

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
STARRED QUESTION NO. 429
ANSWERED ON THURSDAY, THE 25TH APRIL, 2013
[VAISAKHA 5, 1935 (SAKA)]**

FINANCIAL FRAUDS

QUESTION

***429. SHRI ANAND PRAKASH PARANJPE:
SHRI S. ALAGIRI:**

Will the Minister of CORPORATE AFFAIRS कारपोरेट कार्य मंत्री
be pleased to state:

- (a) whether the Government is considering to grant statutory status/ powers to the Serious Fraud Investigation Office (SFIO);
- (b) if so, the details thereof;
- (c) the number of cases referred to SFIO during each of the last three years, till date, company-wise;
- (d) the number of cases investigated during the said period along with the action taken thereon, company-wise;
- (e) whether SFIO proposes to develop an early warning system to detect frauds and if so, the details thereof and the time by which it is likely to be put into operation?

ANSWER

**THE MINISTER OF STATE
(INDEPENDENT CHARGE)
IN THE MINISTRY OF CORPORATE AFFAIRS**

(SHRI SACHIN PILOT)

कारपोरेट कार्य मंत्रालय में राज्य मंत्री (स्वतंत्र प्रभार)

)श्री सचिन पायलट(

(a) to (e) A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE STARRED QUESTION NO. 429 FOR ANSWER IN LOK SABHA ON 25-04-2013

(a) & (b) Yes Madam, the Government has proposed to grant statutory status to Serious Fraud Investigation Office (SFIO) and accordingly has incorporated enabling provisions in Clause 211 of the Companies Bill, 2012.

In addition to according statutory status, the following are some of the other important provisions relating to the functioning of SFIO proposed in the Companies Bill, 2012 :

- **'Fraud' defined and made cognizable;**
- **Coordination mechanism between SFIO and other investigating agencies statutorily recognized;**
- **Investigation Report of SFIO shall be treated at par with investigation report filed in the court by a Police Officer under Criminal Procedure Code;**
- **Powers of arrest for certain offences;**

(c) & (d) During the last 3 years (2010-11, 2011-12 and 2012-13), 64 cases were referred to SFIO; company-wise details are given in ANNEXURE-I. During this period, investigations have been completed in 55 cases; company-wise details are given in ANNEXURE-II.

Out of these 55 cases in which investigations were ordered by the Ministry, 26 were ordered on the basis of directions of various High Courts for investigations. In most of the cases referred by High Courts, specific issues were referred for investigation and action taken was limited to filing of investigation report to the courts. It is the prerogative of the High Courts to take action on the investigation reports. However, the Ministry also issues instructions on the findings in these reports if there are violations of law.

In cases referred by the Ministry under Section 235 of the Companies Act, sanctions are given for prosecution whenever necessary. In 20 cases, 79 complaints have been filed under the Companies Act and 6 complaints have been filed under the Indian Penal Code (IPC), 1860.

(e) Yes, Madam. It is under active consideration of the Ministry of Corporate Affairs to develop a "Fraud Prediction Model" for generating early warning signals for prediction of fraud and malfeasance in the corporate sector.

A High-powered Steering Committee has been set up with technical experts in various fields to design a comprehensive framework for a fraud prediction model. The terms of reference, include drawing up of a detailed plan for implementation including timeline for testing a pilot.

The Steering Committee has submitted its draft report to SFIO which is under consideration. It is expected that the pilot testing of the model will be done within the current financial year (2013-14). Model development being a highly iterative process, the pilot would start as "Fraud Propensity Model" to be fine tuned over time into a predictive model.

