



**Government of India  
Ministry of Finance**

**20TH PROGRESS REPORT ON THE ACTION TAKEN  
PURSUANT TO THE RECOMMENDATIONS OF  
THE JOINT PARLIAMENTARY COMMITTEE ON  
STOCK MARKET SCAM AND MATTERS RELATING THERETO**

**May, 2013**

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## INTRODUCTION

The Report of the Joint Parliamentary Committee on Stock Market Scam and matters relating thereto was presented to the Parliament on 19<sup>th</sup> December 2002. In Para 3.31, the JPC recommended that the Government should present its Action Taken Report to the Parliament within six months and, thereafter, a Progress Report every six months until action on all the recommendations has been fully implemented to the satisfaction of Parliament. The Government submitted the Action Taken Report to the Parliament on 9.5.2003. 1<sup>st</sup> Progress Report was presented in the Lok Sabha/Rajya Sabha on 12.12.2003 and 16.12.2003 respectively, 2<sup>nd</sup> Progress Report on 10.6.2004, 3<sup>rd</sup> on 09.12.2004, 4<sup>th</sup> on 29.7.2005, 5<sup>th</sup> on 20.12.2005, 6<sup>th</sup> on 23.05.06 and 7<sup>th</sup> on 19.12.2006 and 8<sup>th</sup> Progress Report was placed in the Parliament Library on 22.5.2007 and was presented to Lok Sabha/Rajya Sabha on 17.08.2007, 9<sup>th</sup> Progress Report was presented on 07.12.2007 & 10<sup>th</sup> Progress Report was placed in Parliament Library on during May, 2008, and was presented to Lok Sabha/Rajya Sabha on 24.10.2008, 11<sup>th</sup> Progress Report was presented on 16.12.2008, 12<sup>th</sup> Progress Report was presented on 09.06.2009, 13<sup>th</sup> Progress Report was presented on 18.12.2009, 14<sup>th</sup> Progress Report was presented to LS/RS on 07.5.2010 and 15<sup>th</sup> Progress Report was presented to LS/RS on 09.12.2010. 16<sup>th</sup> Progress Report was placed in the Parliament Library on 08.6.2011/21.6.2011 and was presented to Lok Sabha/Rajya Sabha on 05.8.2011. 17<sup>th</sup> Progress Report was presented to LS/RS on 07.12.2011. 18<sup>th</sup> Progress Report was placed in the Parliament Library on 06.6.2012 and was presented to LS/RS on 09.8.2012. 19<sup>th</sup> Progress Report was presented to LS/RS on 07.12.2012.

2. JPC had made 276 recommendations/observations/conclusions. In the ATR presented to the Parliament during May 2003, final response of the Government in respect of 111 recommendations had been given. In the Progress Report presented during December, 2003, action was completed on 39 recommendations. In the Second Progress Report action was completed on 36 recommendations, in the Third Progress Report on 18 recommendations, in the Fourth Progress Report on 23 recommendations, in the Fifth Progress Report on 06 recommendations, in the Sixth Progress Report on 03 recommendations, in the Seventh Progress Report on 07 recommendations and in 8<sup>th</sup> Progress Report, only further progress to the pending recommendations was given. In the 9<sup>th</sup> Progress Report, action was completed on 07 recommendations, in 10<sup>th</sup> Progress Report, action was completed on 02 recommendations, in 11<sup>th</sup> Progress Report action was completed on 10 recommendations, 12<sup>th</sup> Progress Report, action was completed on 03 recommendations, in 13<sup>th</sup> Progress Report, action was completed on 05 recommendations, 14<sup>th</sup> Progress Report action was completed on 01 recommendation. In 15<sup>th</sup> Progress Report action was completed on 01 recommendation. In 16<sup>th</sup>, , 17<sup>th</sup>, 18<sup>th</sup> and 19<sup>th</sup> Progress Reports, there was no change in status and action was pending on 4 recommendations and in this Progress Report action has been completed on 01 recommendation.

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**20th PROGRESS REPORT (May, 2013) OF THE ACTION TAKEN PURSUANT  
TO THE RECOMMENDATIONS OF JOINT PARLIAMENTARY COMMITTEE ON STOCK MARKET  
SCAM AND MATTERS RELATING THERETO - 2002.**

Sl. No.	Para No.	Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
1.	5.111	Neither the State Registrar under whose direct control the Bank functions nor the RBI which is an apex regulator in the case of urban cooperative Banks came to know of the misuse of powers and flagrant violation of regulations/directives of the RBI until a public outcry and news in the press. Though under the UP Cooperative Societies Act, 1965 wide powers of conducting inspections, enquiry and audit are vested with the Registrar of the Cooperative Societies, these powers were not exercised to check the functioning of the Bank. RBI too surprisingly issued licences as late as February, 2001 for opening four more branches of the Bank, thereby giving an impression that the Bank was functioning well. In fact even when in the annual inspection report of 1999, the RBI had clearly indicated some glaring irregularities and the auditors of the State Cooperative Department for the period 1997-2000 had pointed out serious irregularities, immediate steps were not taken for rectifying the irregularities. This leaves the Committee with the impression that both the RCS as well as RBI showed laxity in discharging their duties even prior to March, 2001 when the run on the Bank surfaced.	<p><b>As reported in May, 2003</b> As against para 5.109</p> <p><b>As reported in December, 2003</b> As against para 5.109</p> <p><b>As reported in June, 2004</b> Reply from Govt. of Uttar Pradesh is awaited. The last reminder was sent on 1/6/2004.</p> <p><b>As reported in December, 2004</b> As against para 5.109.</p> <p><b>As reported in July, 2005</b> As against para 5.109.</p> <p><b>As reported in December, 2005</b> As against Para 5.109.</p> <p><b>As reported in May, 2006</b> As against para 5.109</p> <p><b>As reported in December, 2006</b> As against Para 5.109.</p> <p><b>As reported in May, 2007</b> As against Para 5.109.</p> <p><b>As reported in December, 2007</b> As against Para 5.109.</p> <p><b>As reported in May, 2008</b> As against Para 5.109.</p> <p><b>As reported in December, 2008</b> Government of Uttar Pradesh have informed that: (a) Vide orders dated 24.02.2003 a high level enquiry was ordered to be conducted by the then Member, Board of Revenue, UP viz. Shri V.K. Mittal to look into the lapses committed by its officers. (b) On the basis of the report of Shri V.K. Mittal, the matter was further inquired into by the Economic Offences Wing of the Criminal Investigation Department, Govt. of UP. In its report dated 29.3.07, the Inspector General of Police of the Economic Offences Wing has found 6 officers of the Cooperative Department and 11 officers of the Audit Department guilty of lack of supervision. Departmental action is being taken against these officers.</p>	No change in the status.

