

SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

ORDER

Under Sections 11(1), 11(4), 11A and 11B of the Securities and Exchange Board of India Act, 1992 against ICore E-Services Limited and its directors, Mr. Anukul Maiti, Mrs. Kanika Maiti, Mr. Swapan Kumar Roy, Mr. Radhashyam Giri, Mr. Tapan Kumar Charterjee, Mr. Saral Ranjan Gupta, Mr. Amal Bhattacharya, Mr. Chandan Dey and Mr. Mahadeb Sen

In the matter of alleged illegal money mobilization by ICore E Services Limited from the public

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") had received complaints/references alleging that various companies including ICore E Services Limited (hereinafter referred to as "the Company") is mobilizing funds from the public, through issue of debentures, preference shares, collective investment schemes, with promises of huge returns and misrepresenting that they have permissions and licenses for doing so from regulatory agencies like SEBI, Ministry of Corporate Affairs ("MCA") etc. It was also alleged *inter alia* that the Company did not have any profitable business and that the only source for repaying the monies was from fresh money collected. The complaints also alleged that such companies invested the mobilized money in loss making businesses and wasteful publicity through advertisements.

2. On receipt of such complaints, SEBI initiated a preliminary examination into the affairs of the Company. The preliminary enquiry primarily focused on whether the Company made any public issue of securities without complying with the provisions of the Companies Act, 1956 (*now repealed*) and the relevant SEBI rules, regulations and guidelines. In pursuance thereof, SEBI vide letter dated November 05, 2012, while stating that the Company was raising funds from public by issuing debentures/preference shares ostensibly by way of private placement and that no prospectus of Draft Red Herring Prospectus or Statement in lieu of Prospectus or Information Memorandum was filed with SEBI, advised the Company to provide the following information and documents :

1. *Copy of Prospectus/Red Herring Prospectus/Statement in lieu of prospectus/Information memorandum filed with RoC for issuance of debentures/preference shares.*
2. *Copy of the Memorandum and Articles of Association of the company.*
3. *Copy of audited Balance Sheet and Profit & Loss account of the company for last 3 years.*
4. *Name, addresses and occupation of all the promoters/directors of the company.*
5. *Names and details of the Key Managerial Personnel of the company.*
6. *Other information in respect of every series of debentures/preference shares issued by the Company, as below :*
 - a. *Date of opening and closing of the subscription list for the said debentures/preference shares.*
 - b. *Details regarding the number of application forms circulated inviting subscription for debentures/preference shares.*
 - c. *Details regarding the number of applications received.*
 - d. *Details regarding the number of allottees and list of such allottees.*
 - e. *Number of debentures/preference shares allotted and value of such allotment against each allottee's name.*
 - f. *Details regarding subscription amount raised.*
 - g. *Date of allotment of the debenture/ preference shares.*
 - h. *Copies of the minutes of Board/committee meeting in which the resolution has been passed for allotment.*
 - i. *Date of dispatch of debenture/preference share certificates etc.*
 - j. *Details of the total number of applicants for each of its scheme besides the list of final allottees.*
 - k. *Copies of application forms, pamphlets, advertisements and other promotional material circulated for issuance of debentures/ preference shares.*
 - l. *Terms and conditions of the issue of debentures/ preference shares*

The Company was further advised to provide the above required information and documents within 15 days from the date of receipt of the SEBI letter.

3. SEBI, vide letter dated November 05, 2012, requested the Registrar of Companies (RoC), Kolkata, to inform whether the Company had filed any pamphlet/prospectus/information memorandum, with RoC and whether the Company had furnished the necessary statutory declaration in accordance with Schedule 2 of the Companies Act, 1956 as amended in the year 2002. In addition to the documents and information as

sought by SEBI from the Company, SEBI also requested RoC to forward copy of the Return of Allotment as filed by the Company in respect of its issuance of securities.

