

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
STARRED QUESTION NO. 117
ANSWERED ON TUESDAY, THE 08TH MARCH, 2016**

MECHANISM TO CHECK CORPORATE FRAUDS

QUESTION

*117. SHRI K.K. RAGESH:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether corporate frauds such as money laundering, tax evasion, window dressing, financial reporting fraud and bribery are on the rise in India;
- (b) if so, the details of the top category of corporate frauds happening in India;
- (c) the top 50 corporate frauds that happened during the last two years; and
- (d) whether Government is setting up any independent mechanism to check corporate frauds in India, and, if so, the details thereof?

ANSWER

THE MINISTER OF CORPORATE AFFAIRS

(SHRI ARUN JAITLEY)

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

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE STARRED
QUESTION NO. 117 FOR ANSWER IN RAJYA SABHA ON 08-03-2016**

(a) to (c) No, Sir. However, certain complaints which are received, regarding cases of corporate frauds are duly investigated under the provisions of Companies Act, 2013. During the period of last two years and the current year i.e. from 2013-14 to 2015-16 (up to 31-12-2015), the Ministry, has ordered investigations under sections 235/ 237 of the Companies Act, 1956 and sections 210/ 212 of the Companies Act, 2013 through the Serious Fraud Investigation Office (SFIO) of the Ministry in respect of 196 companies as per details below:

Year	No. of companies ordered for investigation
2013-14	83
2014-15	71
2015-16 (up to 31-12-2015)	42
Total	196

These cases involve allegations of frauds through running of schemes by companies for collecting money from the public, siphoning/ diversion of funds belonging to companies by the promoter/ directors, manipulation of books of accounts and other records, etc., as per details in Annexure-I.

(d) No, Sir. The Companies Act, 2013 has relevant provisions to check corporate frauds.

**ANNEXURE REFERRED TO IN THE REPLY TO RAJYA SABHA STARRED
QUESTION NO. 117****List of investigations ordered during the period 2013-14 to 31-12-2015 indicating estimated
quantum of funds involved and main findings/ allegations****Year – 2013-14**

Sr. No.	Name of companies	Estimated Quantum of funds involved (Rs in crore)	Main findings/ allegations
1 to 19	Rose Valley Real Estate & Construction Ltd. and its 18 group companies	10281.00	Chit Fund, diversion of funds, financial reporting fraud
20 to 31	Icore E-services Ltd. and its 11 group companies	3194.69	Chit Fund, diversion of funds, financial reporting fraud
32 to 45	Saradha Realty India Ltd. and its 13 group companies	2394.00	Chit Fund, diversion of funds, financial reporting fraud
46 to 54	Sunshine India Land Developers Ltd. and its 8 group companies	29.20	Chit Fund, diversion of funds, financial reporting fraud
55.	Devred (I) Ltd. (In Liquidation)	--	Management Dispute
56 to 64	URO Infra Reality India Ltd. and its 8 group companies	246.59	Chit Fund, diversion of funds, financial reporting fraud
65.	KNS Infracon Private Ltd.	--	Management Dispute
66 to 76	NKS Holdings Private Limited and its 10 group companies	Under Progress	Money laundering and financial reporting fraud
77.	Paramount Airways Pvt. Ltd. (Under Liquidation)	611.82	Financial reporting fraud for obtaining bank loans
78 to 81	Bhagyaraaj Vyapaar Pvt. Ltd. and its 3 group companies	Under Progress	Diversion of funds, money laundering
82.	T.S. Logistics Pvt. Ltd.	6.83	Diversion/ siphoning of funds
83.	Eastern Medikit Ltd. (Under Liquidation)	Order of investigation was quashed by the Delhi High Court on 15.09.2014.	

Year – 2014-15

1.	Worship Impex Pvt. Ltd.	Order of investigation was quashed by the Delhi High Court on 11.02.2015.	
2.	CALS Refineries Ltd.	Under Progress	Financial reporting fraud

3.	Mangalam Agro Products Ltd.	191.25	Illegal collection of funds
4 to 13	Shark Communications Pvt. Ltd. and its 9 group companies	Under Progress	Illegal collection of funds
14. to 29	Ramel Industries Ltd. and its 15 group companies	Under Progress	Chit fund activities
30.	Suman Prakashan (P) Ltd. (in Liquidation)	Delhi High Court (Division Bench) on 02.12.2014 remanded (withdrawn) the case to Company Court for fresh decision.	
31.	Pearl India Publishing House (P) Ltd. (in Liquidation)		
32.	Catmoss Retail PVt. Ltd. (in Liquidation)	244.00	Siphoning of funds and financial reporting frauds
33 to 48	Rahul Hi Rise Ltd. and its 15 group companies	Under Progress	Chit fund activities
49 to 53	Suburban Diagnostics (India) P. Limited and 4 other companies	No instance of diversion of funds or collection of deposits was found	Collection of deposits, diversion of funds
54 to 71	Seashore Securities Ltd. and its 17 group companies	Under Progress	MLM activities

Year – 2015-16

1.	Saradha Housing Pvt. Ltd.	131.40	Illegal collection of deposits
2 to 9	Ambujaatripuri Infra (India) Ltd. and 7 group companies	Under Progress	Chit fund activities
10.	Kingfisher Airlines Ltd.	Under Progress	Diversion of funds, financial reporting frauds
11 to 16	Grand Vyapaar Pvt. Ltd. and its 5 group companies	Under Progress	Diversion of funds
17 to 27	Msquare Prudent Multitrade Pvt. Ltd. and 10 other companies	Under Progress	Foreign exchange scam
28 to 35	Goldmine Food Products Ltd. and its 7 group companies	Under Progress	Chit fund activities
36.	Samruddha Jeevan Foods Ltd.	Under Progress	Chit fund activities
37 to 39	Sai Prasad Foods Ltd. and its 2 group companies	Under Progress	Chit funds activities
40.	Utkarsha Plotters and Multi Agro Solutions India Ltd.	Under Progress	Chit fund activities
41.	PGF Ltd.	Under Progress	Illegal collection of deposits
42.	PACL Ltd.		
