiples of 10 Debenture thereafter</i>
<b>Tenure</b>	<i>364 days/ 3 years/ 5 years/ 8 years/ 10 years/ 12 years</i>

<b>Put &amp; Call Option</b>	None						
<b>Redemption/ Maturity</b>	At par						
<b>Coupon Rate</b>	<b>Plan</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Issue Price minimum 10 Debentures @ 100 Per Debenture (100x10)	1000	1000	1000	1000	1000	1000
	Redemption Period	364 days	3 Years	5 Years	8 Years	10 Years	13 Years
	Redemption Premium	120	500	1000	3000	5000	9000
	Maturity Amount	1120	1500	2000	4000	6000	10000
	Annualized Yield on Investment	12%	13.75%	14.11%	17.71%	18.32%	19.65%
	TD		3 Years	3 Years	6 Years	6 Years	9 Years
	Minimum 10 Debentures		12% General	12.5% for Senior Citizen	14% for General	14.5% for Senior Citizen	
	N.B.: Another 50% Bonus at the time of Redemption. Subject to achievement of the projected business target (for TD only)						
<b>Interest Payment</b>	On Maturity						
<b>Issue Time Table</b>	Open (01.10.2011) Close (30.09.2012)						
<b>Resolution of Board of Directors</b>	14.10.2011						
<b>Trustees</b>	Mega Mould Debenture Trust						
<b>Who can Apply</b>	Individuals/ Scheduled Commercial Banks/ Financial Institutions/ Insurance Companies/ Mutual Funds/ Bodies Corporate						

- g) As stated above, the Company had created another charge during 2011 and as per FORM 10 available on the 'MCA21 Portal' regarding particulars of registration of charges for debentures, the following was observed:

Trustee	Mega Mould Debenture Trust
Date of creation of charge	22.10.2011
Amount of present issue of series	~150 Crores
Resolution of Board of Directors	22.10.2011
Description of property charged	"Immovable Properties/ Others"
Particulars of the property charged	"Present Property"

- h) The company has represented that it had circulated more than **6,00,000 Application Forms** and allotted **5,25,128 Debenture Certificates**.
- i) The following observations from the SEBI Order are also noted:

"....."

- b. *The following facts were also observed from the list of allottees under the issue of NCDs, as submitted by Mega Mould in its reply dated June 5, 2013, viz: -*
- i. *Information regarding NCDs was given in Excel Sheet format in a single sheet for the period October 1, 2011 to November 19, 2012. However, as per Mega Mould's written submission, the Second Series of issue of NCDs closed on September 30, 2012. Therefore, the list of allottees contained data regarding issue of NCDs even after September 30, 2012, prima facie indicating further issuance of NCDs.*
  - ii. *The column 'Applicants Name' consisted of 525088 rows wherein the list of names included 532 entries such as '0', etc. Again in 16473 instances, the names began with 'LATE' indicating that application/allotment were made in the name of deceased persons.*
  - iii. *Although the total amount raised through the issue of NCDs was not provided by Mega Mould, on adding up the 'Total Amount' column, it was observed that the company had raised approximately ₹716 Crores. However, from the dates mentioned therein, it is observed that details regarding allottees of NCDs issued in the First Series of issue of NCDs i.e. during the period August 15, 2010 to August 14, 2011, were not made available by Mega Mould. In view of the same, it would appear that the aforesaid amount mobilized under the issue of NCDs pertains to only the Second Series of issue of NCDs i.e. during the period October 1, 2011 to November 19, 2012.*
- c. *It is observed that the invitation made by Mega Mould for subscription to the issue of NCDs was extended to Individuals, Corporate Bodies, Financial Institutions, Insurance Companies, Mutual Funds, etc. Under the issue of NCDs, Mega Mould admittedly circulated more than 600000 Application Forms and allotted 525128 Debenture Certificates to subscribers. An amount of ₹716 Crores was mobilized under such issue.*
- d. *The company has not provided SEBI with the total number of investors under the issue of NCDs. In view of how such issue has been handled by Mega Mould (i.e. 600000 Application Forms were circulated and allotment of 525128 Debenture Certificates was made to subscribers), I feel it is an eminently reasonable conclusion to draw from the facts in the instant matter that issue of NCDs would have been subscribed several times over the threshold for a private placement. I therefore, find that the issue of NCDs was nothing but a public issue of securities.*
- e. *The Reserve Bank of India vide letter dated July 4, 2013, has stated that Mega Mould is not registered with it and therefore, is out of its regulatory purview. Further, Mega Mould is not stated to be a public financial institution within the meaning of Section 4A of the Companies Act, 1956. In view of the same, I find that Mega Mould is not covered under the second proviso to Section 67(3). "*

- j) The SEBI Order had also observed that offer and issue of NCDs by the Company would *prima facie* qualify as a public issue under the first *proviso* to Section 67(3) of the Companies Act, 1956, as the offer and allotment was made to more than 49 persons.