4. SEBI also issued another letter dated December 20, 2012 to the Company advising it to furnish further information and documents as follows:

1. *A statement of mobilization and deployment of funds under various schemes duly certified by its Statutory Auditors*
2. *Other information as below :*
 - (a) *Terms and conditions of the schemes launched;*
 - (b) *Structure of the Plans/ Schemes;*
 - (c) *Details of the scheme-wise amount mobilized till date along with number of investors under the schemes;*
 - (d) *Promises or assurances or assured returns made in the scheme(s);*
 - (e) *Copies of offer documents, application form, pamphlets, brochures of the scheme(s) launched;*
 - (f) *Sample copies of the registration letter and allotment letter issued to the investors who subscribed to the Company's scheme(s);*
 - (g) *Sample copies of the agreement letter/ contract required to be entered into by investor/ applicant under the scheme(s);*
 - (h) *Options available with the investor if he does not want to hold his investments till maturity;*
 - (i) *Whether any instrument is issued to the investors after receipt of fund;*
 - (j) *If such instruments are issued whether they are transferable;*
 - (k) *In case the scheme(s) pertain to booking/purchase of goods/properties, to specify the options available with the investor if he does not want to possess the goods/property after payment of initial amount; and*
 - (l) *To confirm whether the scheme(s) floated by the Company falls under the SEBI (Collective Investment Schemes) Regulations, 1999.*

The above information and documents were advised to be furnished by the Company within 15 days.

5. SEBI received certain information/documents including the Balance Sheets of the Company for the years 2008-2009, 2009-2010 and 2010-2011 from the RoC. The RoC had also informed that the Company did not file prospectus/red herring prospectus/statement in lieu of prospectus/information memorandum with respect to the issuance of debentures. As per the

information provided by the RoC, Mr. Anukul Maiti (Managing Director), Ms. Kanika Maiti, Mr. Amal Bhattacharya (*as per document furnished by RoC, the said person was a director in the Company from 15.02.2008 to 15.09.2009*) and Mr. Swapan Kumar Roy were the directors of the Company.

6. The Company vide letter dated April 12, 2013 *inter alia* submitted that as it did not issue any debentures and/or preference shares, filing of the prospectus/red herring prospectus/statement in lieu of prospectus/information memorandum did not arise. Copies of the Memorandum of Association (MoA), Articles of Association (AoA), audited balance sheets and profit and loss account for the financial years 2009-2010, 2010-2011 and 2011-2012 were submitted. According to the Company, the following were its promoters/directors:

Sr. No.	Name	Position
1	Anukul Maiti	Promoter/Managing Director
2	Kanika Maiti	Promoter/Director
3	Swapan Kumar Roy	Director
4	Radhashyam Giri	Director
5	Tapan Kumar Chatterjee	Director
6	Saral Ranjan Gupta	Director
7	Amal Bhattacharya	Director
8	Chandan Dey	Director
9	Mahadeb Gyan	Director

Mr. Anukul, Ms. Kanika Maiti and Mr. Swapan Kumar Roy were stated to be the key managerial personnel of the Company.

7. SEBI has also perused the filings made by the Company with the RoC, as available in the "MCA 21" Portal maintained by the Ministry of Corporate Affairs ("MCA"), Government of India.

8. On the basis of the available records and the examination conducted by SEBI, the following observations are made :

(a) **Mobilization of funds and issue of equity shares during 2007-2008 and 2008-2009 by the Company :**

The Company had issued equity shares to the extent of ₹ 4 crore to and ₹ 5 crore in the financial years 2007-2008 and 2008-2009 respectively to more than 49 persons. It is noted that the Company had issued a notice dated March 01, 2008 and resolved in the extraordinary general meeting held on March 28, 2009 that the Board of Directors were

authorized to issue one or more tranches of 20,00,000 and 35,00,000 equity shares of ₹ 10/- each at par or at premium as may be decided to any person whether they are existing members or not. Details are as under :

Year	Type of securities	No. of securities issued	No. of persons to whom issued (approximately)	Total amount raised through such issuance of securities
2007-2008	Equity shares	20,00,000 equity shares	1956	₹4,00,00,000/-
2008-2009	Equity shares	35,00,000 equity shares	3283	₹5,00,00,000/-

The ₹ 4 crore raised in 2007-2008 was through the issue of 20,00,000 equity shares of ₹ 10/- each issued with a premium of ₹ 10/-per share to around 1956 investors. The premium of 2,00,00,000/- was added to the Securities Premium Account. As per the Balance Sheet as at March 31, 2008 (*as reflected in the Balance Sheet for 2008-2009*), the Paid-up Share Capital was ₹ 2,05,00,000/- made up of 20,50,000 equity shares of ₹ 10/- each. Allegedly, no prospectus was filed with RoC by the Company with respect to this issue of equity shares.