**ANNEXURE REFERRED TO IN REPLY TO PARTS (c) & (d) OF THE STARRED
QUESTION NO. 429 FOR ANSWER IN LOK SABHA ON 25-04-2013****Year - 2010-11**

S/No.	Name of Company	Date of order of Inv.	Date of submission of report/present position
1	Global Trust Bank	28/05/2010	09/03/2012
2	Subhiksha Trading Services Ltd.	23/07/2010	Investigation withdrawn by MCA and again ordered on 18-10-2012. Stayed by the High Court for eight weeks w.e.f. 25.02.2013. Stay continues as the case is yet to come up for hearing.
3	Goldquest International Pvt. Ltd.	28/07/2010	05/03/2012
4	Questnet Enterprises India Pvt Ltd.	28/07/2010	05/03/2012
5	Jayant Vitamins Ltd.	11/08/2010	29.05.2012
6	City Limouzines (India) Ltd.	07/10/2010	30.01.2012

Year - 2011-12

7	Ambuja Cements Ltd.	02/06/2011	26/07/2011
8	ACC Ltd.	02/06/2011	26/07/2011
9	Ultratech Cement Ltd.	02/06/2011	27/07/2011
10	M/s H.M. Dyeing Ltd. (under liquidation)	27/07/2011	21/02/2012
11	M/s Dimensions Investment & Securities Ltd. (under liquidation)	09/08/2011	07/03/2012
12	M/s Speakasiaonline	10/08/2011 & 13/12/2012	Under Progress
13	M/s Metlex Ceramic Ltd. (under Liquidation)	05/09/2011	11/01/2012
14	M/s Palamoor Agro Complex Ltd. (under Liquidation)	13/10/2011	29/02/2012
15	M/s Ganga Yamuna Finvest Pvt. Ltd. (under Liquidation)	18/10/2011	30/03/2012
16	M/s Lakshish Habitats Ltd. (under Liquidation)	14/12/2011	13/08/2012
17	M/s Savitri India Ltd. (under liquidation)	04/01/2012	14/08/2012
18	M/s Jensions & Nicholson Financial Services Ltd. (under liquidation)	02.02.2012	17/08/2012
19	Pushkar Trading Co. Ltd. (under liquidation)	13.03.2012	31/08/2012

Year – 2012-13

20	Triveni Infrastructure Development Co. Ltd. (under liquidation)	02.04.2012	06.09.2012
21	Singh Contractors (I) Pvt. Ltd. (in liquidation)	11.04.2012	26.09.2012
22	Timber World Resorts and Plantation Pvt. Ltd. (in liquidation)	23.04.2012	27.02.2013
23	Kush Print (P) Ltd. (in liquidation)	23.04.2012	05.12.2012
24	Casion Finance & Investment (India) Ltd. (under liquidation)	07.05.2012	23.11.2012
25	DSS Mobile Communications Ltd. (under liquidation)	16.05.2012	18.03.2013
26	Vijay Associates (a proprietary concern)	17.05.2012	26/07/2012
27	Ayushi Buildestates Pvt. Ltd.	17.05.2012	18/09/2012
28	Mauve Farms Pvt. Ltd.	17.05.2012	03/08/2012
29	Yusuf Properties Pvt. Ltd.	17.05.2012	30/08/2012
30	Sajjad Properties Pvt. Ltd.	17.05.2012	31/12/2012
31	Reebok India Co. (Unlimited Liability Co.)	29.05.2012	Under Progress
32	Independent Mobile Infrastructure (P) Ltd. (In liquidation)	08.06.2012	19/10/2012
33	M/s Basil International Ltd.	02.07.2012	Under Progress
34	M/s Vamshi Chemicals Ltd.		
35	M/s Nixil Pharmaceuticals		
36	Specialities Ltd.		
37	Appeline Cosmetics & Toiletries Ltd. M/s Basil Express Ltd.		
38	M/s Vaishnavi Corporate	09.07.2012	Under Progress
39	Communications Pvt. Ltd		
40	M/s Vaishnavi Advisory Services		
41	Pvt. Ltd		
42	M/s Leisure Clubs India Pvt. Ltd		
43	M/s Claro Consultancy Pvt. Ltd		
44	M/s Magic Airlines Pvt. Ltd		
45	M/s Maansi Agro Pvt. Ltd		
46	M/s Crownmart International India Pvt. Ltd M/s Vitcom Consulting Private Ltd. M/s Neucom Consulting Pvt. Ltd.		
47	M/s Omway Build Estate Pvt. Ltd.		
48	M/s Abcindya Networks Pvt. Ltd.	25.07.2012	12.12.2012
49	M/s Unigateway 2U Trading Pvt.	03.08.2012	Under Progress
50	Ltd.;		
51	M/s Unipay2U Marketing Pvt. Ltd;		