Sl. No. Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	<p><b>As reported in June, 2009</b>  Government of UP have informed that after examining the report of the E.O.W., following action has been taken:</p> <p><b>(i) Against the officers of the Co-operative department:</b></p> <ol style="list-style-type: none"> <li>1. Shri R.K.Srivastava, Joint Registrar- Disciplinary proceeding has been initiated.</li> <li>2. Shri P.K.Singh, Joint Registrar- Disciplinary proceedings has been initiated.</li> <li>3. Shri D.C.Singh, Assistant Registrar- He has been placed under suspension and disciplinary proceeding initiated.</li> <li>4. Shri A.K.Pandey, Assistant Registrar- He has been placed under suspension and disciplinary proceeding initiated.</li> <li>5. Shri Deo Nath, Assistant Registrar- He retired in the year 2001 hence no departmental action can be initiated against him.</li> <li>6. Shri S.P.Singh, Joint Registrar- After complete examination of the case he was not found guilty, hence it has been decided not to take any action against him.</li> </ol> <p><b>(ii) against the officers of the finance department:</b></p> <ol style="list-style-type: none"> <li>1. Shri V.K.Tandon, Senior Auditor- His services were terminated on 24.3.2006 but he has got stay order from the Hon'ble High Court in writ petition no. 4316/06 on 23.05.06 and reinstated subject to the final decision in the writ petition mentioned above.</li> <li>2. Shri H.N.Awasthi, Senior Auditor- Two increments have been stopped which will be effective throughout the service.</li> <li>3 to 6-Shri Brij Raj Singh, Distt.Audit Officer (Retd) Shri Lallan Singh, Distt.Audit Officer.Sri Padam Jang – Regional Audit Officer Shri Kamla Kant Goswami,Regional Audit Officer. Charge sheet was issued to all these officers on 20.1.2005. Final Decision is to be taken.</li> <li>7. Shri Awadhesh Chandra Dubey, Chief Audit Officer (Retd). He was given charge sheet on 05.01.2005 but he was not found guilty by the enquiry officer, hence disciplinary proceedings against him has been dropped.</li> </ol> <p><b>As reported in December, 2009</b>  Govt. of UP have reported the updated position w.r.t. departmental action taken against its officers of Cooperative and</p>	

Sl. No. Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	<p>Audit Department(s) as per details given below:</p> <p><b>I. Against the officers of the Co-operative department:</b></p> <p>(i) Sri R.K.Srivastava, Ex. Dy. Registrar, presently posted as Joint Registrar- Disciplinary proceeding has been initiated. Final decision is being taken.</p> <p>(ii) Sri P.K.Singh, Ex. Dy. Registrar, presently posted as Joint Registrar- Disciplinary proceedings has been initiated. Final decision is being taken.</p> <p>(iii) Sri S.P.Singh, Ex. Dy. Registrar, presently posted as Joint Registrar- After complete examination of the case he was not found guilty, hence it has been decided not to take any action against him. The executive action in this regard may be treated as <b>complete</b>.</p> <p>(iv) Sri Deo Chand Singh, Assistant Registrar- He has been placed under suspension and disciplinary proceedings initiated on 27.10.08. Final decision is being taken.</p> <p>(v) Sri Deo Nath, Assistant Registrar- He retired in the year 2001 hence no departmental action can be initiated against him. The executive action in this regard may be treated as <b>complete</b></p> <p>(vi) Sri A.K.Pandey, Assistant Registrar- He has been placed under suspension and disciplinary proceeding initiated on 28.10.08. Final decision is being taken.</p> <p>Keeping in view specific recommendations of Govt. of UP in respect of officers mentioned at sl. No. I(iii &amp; v) above, it is proposed that action against these officers may be treated as <b>complete</b>.</p> <p><b>II. Against the officers of the finance department:</b></p> <p>(i) Sri Awadhesh Chandra Dubey, Chief Audit Officer (Retd). : He retired on 31.7.07. The matter relates to the period 1996-2000 hence decision has been taken not to institute disciplinary proceedings under CSR 351. The executive action in this regard may be treated as <b>complete</b>.</p> <p>(ii) Shri Moti Lal, Regional Audit Officer (retired on 31.12.05).</p> <p>(iii) Shri Ram Kumar Singh Chauhan, District Audit Officer (retired on 30.6.2000)</p> <p>(iv) Shri Shiv Dayal Singh, District Audit Officer (retired on 31.12.99)</p>	

Sl. No. Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	<p>In respect of officers mentioned at sl. No. ii to iv, it has been stated that the matter relates to period of 1996-2000 hence decision has been taken not to institute disciplinary proceedings under CSR 351A. The executive action in this regard may be treated as <b>complete</b>.</p>	
	<p>(v) Mr. Harish Kumar Srivastava, Joint-Chief Audit Officer: His explanation was sought vide letter dated 16.1.09 and reply was received on 11.2.09. Decision is pending.</p>	
	<p>(vi) Mr. Subrat Chaudhary, Deputy Chief Audit Officer: Explanation was called vide letter dated 24.10.08 and reply to the same was received on 26.11.08. Decision is pending.</p>	
	<p>(vii) Sri Brij Raj Singh, Distt. Audit Officer (retired on 30.4.2000)</p>	
	<p>(viii) Sri Lallan Singh, Distt. Audit Officer (retired on 31.3.2004).</p>	
	<p>(ix) Sri Padam Jang – Regional Audit Officer</p>	
	<p>(x) Sri Kamla Kant Goswami, Regional Audit Officer. Charge sheet was issued to all these officers mentioned at sl. No. vii to x above on 20.1.2005. Final Decision is pending against these officers.</p>	
	<p>(xi) V.K.Tandon, Senior Auditor- His services were terminated on 24.3.2006 but he has got stay order from the Hon'ble High Court in writ petition No. 4316/06 on 23.05.06 and was reinstated subject to the final decision in the writ petition mentioned above. He retired on 31.07.07. The executive action in this regard may be treated as <b>complete</b>.</p>	
	<p>(xii) Sri H.N.Awasthi, Senior Auditor- Two increments have been stopped permanently &amp; censure entry awarded. The executive action in this regard may be treated as <b>complete</b>. Keeping in view specific recommendations of Govt. of UP in respect of officers mentioned at sl. No. II(i to iv, xi &amp; xii) above, it is proposed that action against these officers may be treated as <b>complete</b>.</p>	
	<p><b>As reported in May, 2010</b></p>	
	<p>Govt. of UP have reported the updated position w.r.t. departmental action taken against its officers of Cooperative and Finance Department(s) as per details given below:</p>	
	<p><u>I. Against the officers of the Co-operative department:</u></p>	
	<p>(i) Sri R.K.Srivastava, Ex. Dy. Registrar, presently posted as Joint Registrar- Disciplinary proceeding closed after awarding</p>	