As on March 31, 2009, the paid-up capital of the Company increased to ₹ 5,55,00,000/- made up of 55,50,000 equity shares of ₹ 10/- each. In this regard, it is noted that during the financial year 2008-2009, the Company had issued 35,00,000 equity shares of ₹ 10/- each and raised ₹ 5 crore. This included a premium of 1,50,00,000/-. The allotment was to around 3283 investors.

(b) **Mobilization of funds through collection of share application money during financial year 2009-2010 and issue of equity shares during financial year 2010-2011:**

The Company has collected funds under the head "Share Application" to the tune of ₹ 45,74,55,833.58/- [share application money of ₹ 13,71,26,833.60/- + premium of ₹ 32,03,29,000/-] during 2009-2010, of which ₹ 33,25,97,118/- was collected from "others".

Details of such money mobilization is as below:

Names of the investor	Share application Money (₹in lakh)	Premium (₹in lakh)	Total (₹in lakh)
ICORE Apparel Pvt. Ltd.	15.00	35.00	50.00
ICORE Paints Pvt. Ltd.	15.00	35.00	50.00
ICORE Global Medicine Ltd.	30.00	70.00	100.00
ICORE Jewellery & Gems Pvt. Ltd.	9.00	21.00	30.00
ICORE Iron & Steel Pvt. Ltd.	165.00	385.00	550.00
ICORE Super Cements Pvt. Ltd.	15.00	35.00	50.00
Triloke Enterprise	125.00	293.00	418.00
Others	997.00	2329.00	3326.00
Total	1371.00	3203.00	4574.00

The details such as the identity of "others" has not been disclosed by the Company. As the quantum of money mobilized from "others" is huge, the same gives rise to an assumption that the such money was mobilized from public investors. The remaining sum was from the group companies of the Company.

It *prima facie* appears that the company is purposely withholding information relating to allotment of shares in “others” category (*number of persons may be 49 or more*) so as to avoid filings of statutory return upon allotment like “Form 2” and comply with Listing requirements and other statutory compliances.

During the year 2010-2011, equity shares for ₹ 4,01,95,580/- were allotted and ₹ 36,17,60,220/- was added to the "Securities Premium Account" under the head "Reserves and Surplus". Considering the value (*issued with a huge premium of 9 times the face value*) of such securities issued during 2010-2011, it can be presumed that that these securities were issued to more than 49 investors. The details regarding the exact number of investors under this allotment has not been divulged by the Company.

It is also observed that if ₹ 4,01,95,580/- and ₹ 36,17,60,220/- are deducted from the Share Application Money of ₹ 45,74,55,833.58/- collected during 2009-2010, there is a difference of ₹ 5,55,00,033/-, which *prima facie* has not been accounted for by the Company.

9. The total money mobilized by the Company through issue of equity shares and share application money for the relevant years, as discussed above, could be tabulated as follows :

Year	No. of securities	No. of persons to whom issued(approx.)	Total Amount (₹ mobilized
2007-2008	20,00,000 equity shares	1956	₹ 4,00,00,000/-
2008-2009	35,00,000 equity shares	3283	₹ 5,00,00,000/-
2009-2010	Application money collected	<i>Presumed to be collected from more than 49 persons</i>	₹ 45,74,55,833.58/-
2010-2011	40,19,558 equity shares	<i>Presumed to be issued to more than 49 persons</i>	₹ 40,19,55,800/-*
Total			₹ 54,74,55,833.58/-

* Equity shares for ₹ 40.19 crore (including premium) issued in 2010-2011 appears to be out of ₹ 45.74 crore collected as share application money during 2009-2010.

As per the details available on record, the Company, till the end of financial year 2010-2011, has mobilized ₹ 54.75 crore (includes collection through issue of shares and application money) from more than 5,239 public investors.

