

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA  
STARRED QUESTION NO. 225  
ANSWERED ON THURSDAY, THE 6<sup>TH</sup> FEBRUARY, 2014  
[MAGHA 17, 1935 (SAKA)]**

**CASES OF FRAUD**

**QUESTION**

**\*225. SHRI HARISH CHAUDHARY:**

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

- (a) the details of the inquiries instituted by the Serious Fraud Investigation Office (SFIO) against the Directors of various companies for cases of serious fraud during each of the last three years and the current year, company-wise;**
- (b) the action taken against such companies during the aforesaid period, company-wise;**
- (c) the number of Directors who have been awarded punishment after the inquiries during the said period; and**
- (d) the steps taken/being taken by the Government to prevent corporate frauds in the country?**

**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 (d) A statement is laid on the Table of the House.**

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE STARRED QUESTION NO. 225 FOR ANSWER IN LOK SABHA ON 06-02-2014**

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**(a) to (c) SFIO does not register cases against individuals - it undertakes investigations into the affairs of companies under Section 235, 237 or 239 of the Companies Act, 1956 as and when entrusted by the Central Government. Such investigations could bring out the role of individuals including the Directors of companies under investigation.**

**Out of the Investigation Reports submitted to the Central Government during the last three years and the current year, prosecutions have been filed against the defaulting companies and errant Directors, the details of which are given in Annexure-1.**

**SFIO has secured convictions in respect of 2 companies involving 39 complaints during the said period. Five Directors of the said companies were held guilty in such cases for multiple offences.**

**(d) The following steps have been taken by the Government to prevent corporate frauds:**

- (i) Induction of technology to improve methods of investigation, including setting up a Forensic Lab within SFIO premises.**
- (ii) Signing of a Memorandum of Understanding between SFIO, the Ministry and the 'Financial Intelligence Unit - India (FIU-IND)', an agency under the Ministry of Finance for exchange of information relating to suspicious banking transactions;**
- (iii) Organizing investor awareness programmes in association with professional institutes and other regulators, enforcement agencies and using the electronic media for sensitizing investors of the dangers of fraudulent financial schemes;**
- (iv) Strengthening of Inter-agency coordination with the recent decision to set up Inter-Ministerial Group with members from Ministry of Corporate Affairs, Department of Financial Services, RBI and SEBI with a view to speedily deal with frauds by unscrupulous companies;**
- (v) Statutory recognition to SFIO in the Companies Act, 2013 to enable the organization to investigate corporate frauds, more comprehensively.**

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**Annexure-1**

**ANNEXURE REFERRED TO IN REPLY TO PARTS (a) TO (c) OF THE STARRED QUESTION NO. 225 FOR ANSWER IN LOK SABHA ON 06-02-2014**

**Company-wise details of prosecutions filed**

<b>S. No.</b>	<b>Name of Company</b>	<b>Cases filed under Comp. Act, 1956</b>	<b>Cases filed under IPC</b>	<b>Total Cases filed</b>
<b>1</b>	<b>Global Trust Bank</b>	<b>13</b>	<b>00</b>	<b>13</b>
<b>2</b>	<b>Goldquest International Pvt. Ltd.</b>	<b>06</b>	<b>00</b>	<b>06* (Common Prosecution for Sr. No. 2 &amp; 3)</b>
<b>3</b>	<b>Questnet Enterprises India Pvt Ltd.</b>			
<b>4</b>	<b>Jayant Vitamins Ltd.</b>	<b>09</b>	<b>00</b>	<b>09</b>
<b>5</b>	<b>City Limouzines (India) Ltd.</b>	<b>12</b>	<b>09</b>	<b>21</b>
<b>6</b>	<b>M/s Palamoor Agro Complex Ltd. (under Liquidation)</b>	<b>00</b>	<b>02</b>	<b>02</b>
<b>7</b>	<b>Ayushi Buildestates Pvt. Ltd.</b>	<b>02</b>	<b>00</b>	<b>02</b>
<b>8</b>	<b>Yusuf Properties Pvt. Ltd.</b>	<b>08</b>	<b>00</b>	<b>08</b>