Sl. No. Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	<p>penalty of censure to him. Govt of UP have recommended that executive action may be treated as <b>complete</b>.</p> <p>(ii) No change has been reported in respect of following officers:</p> <ul style="list-style-type: none"> <li>· Sri P.K.Singh, Ex. Dy. Registrar, presently posted as Joint Registrar;</li> <li>· Sri Deo Chand Singh, Assistant Registrar;</li> <li>· Sri A.K.Pandey, Assistant Registrar.</li> </ul> <p><u>II. Against the officers of the Finance Department:</u></p> <p>(i) Mr. Harish Kumar Srivastava, Joint-Chief Audit Officer: His explanation was sought vide letter dated 16.1.09 and reply was received on 11.2.09. <u>Strict warning awarded.</u> The executive action may be treated as <b>complete</b>.</p> <p>(ii) Mr. Subrat Chaudhary, Deputy Chief Audit Officer: Explanation was called vide letter dated 24.10.08 and reply to the same was received on 26.11.08. <u>He was not found guilty.</u> The executive action may be treated as <b>complete</b>.</p> <p>(iii) Sri Padam Jang – Regional Audit Officer : Punishment of censure was awarded. The executive action may be treated as <b>complete</b>.</p> <p>(iv) Sri Kamla Kant Goswami, Regional Audit Officer: Punishment of censure was awarded. The executive action may be treated as <b>complete</b>.</p> <p>(v) Sri Brij Raj Singh, Distt., Audit Officer since (retired on 30.4.2000) : He was not found guilty and executive action may be treated as <b>complete</b>.</p> <p>(vi) Sri Lallan Singh, Distt., Audit Officer : Opinion of UP Public Service Commission, Allahabad on punishment sought vide letter dated 8.1.2010.</p> <p>In view of the recommendations of the Govt. of UP, it is proposed that action against officers mentioned at serial No.(I)(i) and (II)(i to v) above may be treated as <b>complete</b>.</p> <p>Now, the disciplinary action in respect of (a) 3 officers of Coop. Deptt., out of total 6, mentioned at sl. No. (I)(ii) and (b) only one officer of Finance Deptt. mentioned at sl. No.(II) (vi), out of total 12 remains pending.</p> <p><b>As reported in December,2010</b></p> <p>Govt. of UP have reported the updated position with reference to departmental action taken against officers of Cooperative and</p>	

Sl. No. Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	<p>Finance Department (s) as per details given below :</p> <p><u>I. Against the officers of the Co-operative Department:</u></p> <p>(i) Sri P.K. Singh, Ex-Dy. Registrar presently posted as Joint Registrar. The consent of U.P.P.S.C. has been obtained &amp; the matter is under consideration at higher level.</p> <p>(ii) Sri Deo Chand Singh, Assistant Registrar Cooperative Societies. Action under Rule 351-A of C.S.R. is being taken against him.</p> <p>(iii) Sri A.K. Pandey, Assistant Registrar Cooperative Societies. The opinion of U.P.P.S.C. is being taken regarding punishment.</p> <p><u>II. Against the officers of the Finance Department:</u></p> <p>Mr. Lallan Singh, Distt. Audit Officer Cooperative Societies U.P. Lucknow. The decision of 10% curtailment from his pension has been taken and disciplinary inquiry has been closed.</p> <p>From the above, it is clear that with the completion of action against Shri Lallan Singh, the action is complete in respect of all the officers of Finance Department.</p> <p><b>As reported in June, 2011</b></p> <p>The Government of Uttar Pradesh have informed the updated position w.r.t. departmental action taken against its officers of Cooperative Department as per details given below:</p> <p><u>Against the officers of the Cooperative Department:</u></p> <p>(i) Shri P.K. Singh , Ex-Dy. Registrar, presently posted as Joint Registrar: The opinion of U.P.P.S.C. is being taken regarding punishment.</p> <p>(ii) Shri Deo Chand Singh, Assistant Registrar Coop. Societies: Action under Rule 351-A of C.S.R. is being taken against him and the matter is under consideration at highest level.</p> <p><b>As reported in December, 2011</b></p> <p>The Government of Uttar Pradesh has furnished the updated position w.r.t. departmental action taken against its officers is as under:-</p> <p>(i) Sri P.K. Singh , Ex-Dy. Registrar, presently posted as Joint Registrar. Disciplinary proceeding closed after awarding censure entry to him. Govt. of UP has recommended that the executive action may be treated as complete.</p>	

