

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
STARRED QUESTION NO. 244
ANSWERED ON THURSDAY, THE 14TH MARCH, 2013
[PHALGUNA 23, 1934 (SAKA)]**

FRAUDS BY COMPANIES

QUESTION

***244. SHRI D.B. CHANDRE GOWDA:
SHRI ADHI SANKAR:**

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

- (a) whether the Government has any records of the number of dubious companies including fly-by-night companies that have duped investors and the number of investors who have been cheated into making investments in these companies;**
- (b) if so, the details thereof along with the estimated amount of investments involved therein and the action taken against such companies for the last three years, State/ UT-wise;**
- (c) whether the Government proposes to develop a fraud prediction model that will forewarn law enforcement agencies about any suspicious movement of money in the market and strengthen its market research and analysis unit;**
- (d) if so, the details thereof; and**
- (e) the other effective measures taken/ being taken by the Government to sensitize the people about investment scenario in the country and to address the problem ?**

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. 244 FOR ANSWER
IN LOK SABHA ON 14-03-2013**

(a) & (b)

- (i) Cheating of investors by unscrupulous companies takes many forms, such as: 'vanishing' after raising money through public offers; illegal collection of deposits in violation of Section 58A of the Companies Act, 1956; floating sham 'Collective Investment Schemes (CIS)' in violation of SEBI Act; collecting money from public by posing as 'Non-Banking Financial Companies (NBFCs) in violation of RBI Act; and resorting to 'Ponzy' or money circulation schemes under the Prize Chits and Money Circulation Schemes (Banning) Act, 1978.**

The Ministry has taken action against certain companies (vanishing companies) which have raised funds through initial public offer but thereafter are not traceable. The Ministry has also taken action against certain companies which have failed to repay deposits to public violating Section 58A of the Companies Act, 1956. Details of state-wise vanishing companies and companies violating Section 58A of the Companies Act, 1956 in connection with acceptance of deposits from the public are indicated in Annexure-A and B, respectively.

Complaints of cheating by companies which promised high rates of interests to investors have been received in 87 cases as detailed in Annexure-C. In these cases Inspection under Section 209A/ Investigation under Section 234 of the Companies Act, 1956 has been ordered.

- (ii) 669 companies came to the notice of SEBI for conducting operations in violation of SEBI (Collective Investment Schemes) Regulations, 1999. The amount collected by these companies was about Rs 7435 crores. Out of these companies, 75 have been wound up and the money refunded to the investors. 552 companies were prosecuted; convictions have been secured in 124 cases.**

- (iii) RBI also regulates deposits / investments of the public with Non- banking Finance Companies (NBFC) that are registered with RBI. Complaints received against companies posing as NBFC's and Unincorporated bodies indulging in cheating / fraud are forwarded by RBI to the Economic Offenses Wing of the State Police for investigation and further action.**

- (iv) There are certain companies which have floated fraudulent investment deposits mobilizing schemes (also called ponzi schemes) under various guises and are liable for action under the Prize Chits and Money Circulation Schemes (Banning) Act, 1978. This Act is administered by Ministry of Finance (Department of Financial Services) through the State Governments and figures of prosecution etc. are not being maintained centrally.**

(c) & (d) The Ministry has constituted a Steering Committee to develop a "Fraud Prediction Model" aimed at generating alerts for prevention of fraud and malfeasance. It is also proposed to revamp the existing Market Research & Analysis

Unit (MRAU) in the Serious Fraud Investigation Office (SFIO) to enable it to function as an intelligence unit.

(e) The concerned regulatory agencies of the Central Government have adopted different measures aimed at sensitizing the public of the need to be cautious while making investments into schemes, etc. The Ministry of Corporate Affairs conducts Investor Awareness Programs (IAP's) for making the public aware of the various instruments of investments available to them. Similarly, RBI issues notice in newspapers regularly to caution the public against the design of entities in collection of deposits illegally. Editors of Newspapers are also sensitized to exercise caution for accepting advertisements pertaining to acceptance of deposits by unincorporated bodies. Presently, RBI is in the process of undertaking a comprehensive campaign aimed at alerting the public against falling prey to the Ponzy schemes and other monetary mal-practices. SEBI also conducts Investor Awareness Programs in cities / towns across the country and has recently launched publicity campaigns through electronic and print media.

