

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

MISCELLANEOUS ORDER

UNDER SECTIONS 11(1), 11(4) and 11B OF THE SECURITIES AND EXCHANGE
BOARD OF INDIA ACT, 1992

IN THE MATTER OF MORAL GROUP OF COMPANIES

IN RESPECT OF:

SL. NO.	NOTICEES	PAN	CIN/DIN
1	Moral Devcon Limited	AAHCM3170B	U45400UP2011PLC045251
2	Moral Health & Personal Care Limited	AAHCM3158P	U51900MP2011PLC026128
3	Moral Commotrade Limited	AAGCM8052P	U51909WB2010PLC152841
4	Moral Infrastructures Corporation Limited	AAGCM4867L	U45300WB2010PLC145291
5	Arun Kumar	AGZPK5596J	02000610
6	Ajay Kumar Sharma	ANQPS0753F	02356951
7	Gyaneshwar Sharma	BQHPS9902F	01881854

BACKGROUND

- 1) Securities and Exchange Board of India (SEBI) had passed an order dated October 31, 2017 (**the Order**) *inter alia* against Moral Devcon Limited, Moral Health &

Personal Care Limited, Moral Commotrade Limited, Moral Infrastructure Corporation Limited (collectively referred to as 'Moral Group') and their directors, namely Shri Arun Kumar, Shri Ajay Kumar Sharma and Shri Gyaneshwar Sharma (all the above mentioned seven entities together referred to as the 'Noticees'), for issuance of securities to public in the form of non-convertible debentures (NCDs), without complying with the provisions of the Companies Act, 1956 and SEBI (Issue and Listing of Debt Securities) Regulations, 2008 (ILDS Regulations). Vide the Order, SEBI had *inter alia* directed the above named Noticees to refund the money collected through the offer and allotment of NCDs along with interest of 15% per annum, within a period of 90 days from the date of receipt of the Order. Further, vide the directions contained in para 34 of the Order, SEBI had also restrained / prohibited the Noticees from buying, selling or otherwise dealing in securities, from accessing the securities market and from associating themselves with any listed company or any public company which intends to raise money from public, till the completion of refund. Further, under para 35 of the Order, SEBI had directed that such restraint / prohibition against the Noticees would continue for a further period of 4 years from the date of completion of refund.

- 2) Subsequently, the Noticees preferred an appeal against the abovementioned Order before the Hon'ble Securities Appellate Tribunal (SAT) where they *inter alia*

contended that they had already completed the process of refund to investors. The Hon'ble SAT vide its order dated May 09, 2018 granted liberty to the Noticees to make a representation to SEBI within six weeks from the date of the SAT order. It further directed that if the Noticees make a representation within six weeks from that day, SEBI shall consider the same and pass appropriate order thereon as expeditiously as possible. Pursuant to the same, the Noticees filed representations / letters dated June 20, 2018, July 17, 2018, August 16, 2018, September 27, 2018, December 10, 2018 and April 05, 2019 and attended personal hearings on February 27, 2019, March 20, 2019 and January 30, 2020 whereby they *inter alia* contended that during the period June 2010 to December 2012, the Noticee nos. 1 to 4 had issued NCDs to 25,213 investors and had collected a total amount of Rs.15,78,36,300. They further contended that pursuant to enquiries by SEBI, the companies decided to repay the investors and the companies actually paid a total amount of Rs.19,97,47,747/- (principal + interest), in cash, to all the 25,213 investors/debenture holders, by March 31, 2014, thereby completing the refund process. They had further submitted that upon receipt of letters from SEBI in 2012 itself, the Noticees had completely stopped issuing further NCDs to any investor(s). In support of their claims of having completed the refunds, the Noticees had provided to SEBI the following:

- (a) Names of investors and scan copies of their documents pertaining to purported refund (original bonds and payment vouchers etc.) in Compact Discs (CDs).
- (b) Certificates issued by two Chartered Accountants certifying that the Noticee companies had redeemed all the debentures issued by them. One such certificate also mentioned that the redemption of debentures by all the four companies was completed by March 28, 2014.
- (c) An affidavit with the following averments:
- The total number of investors who had subscribed to the NCDs issued by the four Noticee companies was 25,213.
 - The total number of investors (NCD Holders) of the said 4 companies to whom the amounts were refunded is 25,213.
 - The total amount refunded by the said 4 companies to the respective NCD holders is Rs.19,97,47,747/- out of which Rs.15,78,36,300/- was towards principal and Rs.4,19,11,447/- was towards interest.
 - The investors / NCD holders were located in the states of Uttar Pradesh, Bihar, Punjab, Jharkhand, Maharashtra, Madhya Pradesh, Assam, Gujarat, Odisha, Rajasthan, Himachal Pradesh, Chhatisgarh, West Bengal, Haryana, New Delhi, Jammu & Kashmir, Uttarakhand and Karnataka.
 - After March 31, 2014, the said 4 companies have not received any complaint / claim from any of the investor(s).

- There has been no channeling of the investors' refund amount into any of the Group companies, including a Co-operative Society / Credit Co-operative Society, by way of conversion or otherwise.
- As on date, there are no Civil and /or Criminal cases pending against the said 4 companies and their directors, in connection with the NCDs.

3) The CDs provided by the Noticees in respect of refunds to investors, containing more than 20,000 files, could not be accepted as conclusive proof of actual refund purportedly made by the Noticees. In these circumstances, it was deemed appropriate to invite claims for any unpaid dues on the companies' NCDs through a newspaper publication. Accordingly, vide order dated March 20, 2020, the Noticee companies and their abovementioned directors were directed to effect a newspaper publication in one widely circulated newspaper, in English and Hindi each, in the states / union territories of Uttar Pradesh, Bihar, Punjab, Jharkhand, Maharashtra, Madhya Pradesh, Assam, Gujarat, Odisha, Rajasthan, Himachal Pradesh, Chhatisgarh, West Bengal, Haryana, New Delhi, Jammu & Kashmir, Uttarakhand and Karnataka, inviting complaints / claims from any investor in respect of the NCDs issued by them that are still outstanding, within a period of two months from the date of the said order. It was further directed that such newspaper advertisement shall provide one month's time to the investors for

submissions of claims and shall also contain an advisory, informing the investor to separately forward a copy of such complaints/claims to SEBI. Vide the said order, the Noticees were further directed to submit to SEBI a Compliance Report along with information on complaints received and monies refunded, within a period of two months from the date of publication of the advertisement in the newspapers.

- 4) In compliance of the abovementioned order dated March 20, 2020, the Noticees issued advertisements in newspapers across various states on May 09, 2020, asking the investors to submit their claims, if any. The details of such newspaper advertisements are as follows:

Sl No.	Name of the Newspaper	Language	Date of publication	Edition/ City
1.	Financial Express	English	May 09, 2020	Lucknow
2.	Jansatta	Hindi	May 09, 2020	Lucknow
3.	Times of India	English	May 09, 2020	Patna
4.	Business Standard	Hindi	May 09, 2020	Patna
5.	The Pioneer	English	May 09, 2020	Chandigarh
6.	Jansatta	Hindi	May 09, 2020	NA
7.	The Pioneer	English	May 09, 2020	Ranchi
8.	Dainik Jagran	Hindi	May 09, 2020	Ranchi
9.	Financial Express	English	May 09, 2020	Mumbai
10.	Nav Bharat Times	Hindi	May 09, 2020	Mumbai
11.	The Pioneer	English	May 09, 2020	Bhopal
12.	Nai Dunia	Hindi	May 09, 2020	Indore
13.	The Assam Tribune	English	May 09, 2020	Guwahati
14.	Aaj	Hindi	May 09, 2020	NA
15.	Financial Express	English	May 09, 2020	Gujarat
16.	Patrika	Hindi	May 09, 2020	Ahmedabad