Sl. No.	Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
2.	<p data-bbox="264 659 837 751">5.113 In view of the foregoing observations, the Committee recommend the following specific action:-</p> <p data-bbox="360 756 837 946">(i) In order to expedite action on the criminal complaints which are presently pending adjudication in the Court of the Metropolitan Magistrate, Lucknow, it is recommended that such case be tried by a Special Court.</p> <p data-bbox="360 951 837 1436">(ii) UP Government may be asked to initiate further enquiry against the concerned State Registrars for not being vigilant and exercising supervision on the working of the Bank even when the UP Cooperative Societies Act, 1965 empowers the Registrar to hold an enquiry into the working of the co-operative society, carry out inspection on his own and even supersede the Committee of Management in case it is found that any act is committed which is prejudicial to the interest of the society or its members or otherwise if the society is not</p>	<p data-bbox="857 201 1597 355">(ii) Sri Deo Chand Singh, Assistant Registrar, Coop. Societies. Govt. of U.P. has submitted that action under Rule 351-A of C.S.R. is being taken against him, which is not found appropriate and recommended that the executive action may be treated as complete.</p> <p data-bbox="857 360 1597 491">(iii) Sri A.K.Pandey, Assistant Registrar, Coop. Societies, the opinion of U.P.P.S.C is being taken regarding punishment. In view of the recommendation of Govt. of UP, we may treat the action as complete in respect of (i &amp; ii).</p> <p data-bbox="857 496 1182 520"><b>As reported in June, 2012</b></p> <p data-bbox="857 525 1099 549">No change in status.</p> <p data-bbox="857 553 1256 577"><b>As reported in December, 2012</b></p> <p data-bbox="857 582 1144 606">No change in the status.</p> <p data-bbox="857 659 1182 683"><b>As reported in May, 2003</b></p> <p data-bbox="857 687 1122 711">As against para 5.109</p> <p data-bbox="857 716 1256 740"><b>As reported in December, 2003</b></p> <p data-bbox="857 745 1122 769">As against para 5.109</p> <p data-bbox="857 774 1182 798"><b>As reported in June, 2004</b></p> <p data-bbox="857 802 1597 874">Reply from Govt. of Uttar Pradesh is awaited. The last reminder was sent on 1/6/2004.</p> <p data-bbox="857 879 1256 903"><b>As reported in December, 2004</b></p> <p data-bbox="857 908 1122 932">As against para 5.109</p> <p data-bbox="857 936 1182 960"><b>As reported in July, 2005</b></p> <p data-bbox="857 965 1597 1106">Regarding constitution of Special Courts, Govt. of UP have informed that CBI has filed a charge sheet in the Special Court designated for dealing CBI cases, there is no need of constituting Special Courts.</p> <p data-bbox="857 1110 1597 1369">A departmental enquiry was also conducted under section 65 of UP Co-operative Society Act 1965 for the irregularities in bank. And after the enquiry, a surcharge order for the value of Rs. 30,14,45,235.00 was passed against Shri Anand Krishan Johri vide Distt. Assistant Registrar, Lucknow's order No. 2873/co-op. dated 29.1.05 under section 68(2) of the Act. Out of the total 283 debtor members of the bank, a sum of Rs. 3.86 crore has been recovered, from 45 members.</p> <p data-bbox="857 1374 1597 1436">Information relating to enquiry against the concerned State Registrar has been given in reply to para No.5.109.</p>	No change in the status.

Sl. No.	Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	functioning properly. This should be done expeditiously.	<b>As reported in December, 2005</b>	
	(iii) CBI must complete the investigations expeditiously in the case wherein FIR has been filed for siphoning off funds in the form of cheque purchase for Rs. 1.71 crore.	In the case of recovery from 283 debtors of the City Cooperative Bank Ltd., a sum of Rs.3.94 crore has been recovered from 45 defaulters. Regarding action against the officers of Cooperative Department, the Govt. of Uttar Pradesh have reported that the enquiry being conducted by Economic Offences Wing (EOW) of Crime Investigation Department (CID) of UP Police is in progress. Govt. of UP have been requested to take up the matter with EOW of CID of UP Police for expediting completion of the same.	
	(iv) RBI must introduce a system whereby the irregularities pointed out in the annual inspection Reports are removed by the Banks and compliance report is submitted within a period of six months from the date of inspection.	<b>As reported in May, 2006</b> As against para 5.109	
	(v) Strict penal provisions be incorporated in the Banking Regulation Act, 1949 for non-compliance of the directives/guidelines issued by the RBI from time to time and in case of default, strict disciplinary action should be initiated against the erring officials.	<b>As reported in December, 2006</b> Shri Anand Krishan Johri, (one of the promoters and accused in the charge sheet filed by the CBI) against whom an order under Section 68(2) of UP Co-operative Societies Act, 1965 has been passed for a surcharge of an amount of Rs. 30.14 crore has filed an appeal (No.94/05) against the same before Hon'ble Cooperative Tribunal UP. Out of 490 defaulters total recoveries worth Rs. 3.95 crore have been made from 112 defaulters of the banks dues.	
	(vi) As an apex body, though it is not possible for RBI to monitor each and every transaction, it is essential that concurrent audit is conducted in the Banks on a regular basis. The Reserve Bank of India may consider making this mandatory.	<b>As reported in May, 2007</b> As against Para 5.109. <b>As reported in December, 2007</b> As against Para 5.109. <b>As reported in May, 2008</b> As against para 5.109.	
	(vii) Investigation must be conducted to unearth where the siphoned money (Rs. 32.30 Crore) has been deployed. Expeditious action is needed to recover the money.	<b>As reported in December, 2008</b> (i) Govt. of UP have stated that their Law Department has advised that no separate Court is required to be established as the cases are already being heard in the Special Court of CBI. Therefore, action on this part may be treated as <b>complete</b> . (ii) Govt. of UP have stated that action is being taken against the officers of Cooperative Department who have been held responsible for lack of supervision in the report of Economic Offences Wing of Govt. of UP.	

Sl. No. Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	<p>(iii to vi) Extensive action on these parts has already been reported in the Action Taken Report presented in May 2003 against para No.5.109. In view of this, action on these parts may be treated <b>as complete</b>.</p> <p>(vii) Regarding recovery from various defaulters including Shri Anand Kishore Johri, the Govt. of UP have been advised to expedite the proceedings.</p> <p><b>As reported in June, 2009</b> Govt. of UP have informed as under :</p> <p>(ii) As against para No.5.111. (vii) Out of 490 defaulters, recoveries worth Rs. 12.75 crore has been made from 112 defaulters of the bank dues.</p> <p><b>As reported in December, 2009</b> Govt. of UP have informed as under :</p> <p>(ii) As against para No.5.111. (vii) Out of an amount of Rs.27.14 crore to be recovered from 490 defaulters, an amount of Rs.15.99 crore has been recovered from 262 defaulters.</p> <p><b>As reported in May, 2010</b> Govt. of UP have informed as under:</p> <p>(ii) As against para No.5.111. (vii) Out of the amount of Rs.27.14 crore to be recovered from 490 defaulters, an amount of Rs.18.88 crore has been recovered from 390 defaulters.</p> <p>Regarding recovery from the accused (Anand Krishna Johri), appeal filed by him is pending in the Hon'ble Cooperative Tribunal.</p> <p><b>As reported in December, 2010</b> Govt. of U.P. have informed as under:</p> <p>(ii) As against para No. 5.111. (vii) Out of the amount of Rs.27.14 crore to be recovered from 490 defaulters, an amount of Rs. 19.13 crore has been recovered from 406 defaulters.</p> <p>Out of the balance amount Rs. 7.84 crore which is to be recovered from 84 defaulters, the recovery proceedings in respect of Rs. 3.89 crore from 33 defaulters is pending in the competent courts. Regarding the remaining amount of Rs. 3.95 crore from 51 defaulters, the recovery proceedings are under way.</p>	