52	M/s Unipay Creative Business Pvt. Ltd.; M/s Unipay2U Production Pvt. Ltd.		
53	M/s BPTP Parklands, Faridabad	03.08.2012	Stayed up to 18.03.2013. Re-notified on 11.04.13. As per order dt. 11.04.2013, the HC has quashed the two FIRs and the proceedings emanating therefrom. Hence, both the cases stand withdrawn by the HC.
54	M/s BPTP Parkland Pride		
55	M/s Kinematics Marketing (P) Ltd.	03.08.2012	01.04.2013
56	M/s Life Business Project Pvt. Ltd. (Mr. Bhuvnesh Chaturvedi & Ors.)	14.08.2012	01.03.2013
57	M/s Gennext Promoters Pvt. Ltd.	30.08.2012	13.12.2012
58	M/s Mehak Vyapaar Pvt. Ltd.	26.09.2012	21.03.2013
59	M/s ABW Infrastructure Ltd.	18.10.2012	Under Progress
60	M/s Alchemist Infra Realty Ltd.	05.11.2012	Stayed up to 07.03.2013. Further stayed up to 06.08.2013
61	M/s D.R. Gaur Projects Pvt. Ltd.	04.12.2012	Under Progress
62	M/s Alliance Nirman Pvt. Ltd. & M/s G.N. Properties Pvt. Ltd.	04.12.2012	Order of investigation was withdrawn by the Delhi High Court on 21.12.2012.
63	M/s Tulsiyat Tek Pvt. Ltd.	06.03.2013	Under Progress
64	M/s Seamless Outsourcing LLP		

ANNEXURE-II**ANNEXURE REFERRED TO IN REPLY TO PARTS (c) & (d) OF THE STARRED
QUESTION NO. 429 FOR ANSWER IN LOK SABHA ON 25-04-2013****Investigation completed during the last three years
(2010-11, 2011-12 & 2012-13)**

S/No	Name of Company	Referred by	Date of order of Inv.	Report of Submitted	Action taken
1.	Nicco UCO Alliance Credit Ltd.	Ministry	20/06/2008	03.06.2010	<ul style="list-style-type: none"> • 4 complaints under Companies Act filed. • 2 complaints under IPC are being filed.
2.	Information Technologies India Ltd.	Ministry	16/07/2010	03.09.2010	<ul style="list-style-type: none"> • 7 complaints under Companies Act filed. • Filing of 6 complaints under IPC is stayed by the HC.
3.	PSG Developers & Engineers Ltd	Ministry	16/05/2008	16/11/2010	<ul style="list-style-type: none"> • 14 complaints under Companies Act filed. • 12 complaints under IPC are being filed.
4.	Zenet Software Ltd.	Ministry	15/05/2008	21/01/2011	<ul style="list-style-type: none"> • Petition for compounding of offences referred to RoC in respect of 2 cases of violation of the Companies Act • In respect of violations under IPC, the same have been referred to CBI for necessary action.
5.	Sugandh Estate & Investment Pvt. Ltd.	Ministry	16/05/2008	21/01/2011	<ul style="list-style-type: none"> • Petition for compounding of offences