8. The Company had, through its representative submitted a Compact Disc during the personal hearing held on December 11, 2014, claiming that the CD contained the details of Debentures issued for the period September 22, 2010 to September 22, 2011. As mentioned above, the Company had issued NCDs in two tranches - the **First Series of NCDs during August 15, 2010 to August 14, 2011** and the **Second Series of NCDs from October 01, 2011 to September 30, 2012**. I have perused the contents of the CD. The details are contained in an Excel Sheet with the title "**business details 22-09-2010 to 22-09-2011**". From such details in the CD, it is noted that **names of the applicants** *inter alia* were not present. However, the Company **is found to have collected Rs.172,23,60,700/-** (i.e., **Rs.172.24 crores**) **through 1,53,482 applications (entries in the CD)**. The quantum of amount has been arrived at by adding the column "Total Amount" in the Excel Sheet. The SEBI Order had alleged that the Company did not provide the details pertaining to its First Series of NCDs. I note that the period for which details have now been submitted (*during the personal hearing*) more or less corresponds with the issue period of the First Series of NCDs, though it can be inferred that the Company was mobilizing funds even beyond the closure of the issue of First Series of NCDs. The SEBI Order has alleged that the Company had provided information pertaining to the NCDs for the period October 01, 2011 to November 19, 2012 and that total amount raised therein was approximately Rs.716 crores. The Company has not disputed the same, as these inferences were made in the SEBI Order only from the details provided by it earlier. Adding the said mobilization (of Rs.716 crores) with the mobilisation of Rs.172.24 crores, as submitted now by the Company, it is observed that the Company has mobilized at least **Rs.888 crores through its offer and issue of NCDs**.

9. Further, the Company in its submissions (as referred in the SEBI Order) has stated that it had circulated more than 6,00,000 application forms and has allotted 5,25,128 debenture certificates. Even as per its submissions dated As per the details submitted by it for the NCDs issued during October 01, 2011 and November 19, 2012, it is seen that there were 5,25,088 rows under the column "Applicants Name". From the information submitted by the Company with respect to issue of NCDs during the period September 22, 2010 to September 22, 2011, the Company has issued NCDs to 1,53,482 number of applications and seems to have mobilized Rs.172 crores (approx.). However, the Company still claims to have allotted 5,25,128 debenture certificates against applications.

10. The Company has not refuted the allegations and has admitted to have issued debentures to the general public without filing Prospectus. In view of the above number of investors to whom the Company has allotted debentures and funds were mobilized by the Company, it can be easily concluded that the offer and issue of NCDs was a 'public issue' of such securities in terms of the first *proviso* to section 67(3) of the Companies Act, 1956. While examining the scope of section 67 of the Companies Act, 1956, the Hon'ble Supreme Court of India in the matter of *Sahara India Real Estate Corporation Limited & Ors. Vs. SEBI (Civil Appeal no. 9813 and 9833 of 2011)* (hereinafter referred to as the '*Sahara Case*'), had observed that:

*Resultantly, if an offer of securities is made to fifty or more persons, it would be deemed to be a public issue, even if it is of domestic concern or proved that the shares or debentures are not available for subscription or purchase by persons other than those received the offer or invitation. ...*

*... .. 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. ..."*

[Emphasis supplied]

11. Accordingly, the Company was mandated to comply with the provisions of the Companies Act including sections 56, 60 {read with section 2(36)} and 73 of the Companies Act. In terms of 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 a company, unless the form is accompanied by abridged prospectus, contain disclosures as specified. Section 60 read with section 2(36) of the Companies Act mandates a company to register its 'prospectus' with the RoC, before making a public offer/ issuing the 'prospectus'. Further, by issuing NCDs to more than 50 persons, the Company had to compulsorily list such securities in compliance with section 73 of the Companies Act, 1956. As per section 73(1) and (2) of the Companies Act, 1956, a company is required to make an application to one or more recognized stock exchanges for permission for the shares or debentures to be offered to be dealt with in the stock exchange and if permission has not been applied for or not granted, the company is required to forthwith repay with interest all moneys received from the applicants. The Company appears to have contravened the said provisions as it has neither made an application seeking listing permission nor refunded the amounts on account of such failure. The Company has also not complied with the provisions of section 73(3) as it has not kept the amounts received from investors in a separate bank account and failed to repay the same in accordance with section 73(2) as observed above. In the matter of the *Saharas*, the Hon'ble