Sl. No. Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	<p>As regards, the recovery from Shri Anand Krishna Johri, one of the accused in the charge sheet filed by CBI, appeal filed by him is pending in the Hon'ble Cooperative Tribunal.</p> <p><b>As reported in June, 2011</b> Govt. of U.P. have informed as under: (ii) As against para 5.111. (vii) an amount of Rs.27.14 crore is to be recovered from 490 defaulters out of which an amount of Rs.19.60 crore has been recovered from 412 defaulters. Out of the balance amount of Rs.7.54 crore to be recovered from 78 defaulters, the recovery proceedings in respect of Rs.3.71 crore from 32 defaulters is pending in the competent courts, therefore, action on this may be treated as <b>complete</b>. As regards the balance of Rs.3.83 crore from 46 defaulters, the recovery proceedings are underway.</p> <p>The recovery of money from the accused (Shri Anand Krishna Johri) as per section 68 (2) of U.P. Cooperative Societies Act, 1965, order has been passed against Shri Johri (one of the promoters and accused in the charge sheet filed by the C.B.I.) for surcharge of an amount of Rs.30.14 crore. Shri Johri has filed appeal No. 94/05 against this order before Hon'ble Cooperative Tribunal, U.P. The Hon'ble Tribunal has cancelled the surcharge order and remanded the case for fresh hearing. The Assistant Registrar Cooperative Societies, Lucknow after hearing the case as per directions of the Hon'ble Tribunal has passed the surcharge order of the same amount again i.e. Rs.30.14 crore on 28.10.2009. (Sri Johri has again filed appeal No. 225/09 in the Hon'ble Cooperative Tribunal, U.P. The last date of hearing was on 28.3.2011. As the recovery of surcharge amount of Rs.30.14 crore from Shri Johri is pending in the competent court, therefore, action on this may be treated as <b>complete</b>.</p> <p><b>As reported in December, 2011</b> As against para 5.113(ii) This para relates to taking action against concerned State Registrars and is also linked to para 5.111. Action on para 5.113 (ii) will remain pending as long as action on 5.111 is completed.</p> <p><b>As reported in June, 2012</b> No change in status.</p> <p><b>As reported in December 2012</b> No change in the status.</p>	

Sl. No.	Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
3.	<p>5.159 In view of the foregoing the Committee recommend the following:-</p> <p>(i) Action for recovery of the outstanding advances which have been diverted and the other advances which have now been categorized as NPAs be expedited.</p> <p>(ii) In case there is any dereliction of duty on the part of the Bank Auditors, the same may be referred to the Institute of Chartered Accountants of India for further enquiry and appropriate action.</p> <p>(iii) Even though there were no breach of regulations, it was observed that certain loans were sanctioned without comprehensive evaluation and therefore, the bank must ensure that proper credit appraisal and monitoring system is in place.</p> <p>(iv) The procedural working of the banks must be strengthened and the RBI must ensure that the rectification, if any, takes place in a time-bound manner.</p> <p>(v) In the immediate aftermath of the Stock Market crash, RBI focused on one new private bank although other private banks also had large exposure to the capital market including some who had exceeded RBI limits. Now that substantial information is available about all the banks concerned, the Committee recommend RBI undertake a thorough review and process matters relating to all concerned in a uniform and consistent manner.</p>	<p><b>As reported in May, 2003</b></p> <p>(i) Global Trust Bank (GTB) has reported that they are initiating legal action in respect of all Ketan Parekh related NPA accounts. As regards recovery in other NPA accounts, the bank has reported recovery of Rs.5.98 crores and Rs.9 crores during January 2003 and February 2003, respectively.</p> <p>(ii) As regards any dereliction of duty on the part of the Bank Auditors, the matter has already been brought to the notice of Institute of Chartered Accountants of India (ICAI) by RBI.</p> <p>(iii) The bank has been directed by RBI to take corrective action.</p> <p>(iv) RBI has issued Instructions to its regional offices on 29.05.2002 to streamline and strengthen the system of follow-up action on the findings of Annual Financial Inspection of banks in a time bound manner. Details have given in reply to Para No.10.8.</p> <p>(v) In order to review the capital market exposure of banks in a uniform and consistent manner, the Reserve Bank of India is obtaining monthly reports on capital market exposure from all banks.</p> <p><b>As reported in December 2003</b> Follow up action is in progress.</p> <p><b>As reported in June, 2004</b> RBI is following up the recovery of the amounts on a continuous basis.</p> <p><b>As reported in December, 2004</b> <b>Bank of India</b> - Recovered Rs. 17.62 lakh during the period and the balance outstanding was Rs. 121.43 crore as on June 30, 2004. The bank is going ahead with compromise settlement in respect of Ketan Parekh group entities with the approval of the Government of India. <b>Global Trust Bank Ltd.</b> - Classified the accounts as NPAs has made 100% provision for the total exposure and filed criminal cases as well as cases with DRTs against parties. <b>ICICI Bank Ltd.</b> - Recalled the loan in one account and suit is being filed. <b>Centurion Bank Ltd.</b> - Has fully written off the outstanding balance in accounts relating to Ketan Parekh entities and has also initiated legal proceedings in DRT-II.</p>	No change in the status.

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	<p><b>Bank of Punjab Ltd.</b> - Has filed recovery suits in DRT and issued notice under SARFAESI Act, 2002 for taking possession of property mortgaged.</p> <p><b>Ratnakar Bank Ltd.</b> - Loan against fixed deposit has since been fully adjusted.</p> <p>The above banks have been advised by RBI to take effective steps to recover the entire amount from the Ketan Parekh entities expeditiously.</p> <p><b>As reported in July, 2005</b></p> <p>(i) All the concerned banks have filed cases in DRT, Mumbai against the companies concerned and their guarantors etc. As the number of cases pending against companies of Ketan Parekh Group is numerous, the proceedings in the DRT are slow. The process of recovery will take its own legal course.</p> <p>(ii) ICAI have informed that they have called the comments/ explanations of the auditors concerned on 25.2.2005. The concerned statutory auditors for the years 2001-02 and 2002-03 have sent in their respective responses dated 20<sup>th</sup> May, 2005 which have been received by ICAI on 24<sup>th</sup> May, 2005. The auditors have categorically stated in their aforesaid responses that since the RBI has neither provided the relevant Annual Financial Inspection(s) and the basis/parameters adopted by the special auditors and has also restrained the ICAI from parting with the Special Audit Report for perusal/examination by the statutory auditors for the year 2001-02, they are not in a position to offer any view/explanation thereon. They had expressed their inability to offer their comments/explanation, in the absence of the relevant data/information/details. They have, however, added that they have conducted the respective audits in accordance with the generally accepted accounting and auditing practices (GAAP) and the various pronouncements and accordingly requested the Institute to close the matter. Further examination of the matter is in process at ICAI.</p> <p><b>As reported in December, 2005</b></p> <p>The documents/details sought by the respective respondent-firms for submission of their respective explanation were received by ICAI from the RBI on 4th August, 2005 and the same were forwarded on 5th August, 2005 to the respondent firms with</p>	