10. Having noticed the facts on record, it is necessary to refer to the statutory/legal provisions, which are relevant to the facts of the case. As the equity shares were issued in the years 2007-2008, 2008-2009 and 2010-2011, the Companies Act, 1956 (since repealed) shall be applicable. In terms of section 67(3), as amended by the *Companies (Amendment) Act, 2000, with effect from December 13, 2000*, no offer or invitation shall be treated as made to the public by virtue of sub-sections (1) or (2), as the case may be, if the offer or invitation can properly be regarded, in all 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. Further, in terms of the *proviso* to the aforesaid section, the provisions of section 67(3) shall **not** apply in a case where the **offer or invitation to subscribe for shares or debentures** is made to **fifty persons or more**. Therefore, 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. The number of persons to whom the offer is made including the number of persons to who shares have been actually issued, becomes relevant to judge whether an issue of shares is made to public or made on a private placement basis. The Company 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 not covered under the *second proviso* to section 67(3). In view of the foregoing, it could be *prima facie* observed that the aforesaid issue of securities made by the Company were deemed public issues made by the Company.

11. When an issue of securities is made to the public, such company is statutorily mandated to comply with provisions of the Companies Act, 1956 and other relevant statutory provisions regulating such activity.

12. In case of any public issue of securities, the relevant provisions of the Companies Act including sections 60 read with section 2(36), 56(1), 56(3) and 73 thereof needs to be complied with. In terms of section 60 read with section 2(36) of the Companies Act, a company is required to file a prospectus with respect to its public issue, which in this case has *prima facie* not been done. The RoC has informed that there is no prospectus/offer document filed with it by the Company. Consequentially, the Company has also *prima facie* not complied with the provisions of section 56(1) and 56(3) of the Companies Act, 1956, which refers to the matters that are to be stated in the prospectus and the documents (*i.e., the memorandum containing salient features of the prospectus*) that should accompany the application form inviting subscription. By issuing equity shares to more than 50 persons, the Company had to compulsorily list such securities in compliance with section 73 of the Companies Act. As per section 73(1) and (2) of the Companies Act, 1956, a company is required to make an application to one or more recognised 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 *prima facie* 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).

13. In view of the above, it is alleged that the Company has contravened the provisions of the Companies Act, 1956 which regulates the public issue of securities, including sections 60 read with section 2(36), 56(1), 56(3) and 73 of the Companies Act, 1956, in respect of its collection of public funds towards issue of securities and the issuance of equity shares, during the years 2007-2008, 2008-2009, 2009-2010 and 2010-2011.

14. As regards the jurisdiction and regulatory powers of SEBI on companies that raise funds from the public through issue of securities, section 55A of the Companies Act provides that sections 55 to 58, 59 to 81 (including sections 68A, 77A and 80A), 108, 109, 110, 112, 113, 116, 117, 118, 119, 120, 121, 122, 206, 206A and 207 of the Companies Act, 1956, so far as they relate to issue and transfer of **securities** and non-payment of dividend shall – (i) in case of listed public companies and (ii) in case of those public companies which intend to get their securities listed on any recognised stock exchange in India, be administered by SEBI. "Securities", in terms of section 2(45AA) of the Companies Act read with clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "the SCRA"), includes shares. Sections 56, 60, 67 and 73 of the Companies Act are included in the list of sections mentioned in section 55A of the Companies Act. Therefore, such sections are administered by SEBI.

15. The preamble to the SEBI Act provides for the establishment of a Board to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market and for matters connected therewith of incidental thereto. In terms of section 11(1) of the SEBI Act, subject to the provisions of the SEBI Act, it shall be the duty of SEBI to protect the interests of investors in securities and to promote the development of, and to regulate the securities market, by such measures as it thinks fit. Further, SEBI can, under section 11A of the SEBI Act, regulate or prohibit the issue of prospectus, offer document or advertisement soliciting money for issue of securities. Prior to the amendment in 2002, section 11A empowered SEBI to specify by regulations, for the protection of the investors, the matters relating to issue of capital, transfer of securities and other matters incidental thereto and the manner in which such matters shall be disclosed by the companies. The provisions of the section 11A, as amended by the SEBI (Amendment) Act, 2002, with effect from 29-10-2002, are reproduced below :

"11A. (1) *Without prejudice to the provisions of the Companies Act, 1956 (1 of 1956), the Board may, for the protection of investors,—*

(a) specify, by regulations—

- (i) the matters relating to issue of capital, transfer of securities and other matters incidental thereto; and*
- (ii) the manner in which such matters shall be disclosed by the companies;*

(b) by general or special orders—

- (i) prohibit any company from issuing prospectus, any offer document, or advertisement soliciting money from the public for the issue of securities;*
- (ii) specify the conditions subject to which the prospectus, such offer document or advertisement, if not prohibited, may be issued.*

(2) Without prejudice to the provisions of section 21 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Board may specify the requirements for listing and transfer of securities and other matters incidental thereto.