Supreme Court of India, while examining the provisions of section 73 of the Companies Act, 1956 has observed as under :

*"93. 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.*

*94. Listing is, therefore, a legal responsibility of the company which offers securities to the public, provided offers are made to more than 50 persons. ... .. A company cannot be heard to contend that it has no such intention or idea to make an application to the stock exchange. "*

**12.** As NCDs are 'debt securities', the Company was also mandated to comply with the provisions of the ILDS Regulations and the following provisions of such regulations as alleged in the interim order:

- a. Regulation 4(2)(a) – Application for listing of debt securities
- b. Regulation 4(2)(b) – In-principle approval for listing of debt securities
- c. Regulation 4(2)(c) – Requirement of Credit Rating
- d. Regulation 4(2)(d) – Dematerialization of debt securities
- e. Regulation 4(4) – Appointment of Debenture Trustee
- f. Regulation 5(2)(b) – Disclosure requirements in the Offer Document
- g. Regulation 6 – Filing of draft Offer Document
- h. Regulation 7 – Mode of disclosure of Offer Document
- i. Regulation 8 – Advertisements for Public Issues
- j. Regulation 9 – Abridged Prospectus and application forms
- k. Regulation 12 – Minimum subscription
- l. Regulation 14 – Prohibition of mis-statements in the Offer Document
- m. Regulation 15 – Trust Deed
- n. Regulation 16(1) – Debenture Redemption Reserve
- o. Regulation 17 – Creation of security
- p. Regulation 19 – Mandatory Listing

q. Regulation 26 – Obligations of the Issuer, etc.

13. The SEBI Order has also alleged that the Company failed to comply with sections 117B and 117C of the Companies Act. In terms of 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. By failing to file a Prospectus and not adhering to the stipulations contained in section 117B, the Company has contravened the said provision. Section 117C of the aforesaid Act stipulates that, where a company issues debentures, it shall create a debenture redemption reserve for the redemption of such debentures, to which adequate amount shall be credited out of its profits every year until such debentures are redeemed. The Company neither refuted the allegation nor provided proof that it has set up a Debenture Redemption Reserve. Therefore, the Company has contravened section 117C also of the Companies Act.

14. In view of the above, I hereby find that the Company has contravened the provisions of the sections 56(1), 56(3), 60 read with section 2(36), 73, 117B and 117C of the Companies Act, 1956 and also the provisions of the ILDS Regulations, Companies Act, 1956, which regulate the offer and issue of securities, including in respect of its issuance of NCDs. Accordingly, the natural consequence for the Company, having illegally and irregularly mobilized public funds under its offer and issue of NCDs, is to refund the monies so mobilized to investors with interest.

15. The SEBI Order has been passed against the Directors of the Company, namely Mr. Anukul Maiti, Smt. Kanika Maiti and Mr. Swapan Roy. The following are their details as available in the website of the Ministry of Corporate Affairs:

**List of Signatories**

<b>DIN/DPIN/PAN</b>	<b>Full Name</b>	<b>Present residential address</b>	<b>Designation</b>	<b>Date of Appointment</b>
01884307	ANUKUL MAITI	1/29 KHANPUR ROAD, NAKTALA, KOLKATA, 700047, West Bengal, INDIA	Additional director	22/07/2010
02029931	KANIKA MAITI	1/29 KHANPUR ROAD NEAR OPPOSITE SATSANGHA BIHAR, P O NAKTOLA PS JADAVPUR, KOLKATA, 700047, West Bengal, INDIA	Additional director	22/07/2010
02621357	SWAPAN ROY	UTTARPARA, RAJRAJESHWARPUR,, PATHARPRATIMA, SOUTH 24 PARGANAS,, PARGANAS, 721301, West Bengal, INDIA	Additional director	22/07/2010

Considering the above in the light of the period during which the impugned fund raising activity was indulged in by the Company, I find these directors liable for the contraventions committed by the Company respect of its offer and issuance of NCDs.