Sl. No. Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	<p>stipulation that their explanation/comments should reach them by 31st August, 2005.</p> <p>The respective respondent-firms have furnished their explanation /comments vide their letter dated 15.9.05 &amp; 19.9.2005 respectively and the same is being examined and processed by the ICAI in terms of the provisions of Chartered Accountants Act, 1949 and the Regulations framed thereunder.</p> <p><b>As reported in May, 2006</b></p> <p>ICAI have informed that they are hopeful to complete the exercise shortly.</p> <p><b>As reported in December, 2006</b></p> <p>ICAI have informed that based on the examination of latest inputs received from the Oriental Bank of Commerce along with the earlier papers received from the RBI, Special Auditors, clarifications of the Statutory Auditors and other documents, a finality has been reached on treating certain allegations as “information” under Section 21 of the Chartered Accountants Act, 1949. Accordingly, the “information” letter(s) i.e., Show Cause notice(s) have been issued to the concerned Statutory Auditors viz. M/s Lovelock &amp; Lewes, Chartered Accountants, Kolkatta (for the year 2000-01) and M/s Price Waterhouse &amp; Co., Chartered Accountants, Kolkatta (for the year 2002-03) on 1.12.06 &amp; 5.12.06 respectively.</p> <p><b>As reported in May, 2007</b></p> <p>ICAI have informed that written statement(s) from the member(s) answerable have been received and the matter would be placed before the Council in its next meeting scheduled to be held in the month of June 2007.</p> <p><b>As reported in December, 2007</b></p> <p>ICAI have informed that the matters relating to all the three years i.e. 2000-01, 2001-02 and 2002-03 have been considered by the Council at its meeting held between 16<sup>th</sup> and 18<sup>th</sup> August, 2007 for its prima facie opinion and the Council has referred all these matters to the Disciplinary Committee for inquiry. The matters have been fixed for hearing by the Disciplinary Committee scheduled to be held between 13th and 15th December, 2007.</p>	

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	<p><b>As reported in May, 2008</b>            ICAI have informed that in the meeting held on 13.12.07, the Reserve Bank of India, which was cited as one of the witnesses in these matters had sought adjournment on the grounds that they needed time to send the documents, the Disciplinary Committee adjourned these matters to 22<sup>nd</sup> and 23<sup>rd</sup> April, 2008. During the hearing on 22nd April 2008, the respondents requested the Committee that they require 30 to 45 days time for submitting their working papers which are quite voluminous in number. After considering the request of the respondents, the Committee, on grounds of natural justice gave the last opportunity to the respondents to present their defence and consequently adjourned the hearing.</p> <p><b>As reported in December, 2008</b>            ICAI have informed that the hearing for the matter relating to the year 2000-01 took place on 1.8.08 at Mumbai and the same was concluded on that day itself. The respondents were requested to send certain documents as directed by the Disciplinary Committee at the time of hearing and the same have been received from them. The Report of the Disciplinary Committee is under preparation.            Regarding matters relating to the year 2001-02 and 2002-03, they have informed that the matter has been adjourned to 6<sup>th</sup> &amp; 7<sup>th</sup> October 2008 at Mumbai. On 6.10.08, the matter was part heard and adjourned to 8.11.08.</p> <p><b>As reported in June, 2009</b>            ICAI have informed as under :</p> <p>(i) The hearing in the matter(s) relating to the years <b>2000-01 and 2001-02</b> has been concluded by the Disciplinary Committee and the said Reports are included in the agenda of the Council Meeting for its final consideration. If these Reports are accepted by the Council, it would be recommending the punishment to the concerned High Court(s) for its final approval.</p> <p>(ii) The hearing in the matter relating to <b>2002-03</b> has been concluded on 23.03.09 by the Disciplinary Committee but thereafter, the Respondents had filed a Writ Petition before the Hon'ble High Court of Bombay. The Hon'ble High Court has passed its Orders and the same are under consideration by the Disciplinary Committee for further course of action.</p>	

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	<p><b>As reported in December, 2009</b></p> <p>As regards the hearing in the matter relating to the year <i>2000-01</i> is concerned, ICAI have informed that after the hearing was fixed in the month of March and April, 2009, adjournment requests from the Respondents was received which was acceded to and accordingly the said Report was included in the Agenda of the Council Meeting to be held from 8<sup>th</sup> to 10<sup>th</sup> of August, 2009. In the said meeting, the Respondents, namely, Shri P. Ramakrishna and Shri Manish Agarwal requested for adjournment on the ground that their partner, Shri S. Gopalakrishnan was not available. The Council on their request adjourned the matter for the last time and further directed the Office to have a copy of the Disciplinary Committee Report served on Shri S. Gopalakrishnan in the jail which has been duly served on him in the jail. Further, Shri S. Gopalakrishnan has written a letter dated 8<sup>th</sup> August, 2009 wherein he had requested to defer the hearing in the case till his release on bail.</p> <p>The said report would be placed before the Council at its next meeting to be held on 16<sup>th</sup> &amp; 17<sup>th</sup> December 2009.</p> <p>A As regards, the hearing in the matter relating to the year <b>2001-02</b> is concerned, it is informed that the said Report has been included in the Agenda of the Council and the Council after consideration of this Report along with the written submissions of the Respondent, if any, if accepts the Report of the Disciplinary Committee would recommend the punishment to the concerned High Court.</p> <p>In context with the hearing relating to the year <b>2002-03</b> and further to the hearing concluded on 23<sup>rd</sup> of March, 2009, it is to mention that the Respondents had filed Writ Petition in the Hon'ble High Court of Bombay and the Hon'ble High Court vide its Order dated 16<sup>th</sup> April, 2009 had given certain directions to the Disciplinary Committee. In compliance with the directions, the Hon'ble High Court of Bombay, the Disciplinary Committee passed its Speaking Order dated 8<sup>th</sup> July, 2009 and the same was informed to the Respondents vide Institute's letter dated 18<sup>th</sup> July, 2009 in which fresh date(s) of hearing were also intimated to them i.e. on 20<sup>th</sup> and 21<sup>st</sup> August, 2009 at Mumbai. On receipt of the notice for fixation of hearing in the month of</p>	