17.	The Pioneer	English	May 09, 2020	Bhubaneswar
18.	Sanmarg	Hindi	May 09, 2020	Bhubaneswar
19.	The Indian Express	Englsih	May 09, 2020	Jaipur
20.	Adhikar	Hindi	May 09, 2020	Jaipur
21.	Amar Ujala	Hindi	May 09, 2020	Dharmshala
22.	Amar Ujala	Hindi	May 09, 2020	NA
23.	The Pioneer	English	May 09, 2020	Raipur
24.	Nai Dunia	Hindi	May 09, 2020	Raipur
25.	Financial Express	English	May 09, 2020	Kolkata
26.	Jansatta	Hindi	May 09, 2020	Kolkata
27.	The Times of India	English	May 09, 2020	Gurgaon
28.	Amar Ujala	Hindi	May 09, 2020	Karnaal
29.	Amar Juala	Hindi	May 09, 2020	Rohtak
30.	Financial Express	English	May 09, 2020	Delhi
31.	Jansatta	Hindi	May 09, 2020	Delhi
32.	Kashmir Times	English	May 09, 2020	Jammu
33.	Amar Ujala	Hindi	May 09, 2020	Jammu
34.	The Pioneer	English	May 09, 2020	Dehradun
35.	Amar Ujala	Hindi	May 09, 2020	Dehradun
36.	Financial Express	English	May 09, 2020	Karnataka
37.	Dakshin Bharat Rashtramat	Hindi	May 09, 2020	Bengaluru

- 5) Subsequently, the Noticees submitted a compliance report dated July 04, 2020, whereby they informed that none of the investors had submitted any claim in respect of the NCDs. They further submitted that only two investors had merely made enquiries with the companies without raising any complaint / claim. Further, SEBI noted that none of the investors has forwarded any claims to SEBI, as advertised in the newspapers by the Noticees.

6) In order to further verify the claims of the Noticees regarding the completion of refunds and also to provide a final opportunity to investors to submit their claims in respect of the NCDs, SEBI decided to issue notices in newspapers, both Hindi and English, across the country, calling the investors to file their claims / complaints, if any, in respect of the NCDs issued by the companies. Accordingly, notices were issued by SEBI in newspapers on October 29, 2020 and the investors were given 30 days' time from the date of notice to file their claims / complaints. The details of publication of the notice in newspapers are provided below:

Sl. No.	Name of the Newspaper	Language	Date of Publication	City
1.	The Times of India	English	29/10/2020	Vijaywada
2.	Deccan Chronicle	English	29/10/2020	Visakhapatnam
3.	Hindustan	Hindi	29/10/2020	Bhagalpur
4.	Dainik Jagran	Hindi	29/10/2020	Muzaffarpur
5.	The Hindustan Times	English	29/10/2020	Patna
6.	Dainik Jagran	Hindi	29/10/2020	Patna
7.	The Hindustan Times	English	29/10/2020	Chandigarh
8.	Dainik Jagran	Hindi	29/10/2020	Chandigarh
9.	The Times of India	English	29/10/2020	Raipur
10.	Hindustan Times	English	29/10/2020	Delhi
11.	Dainik Jagran	Hindi	29/10/2020	Delhi
12.	The Times of India	English	29/10/2020	Panaji
13.	The Times of India	English	29/10/2020	Ahmedabad
14.	Dainik Jagran	Hindi	29/10/2020	Hisar
15.	Dainik Bhaskar	Hindi	29/10/2020	Panipat
16.	Dainik Bhaskar	Hindi	29/10/2020	Rohtak
17.	Dainik Jagran	Hindi	29/10/2020	Dharamshala
18.	Dainik Jagran	Hindi	29/10/2020	Jammu
19.	Hindustan	Hindi	29/10/2020	Dhanbad
20.	Dainik Jagran	Hindi	29/10/2020	Jamshedpur