16. The SEBI Order has observed "*From information obtained by SEBI from the MCA 21 Portal, ..... Mega Mould appointed ICore E-Services Limited and Mega Mould Debenture Trust as Debenture Trustees for the issue of NCDs by that company*". The SEBI Order has alleged that I Core E-Services Limited and Mega Mould Debenture Trust have contravened the provisions of section 12(1) of the SEBI Act, as they acted as the unregistered debenture trustees. In terms of 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*". The above said entities have not refuted the charge and have not produced any document which would prove the charge otherwise. It is a fact that I Core Mega and Mould Debenture Trust are not registered with SEBI in the capacity as "Debenture Trustees". Accordingly, they are found liable for the contravention of section 12(1) of the SEBI Act read with the SEBI (Debenture Trustees) Regulations, 1993.

17. The SEBI Order has also alleged that I Core/Mega Mould has contravened the provisions of regulation 13 A (a) & (b) of the SEBI (Debenture Trustees) Regulations, 1993. The SEBI Order has observed "*It is noted that Mega Mould is a subsidiary of ICore E-Services Ltd. In view of the same, it would follow that both ICore E-Services Ltd. and Mega Mould are associates. Further, from the Balance Sheet of Mega Mould as on March 31, 2011, it is observed that ICore E-Services Ltd. has given a loan of ₹160 Crores to Mega Mould and the same has not yet been fully repaid*". Regulation 13A(a) & (b) of the SEBI (Debenture Trustees) Regulations, 1993 stipulates that -

*"No debenture trustee shall act as such for any issue of debentures in case –*

- a. it is an associate of the body corporate, or*
- b. it has lent and the loan is not yet fully repaid or is proposing to lend money to the body corporate: Provided that this requirement shall not be applicable in respect of debentures issued prior to the commencement of the Companies (Amendment) Act, 2000, where –*
  - (i) recovery proceedings in respect of the assets charged against security has been initiated, or*
  - (ii) the body corporate has been referred to Board for Industrial and Financial Reconstruction under the Sick Industrial Companies (Special Provisions) Act, 1985, prior to commencement of the Securities and Exchange Board of India (Debenture Trustees) (Amendment) Regulations, 2003."*

In view of the above and in the absence of any submissions/material from the Company, I hereby find I Core liable for contravening the above provisions of the Debenture Trustees Regulations.

18. In view of the above violations by the Company, its directors, the entities appointed as debenture trustees, and to protect the interest of investors who had subscribed to the NCDs/securities offered and issued by the Company/its directors, I find that necessary and appropriate directions need to be issued against them. Further, I also note that the directors (Mr. Anukul Maiti, Ms. Kanika Maiti and Mr. Swapan Roy) of this Company are also the directors of Promotech Infratech Limited, wherein they have issued securities and raised public funds without complying with the norms governing the public issue of securities. SEBI has also passed an interim order in the matter of I Core E-Services Limited on similar charges, where these directors are common. I also note that SEBI, vide Order dated March 05, 2015, has found Promotech Infratech Limited and its promoters/directors including Mr. Anukul Maiti, Smt. Kanika Maiti and Mr. Swapan Roy, to have issued securities in violation of the norms pertaining to public issue of securities. SEBI has also issued suitable directions against them. Further, vide another Order dated March 05, 2015, the interim directions issued by SEBI in the matter of I Core E-Services Limited were confirmed. In view of the same, it becomes necessary for SEBI to take stricter and harsher action to ensure that these directors do not repeat the violations by floating/forming other companies/entities. Reference to other law enforcement agencies like the Reserve Bank of India, the Enforcement Directorate, Serious Frauds Investigation Office, the Economic Offences Wing of the State Police of West Bengal, Ministry of Corporate Affairs/Registrar of Companies, West Bengal needs to be made in order to prevent further mobilization and vigil over such companies.

19. In view of the foregoing observations and findings, I in exercise of the powers conferred under section 19 of the Securities and Exchange Board of India Act, 1992 read with sections 11(1), 11A, 11B and 11(4) thereof and regulation 28 of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, hereby issue the following directions :

- (a) **Mega Mould India Limited (CIN No. U27109WB2005PLC104263)**, its promoters and directors including **Mr. Anukul Maiti (DIN- 01884307)**, **Smt. Kanika Maiti (DIN - 02029931)** and **Mr. Swapan Roy (DIN - 02621357)** shall jointly and severally, **forthwith** refund the money collected by the Company through its illegal and irregular offer and allotment of Secured Non-Convertible Redeemable Debentures (*which have been found to be issued in contravention of the public issue norms stipulated under the Companies Act, 1956 and the ILDS Regulations in this Order*), including the money collected from investors, till date, pending allotment of securities, if any, with returns that were promised by the Company to its investors. In case of delay in making the repayments, the Company, its promoters and directors, shall jointly and

severally, return the money collected from its investors with an interest of 15% per annum compounded at half yearly intervals, from the date of this Order till the date of actual payment. The above directed interest on the delayed payments shall be over and above the returns that are due to its investors of such instruments.