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	<p>August, 2009, the Respondents again raised certain issues relating to the enquiry which were clarified to them vide Institute's letter dated 12<sup>th</sup> of August, 2009. In furtherance to that, the Respondents moved the Hon'ble High Court in the month of August, 2009 and the same came up for hearing on 15<sup>th</sup> of August, 2009 wherein the Hon'ble High Court directed the Disciplinary Committee to give all the documents which are relied upon by the Disciplinary Committee against the Respondents within two weeks' time. In compliance with the Order of the Hon'ble High Court of Mumbai, though all the documents were parted with the Respondent, yet all the documents as received from the witnesses i.e. Reserve Bank of India and the Special Auditors were sent once again to the Respondents and notices were issued for the next date of hearing to be held on 16<sup>th</sup> and 17<sup>th</sup> of September, 2009. The said notice was issued on 25<sup>th</sup> of August, 2009 to the Respondents including the witnesses.</p> <p>The Respondents again moved the Hon'ble High Court of Bombay and filed Contempt of Court Petition before the Hon'ble High Court against the Disciplinary Committee of the Institute on 9<sup>th</sup> of September, 2009. The said matter came for hearing on 11<sup>th</sup> of September, 2009 for which a short adjournment was sought and the same came up for hearing on 15<sup>th</sup> of September, 2009. It was brought to the notice of the Hon'ble Court that all the documents as received from the witnesses have already been parted to the Respondents and the letter to the said effect had also been sought from the Reserve Bank of India which was placed before the Hon'ble High Court on 15<sup>th</sup> of September, 2009 and once again all the documents which were earlier provided to the Respondents were again given to them before the Hon'ble High Court. The said hearing in the matter was again postponed which was scheduled to be held on 16<sup>th</sup> and 17<sup>th</sup> of September, 2009 on the directions of Hon'ble High Court.</p> <p>The Hon'ble Court was of the view that it was not necessary to pursue the exercise of the Contempt Jurisdiction. The Contempt Petition was accordingly disposed off.</p> <p>Now, the next date of hearing in the said matter is most likely to be fixed on 15<sup>th</sup> &amp; 16<sup>th</sup> January, 2010.</p>	

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	<p><b>As reported in May, 2010</b>  The ICAI have informed that latest progress made in the matter is as under:</p> <p>a) <u>For the year 2000-01:</u> Members answerable Disclosed by the Respondent firm  Shri S. Gopalakrishnan  Shri P. Rama Krishnan  Shri Manish Agarwal</p> <p>On consideration of the Report of the Disciplinary Committee, the Council accepted the Report of the Disciplinary Committee with respect to CA. P. Rama Krishna and held the Respondent guilty of professional misconduct falling within the meaning of Clauses (6), (7), (8) &amp; (9) of Part I of Second Schedule to the Chartered Accountants Act, 1949 and recommended to the concerned High Court that his name be removed for 5 years from the list of members. Thereafter, he has filed a Writ Petition in the Hon'ble Delhi High Court. Counter affidavit has been filed by the Institute and the Respondent has sought time from the Court to file their rejoinder and, accordingly, the case was listed for hearing on 12<sup>th</sup> April, 2010 and no further progress has been received. Further, the Council accepted the report of Disciplinary Committee with respect to CA. Manish Agarwal and held the respondent guilty of as per notification no. 1-CA(15)/60 dated 4<sup>th</sup> November, 1960, falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949 and recommended to the concerned High Court that his name be removed for 3 years from the list of members.</p> <p>As regards CA. S.Gopalakrishnan is concerned, since he was in judicial custody, the Council has decided to send one final notice to him informing that his report would be heard by the Council after 60 days. Accordingly, the notice is being sent to him to send his written representation or to send his counsel to appear before the Council at its next meeting to be held between 3<sup>rd</sup> and 5<sup>th</sup> May, 2010.</p> <p>b) <u>For the year 2001-02:</u> Members answerable Disclosed by the Respondent firm  Shri Kersi H. Vachha  Shri Amal Ganguli</p>	

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	<p>The Report of the Disciplinary Committee has been included in the Agenda of the Council which is most likely to be considered in its next meeting to be held between 3<sup>rd</sup> and 5<sup>th</sup> May, 2010. The Council after consideration of this Report along with the written submissions of the Respondent(s), if any, if accepts the Report of the Disciplinary Committee would recommend the punishment to the concerned High Court.</p> <p>c) <u>For the year 2002-03:</u> Members answerable Disclosed by the Respondent firm            Shri Partha Ghosh            Shri D. V. P. Rao</p> <p>The hearing(s) fixed in the month of January and February, 2010 were adjourned at the request of Respondent(s). The hearing in this matter was scheduled for 6<sup>th</sup> and 7<sup>th</sup> April, 2010 at New Delhi and no further progress has been received.</p> <p><b>As reported in December, 2010</b></p> <p>(i) For the year 2000-01: Members answerable as disclosed by the Respondent firm i.e. M/s Lovelock &amp; Lewes:            Shri S. Gopalakrishnan            Shri P. Rama Krishna            Shri Manish Agarwal</p> <p>All the three Respondent- members have been found prima facie guilty by the Council of ICAI. Enquiry against them has been completed by the Disciplinary Committee and Reports submitted to the Council of ICAI. The Council, on consideration of the respective Reports had accepted the same. The subsequent developments in the matter are as under:</p> <p>(a) Shri S. Gopalakrishnan has been granted bail and consequently he is not under custody now.</p> <p>(b) Shri P. Rama Krishna has filed a Writ Petition in the Hon'ble High Court of Delhi against the decision of the Council.</p> <p>The Hon'ble High Court of Delhi concurred, inter alia, with the plea of Shri P. Rama Krishna about the non-applicability of the provisions of the Chartered Accountants Act, 1949 (pre-amended) and has held that disciplinary proceedings in the instant matter against the Respondent should recommence from</p>	