					<p>referred to RoC in respect of 2 cases of violation of the Companies Ac.</p> <ul style="list-style-type: none"> • In respect of violations under IPC, the same have been referred to CBI for necessary action.
6.	Amadhi Investments Ltd.	Ministry	16/05/2008	21/01/2011	<ul style="list-style-type: none"> • Petition for compounding of offences referred to RoC in respect of 2 cases of violation of the Companies Act • In respect of violations under IPC, the same have been referred to CBI for necessary action.
7.	Welvet Financial Advisors Pvt Ltd.	Ministry	16/05/2008	21/01/2011	<ul style="list-style-type: none"> • 4 complaints under Companies Act filed.
8.	AVI Telecom Ltd.	Ministry	05/05/2008	31/01/2011	<ul style="list-style-type: none"> • 1 complaint under Companies Act filed.
9.	AVI Petroleum Ltd	Ministry	05/05/2008	31/01/2011	<ul style="list-style-type: none"> • 1 complaint under Companies Act filed.
10.	AVI Packaging (India) Ltd.	Ministry	05/05/2008	31/01/2011	<ul style="list-style-type: none"> • 1 complaint under Companies Act filed.
11.	A&R Oil Mills Pvt. Ltd.	Ministry	05/05/2008	31/01/2011	<ul style="list-style-type: none"> • 1 complaint under Companies Act filed.
12.	Rishi Spinners Ltd.	Ministry	05/05/2008	31/01/2011	Company has been struck off.
13.	Rishi Financial Services Ltd.	Ministry	05/05/2008	31/01/2011	<ul style="list-style-type: none"> • 1 complaint under Companies Act

					filed.
14.	Sesa Goa Ltd.	Ministry	23/10/2009	29/04/2011	<ul style="list-style-type: none"> • 3 complaints under Companies Act filed.
15.	Sesa Industries Ltd.	Ministry	23/10/2009	29/04/2011	<ul style="list-style-type: none"> • 1 complaint under Companies Act filed.
16.	Systems America (India) Ltd.	Ministry	17/01/2008	16/05/2011	SFIO report forwarded to Enforcement Directorate for further action.
17.	Ambuja Cements Ltd.	Ministry	02/06/2011	26/07/2011	SFIO report referred to CCI for appropriate action.
18.	ACC	Ministry	02/06/2011	26/07/2011	SFIO report referred to CCI for appropriate action.
19.	Ultratech Cement	Ministry	02/06/2011	27/07/2011	SFIO report referred to CCI for appropriate action.
20.	Megacity (Bangalore) Developers & Bldgs Ltd.	Ministry	17/04/2009	02/08/2011	<ul style="list-style-type: none"> • 8 complaints under Companies Act filed. • 6 complaints under IPC filed.
21.	Rishi Oil & Fats Ltd (in Liqn)	Ministry	05/05/2008	29/12/2011	Prosecution sanctioned, leave of the High Court is awaited.
22.	AVI Shoes Ltd (in Liqn)	Ministry	05/05/2008	29/12/2011	Prosecution sanctioned, leave of the High Court is awaited.
23.	AVI Industries Ltd (in Liqn)	Ministry	13/05/2009	29/12/2011	Issues under reference covered in the report of the AVI Shoes.
24.	Austral Coke & Project Ltd.	Ministry	20/01/2010	29/12/2011	<ul style="list-style-type: none"> • 4 complaints under Companies Act filed. • 2 complaints under IPC are being filed.
25.	M/s Metlex Ceramic Ltd. (under Liquidation)	High Court	05/09/2011	11/01/2012	Report Submitted to the High Court
26.	City Limouzines	Ministry	07/10/2010	30/01/2012	<ul style="list-style-type: none"> • 12 complaints