Annexure - A

**ANNEXURE REFERRED TO IN REPLY TO PARTS (a) & (b) OF THE STARRED
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State-wise list of Vanishing Companies

S. No.	Name of the Vanishing Company	State
1	Aashi Industries Ltd (Formerly known as Aashi Pharmachem Ltd.)	Gujarat
2	Bhavna Steel Cast Ltd.	Gujarat
3	Citizen Yarns Ltd.	Gujarat
4	Cromakem Ltd.	Gujarat
5	Frontline Financial Services Ltd.	Gujarat
6	Genuine Commodities Development Co. Ltd.	Gujarat
7	Girish Hotels Resorts and Health Farms Ltd.	Gujarat
8	Growth AgroIndustries Ltd.	Gujarat
9	Kesar Greenfield International Ltd	Gujarat
10	Lyons Industrial Estate Enterprises Ltd (formerly known as Lyons Range Finance Ltd.)	Gujarat
11	Manav Pharma Ltd.	Gujarat
12	Marine Cargo Company Ltd.	Gujarat
13	Naisargik Agritech (India) Ltd.	Gujarat
14	Naturo Pest Ltd.	Gujarat
15	Nishu Fincap Ltd. (Formerly known as Medha Finance & Securities Ltd.)	Gujarat
16	Pur Opale Creations Ltd (formerly known as Nuline Glassware (India) Ltd.)	Gujarat
17	Protech Circuit Breakers Ltd.	Gujarat
18	Protech Switchgears Ltd.	Gujarat
19	Shree Yaax Pharma & Cosmetics Ltd.	Gujarat
20	Shreeji Dyechem Ltd.	Gujarat
21	Shri Mahalaxmi Agricultural Developments Co. Ltd.	Gujarat
22	Spil Finance Ltd.	Gujarat
23	Super Domestic Machines Ltd.	Gujarat
24	Sushil Packagings (India) Ltd.	Gujarat
25	Tirth Plastics Ltd.	Gujarat
26	Topline Shoes Ltd	Gujarat
27	Aditya Alkaloids Ltd.	Andhra Pradesh
28	Canara Credit Ltd.	Andhra Pradesh
29	Daisy Systems Limited	Andhra Pradesh
30	Imap Technologies Limited	Andhra Pradesh
31	Kamakshi Housing Finance Ltd. (Presently known as Kisha Impex Ltd.	Andhra Pradesh
32	Deccan Petroleum Ltd.	Andhra Pradesh
33	Orpine Systems Limited	Andhra Pradesh
34	Chhakri Tyres & Tubes Ltd. or Rhino Tyres Ltd. (Presently known as Raam Tyres Ltd.)	Andhra Pradesh
35	Sequel Soft India Limited	Andhra Pradesh
36	Sibar Media & Entertainment Limited	Andhra Pradesh
37	Sibar software services India) Ltd	Andhra Pradesh

38	Swal Computers Ltd	Andhra Pradesh
39	Visie Cyber Tech Ltd.	Andhra Pradesh
40	Ambuja Zinc Ltd.	Bihar
41	Bodh Gaya Ceramics Ltd.	Bihar
42	Cilson Organics Ltd.	Bihar
43	Shree Vaishnavi Printing and Dyeing Ltd.	Bihar
44	Carewell Hygiene Products Ltd	Chandigarh
45	Sukhchain Cements Ltd. (formerly known as Ganapati Cements Pvt. Ltd.)	Chandigarh
46	Kedia Infotech Ltd (formerly known as Grives Hotels Ltd.)	Delhi
47	Hoffland Investments Ltd. (formerly known as Vadra Investments Ltd.)	Delhi
48	Simplex Holdings Ltd	Delhi
49	Star Electronics Ltd.	Delhi
50	Zed Investments Ltd.	Delhi
51	Flora Wall Coverings Ltd.	Karnataka
52	Ocean Knits Limited	Karnataka
53	Hi-Tech Drugs Ltd	Madhya Pradesh
54	Madhyavart Exxoil Ltd	Madhya Pradesh
55	Rajadhiraj Industries Ltd.	Madhya Pradesh
56	South Asian Mushrooms Ltd.	Madhya Pradesh
57	Sterling Kalk Sand Bricks Ltd.	Madhya Pradesh
58	Caldyn Aircon Ltd	Maharashtra
59	Gobal Exhibitions Ltd. (Formerly known as Global Network Ltd.)	Maharashtra
60	Hitesh Textile Mills Ltd.	Maharashtra
61	Ichakalanji Soya Ltd.	Maharashtra
62	Pashupati Cables Ltd.	Maharashtra
63	Realtime Finlease Ltd.	Maharashtra
64	Rusoday & Company Ltd.	Maharashtra
65	Sparkle Foods Ltd.	Maharashtra
66	Vipul Securities Ltd.	Maharashtra
67	Universal Vita Alimentare Ltd.	Orissa
68	Hallmark Drugs and Chemicals Ltd. (formerly known as Lifeline Drugs Ltd.)	Punjab
69	Amigo Exports Ltd.	Tamil Nadu
70	Crestworld Marines Ltd.	Tamil Nadu
71	Ma Capital Market Services Ltd.	Tamil Nadu
72	Nagarjuna Jiyo Industries Ltd.	Tamil Nadu
73	PK Vaduvammal Finance & Investments Ltd.(Presently known as Novel Finance (I) Ltd.	Tamil Nadu
74	Panggo Exports Ltd.	Tamil Nadu
75	Sai Graha Finance and Engineering Ltd.	Tamil Nadu
76	Shyam Printers & Publishers Ltd.	Tamil Nadu
77	AVR Securities Ltd.	Tamil Nadu
78	Global Blooms India Ltd.	Tamil Nadu
79	Rizvi Exports Ltd.	Uttar Pradesh
80	Shefali Papers Ltd.	Uttar Pradesh
81	Siddhartha Pharmachem Ltd.	Uttar Pradesh