- (b) The repayments to investors shall be effected only in cash through Bank Demand Draft or Pay Order.
- (c) **Mega Mould India Limited, Mr. Anukul Maiti, Smt. Kanika Maiti and Mr. Swapan Roy** are permitted to sell the assets of the Company only for the sole purpose of making the refunds as directed above and deposit the proceeds in an Escrow Account opened with a nationalised Bank.
- (d) **Mega Mould India Limited, Mr. Anukul Maiti, Smt. Kanika Maiti and Mr. Swapan Roy** are also directed to provide a full inventory of all their assets and properties and details of all their bank accounts, demat accounts and holdings of shares/securities, if held in physical form.
- (e) **Mega Mould India Limited, Mr. Anukul Maiti, Smt. Kanika Maiti and Mr. Swapan Roy** shall issue public notice, in all editions of two National Dailies (one English and one Hindi) and in one local daily (in Bengali) with wide circulation, detailing the modalities for refund, including details on contact persons including names, addresses and contact details, within fifteen days of this Order coming into effect.
- (f) After completing the aforesaid repayments, the Company shall file a certificate of such completion with SEBI from two independent peer reviewed Chartered Accountants who are in the panel of any public authority or public institution. For the purpose of this Order, a peer reviewed Chartered Accountant shall mean a Chartered Accountant, who has been categorized so by the Institute of Chartered Accountants of India ("ICAI").
- (g) **Mega Mould India Limited, Mr. Anukul Maiti, Smt. Kanika Maiti and Mr. Swapan Roy** are directed not to, directly or indirectly, access the capital market by issuing prospectus, offer document or advertisement soliciting money from the public and are further restrained and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in whatsoever manner, from the date of this Order till the expiry of **4 years** from the date of completion of refunds to investors as directed above.
- (h) **Mr. Anukul Maiti, Smt. Kanika Maiti and Mr. Swapan Roy** are restrained from associating themselves, as a director or a promoter, with any listed public company and any public

company which intends to raise money from the public, from the date of this Order till expiry of **4 years** from the date of completion of refunds to investors as directed above.

- (i) **I Core E-Services Limited and Mega Mould Debenture Trust**, the entities who were appointed as debenture trustees in contravention of law, shall not offer themselves to be engaged as debenture trustees or in any capacity as an intermediary in the securities market, without obtaining a certificate of registration to undertake that assignment as required under law and comply with all legal requirements. Further, the above entities are restrained from accessing the securities market and are further restrained from buying, selling or dealing in securities, in any manner whatsoever, for a period of **4 years**.
- (j) The above directions shall come into force with immediate effect.

**20.** In case of failure of the company, **Mega Mould India Limited and its directors Mr. Anukul Maiti, Smt. Kanika Maiti and Mr. Swapan Roy** to comply with the aforesaid directions, SEBI shall take appropriate action against them and other persons/officers who are in default, including launching of prosecution proceedings, adjudication proceedings and attachment and recovery proceedings against them, in accordance with law. SEBI would also -

- a. make a reference to the **State Government/ Local Police** to register a civil/ criminal case against **Mega Mould India Limited**, its promoters, directors and its managers/ persons in-charge of the business and its schemes, for offences of fraud, cheating, criminal breach of trust and misappropriation of public funds; and
- b. make a reference to the Ministry of Corporate Affairs, to initiate the process of winding up of the company, **Mega Mould India Limited**.

**21.** This Order shall be without prejudice to any further action that may be initiated by SEBI, in accordance with law, against the Company and its directors/promoters for the violations as observed in this Order.

**22.** Copies of this Order shall be served on the recognised stock exchanges and depositories for information and necessary action.

**23.** A copy of this Order shall be forwarded to the Reserve Bank of India, the Enforcement Directorate, Serious Frauds Investigation Office, the Economic Offences Wing of the State Police of

West Bengal, Ministry of Corporate Affairs/Registrar of Companies, West Bengal, for their information and necessary action, if any.

**PRASHANT SARAN  
WHOLE TIME MEMBER  
SECURITIES AND EXCHANGE BOARD OF INDIA**

**Date : March 05, 2015  
Place: Mumbai**