21.	Prabhat Khabar	Hindi	29/10/2020	Ranchi
22.	Deccan Herald	English	29/10/2020	Bengaluru
23.	The Times of India	English	29/10/2020	Mangaluru
24.	The Times of India	English	29/10/2020	Mysuru
25.	The Times of India	English	29/10/2020	Kochi
26.	The New Indian Express	English	29/10/2020	Kozhikode
27.	The Times of India	English	29/10/2020	Thiruvananthapuram
28.	The Times of India	English	29/10/2020	Bhopal
29.	The Times of India	English	29/10/2020	Indore
30.	The Times of India	English	29/10/2020	Kolhapur
31.	The Times of India	English	29/10/2020	Mumbai
32.	The Times of India	English	29/10/2020	Nagpur
33.	The Times of India	English	29/10/2020	Pune
34.	The Times of India	English	29/10/2020	Bhubaneswar
35.	Dainik Jagran	Hindi	29/10/2020	Amritsar
36.	Punjab Kesari	Hindi	29/10/2020	Jalandhar
37.	Dainik Jagran	Hindi	29/10/2020	Ludhiana
38.	The Times of India	English	29/10/2020	Jaipur
39.	Deccan Chronicle	English	29/10/2020	Chennai
40.	The Times of India	English	29/10/2020	Coimbatore
41.	The Times of India	English	29/10/2020	Madurai
42.	The Times of India	English	29/10/2020	Hyderabad
43.	Amar Ujala	Hindi	29/10/2020	Agra
44.	Amar Ujala	Hindi	29/10/2020	Aligarh
45.	Hindustan	Hindi	29/10/2020	Allahabad
46.	Amar Ujala	Hindi	29/10/2020	Bareilly
47.	Dainik Jagran	Hindi	29/10/2020	Gorakhpur
48.	Dainik Jagran	Hindi	29/10/2020	Kanpur
49.	The Times of India	English	29/10/2020	Lucknow
50.	Dainik Jagran	Hindi	29/10/2020	Lucknow
51.	Dainik Jagran	Hindi	29/10/2020	Meerut
52.	Dainik Jagran	Hindi	29/10/2020	Muradabad
53.	Hindustan	Hindi	29/10/2020	Varanasi
54.	Hindustan	Hindi	29/10/2020	Dehradun
55.	The Times of India	English	29/10/2020	Kolkata
56.	Dainik Jagran	Hindi	29/10/2020	Siliguri

- 7) It was noted that even after wide publication of the notice in newspapers, as detailed above, no claim / complaint has been received by SEBI from any investor till date.
- 8) Considering the abovementioned facts and circumstances, I am of the opinion that sufficient opportunities have been provided to the investors to submit their pending claims, in respect of the NCDs issued by the Noticee companies. Since none of the investors has submitted any claim / complaint, either in response to the newspaper notices issued by the Noticees or in response to the notices issued by SEBI, I am inclined to accept the contentions of the Noticees that as on March 31, 2014, the Noticee companies have completed the refunds in respect of the NCDs referred to in the SEBI Order dated October 31, 2017. Having regard to the same and in order to dispose of the representations submitted by the Noticees in terms of the order of the Hon'ble SAT dated May 09, 2018, I deem it fit to modify the directions issued vide order dated October 31, 2017.
- 9) Thus, in exercise of powers conferred upon me under Sections 11(1), 11B and 11(4) of the SEBI Act, 1992 and in compliance of the directions of the Hon'ble SAT issued vide its order dated May 09, 2018, I hereby direct as follows:

(a) The period of restraint / prohibition as directed under para 35 of the SEBI Order dated October 31, 2017 shall be counted from the date of the said Order, i.e. October 31, 2017. Accordingly, the Noticee nos. 1 to 7 (v.z. Moral Devcon Limited, Moral Health & Personal Care Limited, Moral Commotrade Limited, Moral Infrastructure Corporation Limited, Shri Arun Kumar, Shri Ajay Kumar Sharma and Shri Gyaneshwar Sharma) shall remain restrained / prohibited from buying, selling or otherwise dealing in securities, from accessing the securities market and from associating themselves with any listed company or any public company which intends to raise money from public, for a period of four years from October 31, 2017.

(b) This order is being passed on the premises that the submissions and averments made by the Noticees to SEBI are true and correct. In case it is subsequently found that the Noticee's submissions and averments are false and misleading or that there has been misrepresentation by them, the same shall render the Noticees liable for action by SEBI, which may include extension of period of restraint / prohibition against the Noticees beyond the period directed at sub-para (a) above, initiation of recovery proceedings and / or any other action as deemed appropriate.

(c) Notwithstanding the directions as contained above, in case any claim / complaint in respect of the abovementioned NCDs is received in future from any investor either by SEBI or by the Noticee companies, the Noticees shall remain liable in respect of the same.

10) This order is being passed in the context of the NCDs issued by the Noticee companies as referred to in the order dated October 31, 2017 and shall be read in conjunction with earlier orders dated October 31, 2017 and March 20, 2020 passed in the matter.

11) This order shall come into force with immediate effect.

12) Copy of this Order shall be forwarded to the recognized stock exchanges, depositories and RTAs. A copy of this Order may also be forwarded to MCA/concerned RoC for their information.

Place: Mumbai

Date: January 13, 2021

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