82	Vidiani Agrotech Industries Ltd.	Uttar Pradesh
83	Asian Vegpro Industries Ltd	West Bengal
84	Kiev Finance Ltd	West Bengal
85	Oriental Remedies and Herbals Ltd	West Bengal
86	SSK Fiscal Services Ld	West Bengal
87	Saket Extrusions Ltd	West Bengal

Action taken against Vanishing Companies

Details	Total
Total Number of Vanishing Companies	87
Companies against which prosecutions filed u/s 62/63, 68 & 628 of the Companies Act, 1956	85
Companies where FIRs filed/ registered under IPC	87

Annexure - B**ANNEXURE REFERRED TO IN REPLY TO PARTS (a) & (b) OF THE STARRED
QUESTION NO. 244 FOR ANSWER IN LOK SABHA ON 14-03-2013****State-wise/ UT-wise list of number of complaints received
for non-payment of deposits and penal action taken**

S.NO.	Name of the State	No. of Complaints received	Prosecutions filed for violation of Section 58A of the Companies Act, 1956
1.	Delhi & Haryana	76	03
2.	Punjab & Himachal	--	03
3.	Rajasthan	02	04
4.	Gujarat	02	05
5.	Madhya Pradesh	05	04
6.	Tamil Nadu	06	
7.	Kerala	02	01
8.	Maharashtra	51	06
9.	Orissa	--	02
10.	Hyderabad	34	04
11.	Karnataka	04	04
	Total	182	36

**ANNEXURE REFERRED TO IN REPLY TO PARTS (a) & (b) OF THE STARRED
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**State wise list of companies against which complaints received for indulging in
Ponzi/ MLM Schemes**