	(India) Ltd.				under Companies Act filed. • 5 complaints under IPC are being filed.
27.	M/s H.M. Dyeing Ltd. (under liquidation)	High Court	27/07/2011	21/02/2012	Supplementary report is under progress to strengthen IPC charges.
28.	M/s Palamoor Agro Complex Ltd. (under Liquidation)	High Court	13/10/2011	29/02/2012	• 2 Complaints under IPC are being filed. • Prosecutions under the Companies Act are being filed by RoC, Hyderabad.
29.	Goldquest International Pvt. Ltd.	Ministry	28/07/2010	05/03/2012	Instructions from MCA awaited on a reference
30.	Questnet Enterprises India Pvt Ltd.	Ministry	28/07/2010	05/03/2012	Instructions from MCA awaited on a reference
31.	Dimensions Investment & Securities Ltd. (under liquidation)	High Court	09/08/2011	07/03/2012	• Report submitted to the High Court. • 2 complaints under Companies Act are being filed.
32.	Global Trust Bank	Ministry	28/05/2010	09/03/2012	8 complaints under Companies Act filed.
33.	M/s Ganga Yamuna Finvest Pvt. Ltd. (under Liquidation)	High Court	18/10/2011	30/03/2012	Report Submitted to the High Court
34.	Jayant Vitamins Ltd.	Ministry	11/08/2010	29/05/2012	9 complaints under Companies Act filed.
35.	M/s Vijay Associates	High Court	17/05/2012	26/07/2012	Report Submitted to the High Court
36.	M/s Mauve Farms Pvt. Ltd.	High Court	17.05.2012	03/08/2012	Report Submitted to the High Court
37.	M/s Lakshish Habitats Ltd. (under Liquidation)	High Court	14/12/2011	13/08/2012	Report Submitted to the High Court
38	M/s Savitri Finlease	High Court	04/01/2012	14/08/2012	Report Submitted to the High Court

	Securities Ltd. (under Liquidation)				
39	M/s Jenson & Nicholson Financial Services Ltd.	High Court	02/02/2012	17/08/2012	Report Submitted to the High Court
40	Yusuf Properties Pvt. Ltd.	High Court	17.05.2012	30/08/2012	Report Submitted to the High Court
41	Pushkar Trading Co. Ltd. (under liquidation)	High Court	13.03.2012	31/08/2012	Report Submitted to the High Court
42	Triveni Infrastructure Development Co. Ltd. (under liquidation)	High Court	02.04.2012	06/09/2012	Report Submitted to the High Court
43	Ayushi Buildestates Pvt. Ltd.	High Court	17.05.2012	18/09/2012	Report Submitted to the High Court
44	Singh Contractors (I) Pvt. Ltd. (in liquidation)	High Court	11.04.2012	26/09/2012	Report Submitted to the High Court
45	Independent Mobile Infrastructure (P) Ltd. (In liquidation)	High Court	08.06.2012	19/10/2012	Report Submitted to the High Court
46	M/s Omway Build Estate Pvt. Ltd.	High Court	12.07.2012	02/11/2012	Report Submitted to the High Court
47	Casion Finance & Investment (India) Ltd. (under liquidation)	High Court	07.05.2012	23.11.2012	Report Submitted to the High Court
48	Kush Print (P) Ltd. (in liquidation)	High Court	23.04.2012	05.12.2012	Report Submitted to the High Court
49	M/s Abcindya Networks Pvt. Ltd.	High Court	25.07.2012	12.12.2012	<ul style="list-style-type: none"> • Report Submitted to the High Court. • 2 complaints under the Companies Act are being filed.
50	M/s Gennext Promoters Pvt. Ltd.	High Court	30.08.2012	13.12.2012	<ul style="list-style-type: none"> • Report Submitted to the High Court • 17 complaints

					under the Companies Act are being filed.
51	Sajjad Properties Pvt. Ltd.	High Court	17.05.2012	31/12/2012	Report Submitted to the High Court
52	Timber World Resorts and Plantation Pvt. Ltd. (in liquidation)	High Court	23.04.2012	27/02/2013	Report Submitted to the High Court
53	M/s Life Business Project Pvt. Ltd. (Mr. Bhuvnesh Chaturvedi & Ors.)	High Court	14.08.2012	01/03/2013	Report Submitted to the High Court
54	DSS Mobile Communications Ltd. (under liquidation)	High Court	16.05.2012	18.03.2013	Report Submitted to the High Court
55	M/s Mehak Vyapaar Pvt. Ltd.	High Court	26.09.2012	21.03.2013	Report Submitted to the High Court