Further, in terms of section 32 of the SEBI Act, the provisions of the said Act shall be in addition to and not in derogation of the provisions of any other law for the time being in force.

16. SEBI had framed the DIP Guidelines in exercise of the powers conferred upon itself by the SEBI Act. In the words of the Hon'ble Supreme Court in the matter of Sahara Companies," *DIP Guidelines had statutory force since they were framed by SEBI in exercise of its powers conferred on it under Sections 11 and 11A of the SEBI Act. Powers have been conferred on SEBI to protect the interests of the investors in securities and regulate the issue of prospectus, offer documents or advertisement soliciting money through the issue of prospectus. Section 11 of the Act, it may be noted has been incorporated, evidently to protect the interests of investors whose securities are legally required to be listed. DIP Guidelines were implemented by SEBI with regard to the listed and unlisted companies, which made public offer, until it was replaced by ICDR 2009".* The DIP Guidelines were applicable to all public issues by listed and unlisted companies. The DIP Guidelines had prescribed various guidelines with respect to the public issue of securities by companies. These guidelines acted as reasonable safeguards for the investors who subscribed or intended to subscribe in public issues of securities. The Company has *prima facie* issued equity shares to public during 2007-2008 and 2008-2009, when the DIP guidelines were in force. In addition to the provisions of the Companies Act, they were also mandated to comply with the provisions of DIP Guidelines till such time they were in force. When the DIP Guidelines were repealed and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the ICDR Regulations") were notified with effect from August 28, 2009, the Company was mandated to comply with such regulations with respect to its capital issues made thereafter.

In this regard, I observe *prima facie* that the Company has not complied with the provisions of the DIP Guidelines including the following clauses :

- a) *Clause 2.1.1. (filing of offer document),*
- b) *Clause 2.1.4 (application for listing),*
- c) *Clause 2.1.5.(issue of securities in dematerialized form),*
- d) *Clause 2.8. (means of finance),*
- e) *Clause 4.1.(promoters contribution in a public issue by unlisted companies),*
- f) *Clause 4.11. (lock-in of minimum specified promoters contribution in public issues),*
- g) *Clause 4.14 (lock-in of pre-issue share capital of an unlisted company),*
- h) *Clause 5.3.1(memorandum of understanding),*
- i) *Clause 5.3.3 (due diligence certificate),*
- j) *Clause 5.3.5 (undertaking),*
- k) *Clause 5.3.6 (list of promoters group and other details),*
- l) *Clause 5.4 – appointment of intermediaries,*
- m) *Clause 5.6 (offer document to be made public)*
- n) *Clause 5.6A (Pre-issue Advertisement),*
- o) *Clause 5.7 - despatch of issue material,*
- p) *Clause 5.8 – no complaints certificate,*
- q) *Clause 5.9 – mandatory collection centres and Clause 5.9.1.(minimum number of collection centres),*
- r) *Clause 5.10 – authorized collection agents,*
- s) *Clause 5.12.1. (appointment of compliance officer),*
- t) *Clause 5.13 – abridged prospectus,*
- u) *Clause 6.0 – contents of offer documents - Clause 6.1 to Clause 6.15 (contents of prospectus), Clause 6.16 to Clause 6.34 (contents of abridged prospectus) including Clause 6.17.13 and Clause 41.6 – rating for the proposed debentures/preference shares issue, if any, obtained from credit rating agencies,*
- v) *Clause 8.3 (Rule 19(2)(b) of SC(R) Rules, 1957),*
- w) *Clause 8.8.1 (Opening & closing date of subscription of securities),*
- x) *Clause 9 – guidelines on advertisements by issuer company, and*
- y) *Clause 10.1. (requirement of credit rating).*