WEST BENGAL

- (1) M/s. Vibgyour Allied Infrastructure Ltd.
- (2) M/s. Rose Valley Real Estates Constructions Ltd.
- (3) M/s. Rose Valley Industries Ltd.
- (4) M/s. Silver Valley Communications Ltd.
- (5) M/s. Rose Valley Food Beverage Ltd.
- (6) M/s. Rose Valley Marketing India Ltd.
- (7) M/s. Rose Valley Infotech Pvt. Ltd.
- (8) M/s. Rose Valley Hotels and Entertainments Ltd.
- (9) M/s. Rose Valley Projects Ltd.
- (10) M/s. Rose Valley Patrika Ltd.
- (11) M/s. Rose Valley Films Ltd.
- (12) M/s. Modern Investment Traders Pvt. Ltd.
- (13) M/s. Rose Valley Travels Pvt. Ltd.
- (14) M/s. Brand Value Communications Ltd.
- (15) M/s. Rose Valley Housing Development Finance Corporation Ltd.
- (16) M/s. Rose Valley Airlines Ltd.
- (17) M/s. Rose Valley Fashions Ltd.
- (18) M/s. Rupasi Bangla Projects India Ltd.
- (19) M/s. Rupasi Bangla media and Entertainments Ltd.
- (20) M/s. Rose Valley Realcom Ltd.
- (21) M/s. Saradha Realty India Ltd.
- (22) M/s. RTC Properties India Ltd.
- (23) M/s. RTC Real Trade India Ltd.
- (24) M/s. Jasoda Real Estate Ltd.
- (25) M/s. Saradha Printing & Publication Pvt. Ltd.
- (26) M/s. Saradha Agro Development Ltd.
- (27) M/s. Saradha Biogas Production Pvt. Ltd.
- (28) M/s. Saradha Tour and Travels Pvt. Ltd.
- (29) M/s. Saradha Automobiles India Ltd.
- (30) M/s. Saradha Constructions Company Pvt. Ltd.
- (31) M/s. Saradha Shopping Mall Pvt. Ltd.
- (32) M/s. Saradha Education Enterprise Ltd.
- (33) M/s. Saradha Exports Ltd.
- (34) M/s. Goldmine Agro Ltd.
- (35) M/s. Tower Infotech Pvt. Ltd.
- (36) M/s. Chakra Infrastructure Ltd.
- (37) M/s. Gold Field Agro Ltd.
- (38) M/s. Golden Life Agro India Ltd.
- (39) M/s. Golden Pariwar Holding and Developers India Ltd.
- (40) M/s. Goldmine Food Products Ltd.
- (41) M/s. Hallo India Express Sales Ltd.
- (42) M/s. Happy Life Realty (India) Ltd.
- (43) M/s. ICore E-Service Ltd.

- (44) **M/s. MPS Aqua Marine Products Ltd.**
(45) **M/s. MPS Greenery Developers Ltd.**
(46) **M/s. MPS Industries & Agro Research Ltd.**
(47) **M/s. MPS Resorts and Hotels Ltd.**
(48) **M/s. Prayag Agrotech Pvt. Ltd.**
(49) **M/s. Prayag Infotech Hi-Rise Ltd.**
(50) **M/s. Prayag Infra Realtors Ltd.**
(51) **M/s. Prayag Micro Finance**
(52) **M/s. Rahul Heights Ltd.**
(53) **M/s. Rahul Hi-Rise Ltd.**
(54) **M/s. Ramel Industries Ltd.**
(55) **M/s. Shine India Agro Industries Ltd.**
(56) **M/s. Silicon Projects India Ltd.**
(57) **M/s. Sunshine Agro-Infra Ltd.**
(58) **M/s. Sunshine India Land Developers Ltd.**
(59) **M/s. URO Agro India Ltd.**
(60) **M/s. URO Autotech Ltd.**
(61) **M/s. URO Hotels and Resorts India Ltd.**
(62) **M/s. URO Hygenic Goods Ltd.**
(63) **M/s. URO Infotech Ltd.**
(64) **M/s. URO Infra Realty India Ltd.**
(65) **M/s. URO Life Care Ltd.**
(66) **M/s. URO Trexim Ltd.**
(67) **M/s. URO Walkers Ltd.**
(68) **M/s. Vasundhara Realcon Ltd.**
(69) **M/s. Vibgyor Allied Industries Ltd.**
(70) **M/s. Vishwamitra India Consultancy Services Ltd.**
(71) **M/s. Vishwamitra India Multi-Developers Ltd.**
(72) **M/s. Waris Hospital & Diagnostic Centre Ltd. (Now Waris Healthcare Ltd.)**
(73) **M/s. Waris Telecom Services Ltd. (Waris Tel International Ltd.)**

RAJASTHAN

- (1) **M/s. PACL (India) Ltd.**
(2) **M/s. Goldsukh Trade India Ltd.**

TAMIL NADU

- (1) **M/s Unipay 2U Marketing Pvt. Ltd.**
(2) **M/s Unipay Creative Business Pvt. Ltd.**
(3) **M/s Unipay 2U Production Pvt. Ltd.**
(4) **M/s. Goldquest International Pvt. Ltd.**
(5) **M/s. Questnet Enterprises India Pvt. Ltd.**

KARNATAKA

- (1) **M/s Unigateway 2U Trading Pvt. Ltd.**

DELHI

- (1) **M/s Speakasia Online Pte. (Unregistered)**
(2) **M/s. Basil International Ltd.**
(3) **M/s. Vamshi Chemicals Ltd.**
(4) **M/s. Appeline Cosmetics & Toiletries Ltd.**
(5) **M/s. Basil Express Ltd.**

UTTAR PRADESH

(1) M/s. Nixcil Pharmaceuticals Specialties Ltd.