In terms of Regulation 3 of the ICDR Regulations, *inter alia* all public issues are required to comply with the ICDR Regulations. The relevant provisions which the Company had to comply were :

- *Application for listing of specified securities on one or more recognized stock exchange (Regulation 4(2)),*
- *Appointment of merchant banker and other intermediaries (Regulation 5),*
- *Filing of draft offer document with SEBI and the designated stock exchange and RoC (Regulation 6),*
- *Obtaining in-principle approval from the recognized stock exchanges in which the specified securities are to be listed (Regulation 7),*
- *Satisfy the conditions of initial public offer (Regulation 25 and 26),*
- *Lock-in of specified securities held by promoters and persons other than promoters (Regulation 36 and 37)*
- *Keeping the public issue open for the specified period (Regulation 46),*
- *Pre issue advertisement for public issue (Regulation 47)*
- *Manner of disclosures in the offer documents (Regulation 57)*
- *Refrain from offering any incentive to any person making application for allotment of specified securities (Regulation 59).*

In view of the foregoing, in addition to the alleged non-compliances with the relevant provisions of the Companies Act, 1956, the Company has also *prima facie* failed to comply with the provisions of the DIP Guidelines and the ICDR Regulations, with respect to its money mobilization activities from the public by issuing equity shares and collecting share application money during the financial years 2007-2008, 2008-2009, 2009-2010 and 2010-2011.

17. In this regard, it is important to note the following observation made by the Hon'ble Supreme Court of India in the matter of **Sahara India Real Estate Corporation Limited & Others vs. SEBI and another** (Civil Appeal Nos. 9813 and 9833 of 2011 ; decided on August 31, 2012) :

"90. 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."

18. As noticed from the Balance Sheets for the years 2007-2008, 2008-2009, 2009-2010 and 2010-2011, the Company has not made any disclosure regarding issue of debentures or preference shares. However, SEBI is also in receipt of a complaint on May 16, 2014, wherein the complainant has alleged that the company has issued Redeemable Preference Shares ("RPS") and that the same have already matured. The grievance of the complainant is that the Company has not made the return of money due to him with respect to his subscription of the RPS.

The complainant has also submitted copies of two "Letters of Allotment" issued by the Company. This letter of allotment mentions "*This is to certify that the person(s) named in this certificate is/are the registered holders(s) of the within mentioned share(s) bearing the distinctive number(s) herein specified in the above Company subject to the Memorandum and Articles of Association of the Company and that the amount endorsed herein has been paid up on each such share*". As per this letter of allotment, the issue of RPS is said to be "Private and Confidential Placement". The document mentions that the deposit date is January 28, 2009 and the redemption date as January 27, 2014. This seems to be an instrument with a tenure of 5 years. The document also refers to a plan termed "Plan B". A total of 50 RPS were held under one certificate. The complainant has mentioned that the face value of ₹ 1000/- of each RPS. Accordingly, the value of one certificate is ₹ 50,000/- and the maturity was ₹ 1,00,000/-.

On verifying the details present in the MCA 21 portal, it has come to SEBI's notice that the Company has not filed any return with respect to the allotment of RPS. Further, the same have not been mentioned in the Balance Sheet and the financial statements accompanying the Balance Sheet for the financial year 2008-2009. It therefore appears that the Company is mobilizing money under the guise of issuing securities including RPS without any disclosures nor complying with the regulations. This is being probed further. The SEBI letter dated May 28, 2014 advising the Company to clarify as to why the issue of debentures/RPS were not disclosed earlier, is still not responded to by the Company. It is also noted from the Balance Sheet as at March 31, 2012, the Company has confirmed that it has one class of equity shares having a par value of Rs.10/- and each shareholder is eligible for one vote. This again is *prima facie* misleading in view of the above discussions.

19. It is also noted that as per the Balance Sheet as at March 31, 2012, the Company has taken advance to the tune of ₹ 32,19,41,951/- from customers under the head "Advance from Customers" as compared to ₹ 6,31,55,657/- collected as of March 31, 2011. However, it is noted that as per the Balance Sheet as at March 31, 2011, the Company has mentioned that it has taken 3,05,19,79,168/- as 'Advance and Deposits from Customers'. It is stated that the Company has taken such advances and deposits from customers towards its Advance Product Booking Scheme and other Schemes.

On reading the Balance Sheets for the years 2010-2011 and 2011-2012, it is also noticed that the Company has shown ₹ 54.83 crore as Long Term Borrowings for the year 2010-2011, whereas the same was shown as ₹ 353.13 crore for the same period in the Balance Sheet for 2011-2012. The figure shown for a particular year cannot be different for the same head and for the same period in the subsequent period's balance sheet.

The Company has also spent huge sums of money towards advertisement, as per details below:

Item	Amount (₹) spent during 2011-2012 (in crore)	Amount (₹) spent during 2010-2011 (in crore)
Advertisement and publicity	7.4	7.3
Sales promotions	12.8	37.4
Business promotion	6.5	-
Others	18.1	-

20. From the above observations, it appears that the Company is mobilizing funds from the public without complying with the applicable law as discussed above. In this respect, even the financial statements made by the Company appear to be misleading, as proper and correct disclosures of its capital issuance have not been captured therein. It therefore becomes necessary for SEBI, as the regulator for the securities market, to intervene and issue suitable directions in order to ensure that the Company and its promoters/directors do not continue to collect public funds in contravention of the law. Further, the interest of the investors also need to be protected to ensure that public funds are not diverted.

21. In view of the foregoing, I, in exercise of the powers conferred upon me under section 19 of the Securities and Exchange Board of India Act, 1992 and sections 11(1), 11(4), 11A and 11B thereof read with clause 17 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and regulations 107 and 111 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, hereby issue the following directions :

- (i) The Company, namely, ICore E Services Limited is restrained from mobilizing funds through the issue of equity shares, debentures, preference shares or through issuance of any kind of security to the public, and/or invite subscription or deposit, in any manner whatsoever, either directly or indirectly, till further directions.
- (ii) The Company, its promoters and directors including Mr. Anukul Maiti, Mrs. Kanika Maiti, Mr. Swapan Kumar Roy, Mr. Radhashyam Giri, Mr. Tapan Kumar Charterjee, Mr. Saral Ranjan Gupta, Mr. Amal Bhattacharya, Mr. Chandan Dey and Mr. Mahadeb Sen 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) The Company, its promoters and directors including the above named persons shall not dispose off any of the properties or alienate the assets of the Company or dispose off any of their properties or alienate their assets.
- (iv) The Company, its promoters and directors including the above named persons shall not divert any funds raised from public at large through the issuance of the impugned securities, kept in its bank accounts and/or in the custody of the company without prior permission of SEBI, until further orders.
- (v) The above named Company, its directors and promoters including Mr. Anukul Maiti, Mrs. Kanika Maiti, Mr. Swapan Kumar Roy, Mr. Radhashyam Giri, Mr. Tapan Kumar Charterjee, Mr. Saral Ranjan Gupta, Mr. Amal Bhattacharya, Mr. Chandan Dey and Mr. Mahadeb Sen 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.
- (vi) The Company, its promoters and directors including the above named persons shall co-operate with SEBI and shall furnish documents, that are in their possession, which may be required by SEBI in the course of its examination.

22. The Company is also directed to furnish the following information and documents within a period of 30 days from the date of this Order :

- (a) Information and documents as advised vide SEBI letters dated November 05, 2012 and December 20, 2012.
- (b) Audited Balance Sheets for the periods 2009-2010, 2010-2011, 2012-2013 and 2013-2014.

- (c) Correct and complete information regarding amount raised through issue of equity shares/debentures/preference shares/ any other security from incorporation of the Company till date, including the number of investors from whom such money was mobilized.
- (d) Reconciliation of ₹ 5.5 crore as mentioned in the paragraph 8 above, along with documents in support thereof.

23. The above directions shall come into force with immediate effect.

24. The observations made in this Order are *prima facie* observations made on the basis of the preliminary investigation/examination by SEBI. The entity/persons against whom this Order is passed may file their objections, if any, within a period of 21 days from the date of receipt of 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. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against the Company, its promoters and directors, in accordance with law.

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA

Date : July 25th, 2014
Place: Mumbai