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	<p>the stage specified by it (i.e. from formation of prima facie opinion) and would continue only under the amended provisions of the Chartered Accountants Act and not under the pre-amended Section 21 of the Act.</p> <p>The ICAI has filed an appeal against the Order of the Hon'ble High Court of Delhi in the matter.</p> <p>The Court has fixed the said matter for final disposal on 8th December, 2010.</p> <p>In view of aforesaid Order of the Hon'ble High Court of Delhi, MCA have been legally advised not to initiate any further action even in the case of Shri S. Gopalakrishnan and Shri Manish Agarwal.</p> <p>(ii) For the year 2001-02: Members answerable as disclosed by the Respondent firm i.e. M/s Lovelock &amp; Lewes:  Shri Kersi H. Vachha  Shri Amal Ganguli</p> <ul style="list-style-type: none"> <li>· The two Respondent-members have been found prima facie guilty by the Council of ICAI.</li> <li>· Enquiry against them has been completed by the Disciplinary Committee and Reports submitted to the Council;</li> <li>· Reports of the Disciplinary Committee were slated for consideration by the Council at its meeting held between 3rd and 5th May, 2010. However, an adjournment request was received on behalf of the Respondent(s) seeking time till 31st of May, 2010 to send their written representations which has been acceded to. Thereafter, another request for extension of time was received seeking time till 30th of June, 2010 to send their written representations which has also been acceded to with a stipulation that this is the final extension of time. Meanwhile, another request for extension to send their written representation has been received vide letter dated 29th June, 2010, which has not been acceded to.</li> </ul> <p>It is pertinent to mention here that it is most likely that on the basis of the favourable Order of the Hon'ble High Court of Delhi in case of Shri P Rama Krishna, the Respondent-members for the year 2001-02 may cite the Order of the Hon'ble High Court of Delhi on the Writ Petition filed by Shri P. Rama Krishna and seek similar treatment.</p>	

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(iii)	<p>For the year 2002-03: Members answerable as disclosed by the Respondent firm i.e. M/s Price Waterhouse &amp; Co.:</p> <p>Shri Partha Ghosh Shri D.V. P Rao</p> <ul style="list-style-type: none"> <li>· All the two Respondent- members have been found prima facie guilty by the Council of ICAI;</li> <li>· Eight hearings had been held by the Disciplinary Committee till March 2010. Further hearing was fixed on 1st May, 2010.</li> </ul>	<p>It is submitted that every effort is being made by ICAI through the applicable Court of Law to get the Order of the Hon'ble High Court of Delhi in favour of Shri P Rama Krishna reversed. The ICAI is waiting for the outcome of the Appeal filed by it against the said Order of the Hon'ble High Court of Delhi (Single Judge)</p>
<b>As reported in June, 2011</b>	<p>(i) For the year 2000-01: Members answerable as Disclosed by the Respondent firm i.e. M/s Lovelock &amp; Lewes:</p> <p>Shri S. Gopalakrishnan Shri P. Rama Krishna Shri Manish Agarwal</p>	<p>The case is pending in the Hon'ble High Court of Delhi and the next date of hearing in the matter is 31.5.2011.</p>
(ii)	<p>For the year 2001-02: Members answerable as Disclosed by the Respondent firm i.e. M/s Lovelock &amp; Lewes:</p> <p>Shri Kersi H. Vachha Shri Amal Ganguli</p>	<p>No change in status.</p>
(iii)	<p>For the year 2002-03: Members answerable as Disclosed by the Respondent firm i.e. M/s Price Waterhouse &amp; Co.:</p> <p>Shri Partha Ghosh Shri D.V. P Rao</p>	<p>No change in status.</p>



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	<p><b>As reported in December, 2011</b></p> <p>(i) For the year 2000-01: Members answerable as Disclosed by the Respondent firm i.e. M/s Lovelock &amp; Lewes:            Shri S. Gopalakrishnan            Shri P. Rama Krishna            Shri Manish Agarwal</p> <p>A Division Bench of the Hon'ble High Court of Delhi on 31.5.2011, heard the case and reserved the pronouncement of the judgement. It pronounced its judgement on 30th September,2011 which is, inter alia, as under:</p> <p>"Para 37- The intention of the legislation in enacting - Section 21-D of the Chartered Accountants Act, 1949 is to draw out or make a distinction between the cases pending before the Council on a complaint or on information, and ensure that the amended provisions would apply to a fresh complaint or information and the unamended Act will apply to the pending complaints or information. It is inconceivable and there is no good reason or cause why distinction should be made between 'information' and 'complaint' for the purpose of deciding whether the amended or unamended provision would apply. The legislation intent behind incorporating Section 21 D is to make the legal position beyond doubt or cavil so that there is no dispute. Even under Section 6 of the General Clauses Act the position is the same. In these circumstances, we would prefer the interpretation placed by the appellant on the word 'complaint' as used in Section 21D. The word complaint includes information cases which were pending before the Council on 17th November, 2006. In the facts of the present matter as discussed above, proceedings or complaint in the form of information was pending before the council on 17th November, 2006 and accordingly the unamended provisions will apply."</p> <p>"Para 38- In view of the aforesaid reasoning, the present appeal is allowed and it is held that the procedure prescribed by the amended C.A. Act, 1949 i.e. Sections 21, 22 and 22A would be applicable to pending proceedings in information case and not the procedure prescribed after the amendment made by the Chartered Accountants (Amendment) Act, 2006. As already held above, the appellants have not challenged the other findings and</p>	

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	<p>directions given by the learned Single Judge. The appeal is accordingly disposed of. In the facts of the case, there will no order as to costs.”</p> <p>ICAI has informed that in view of above, the Report with respect to S/Shri S.Gopalakrishnan, P.Rama Krishna and Manish Agarwal is listed for consideration by the Council of the ICAI at its meetings scheduled to be held on 8th and 9th November, 2011 at New Delhi.</p> <p>(ii) For the year 2001-02: Members answerable as Disclosed by the Respondent firm i.e. M/s Lovelock &amp; Lewes: Shri Kersi H. Vachha Shri Amal Ganguli</p> <p>ICAI has informed that in view of the Order of the Division Bench of the Hon'ble High Court of Delhi, the Report with respect to S/Shri Kersi H. Vachha and Amal Ganguli is listed for consideration by the Council at its meeting scheduled to be held on 8th and 9th November,2011.</p> <p>(iii) For the year 2002-03: Members answerable as Disclosed by the Respondent firm i.e. M/s Price Waterhouse &amp; Co.: Shri Partha Ghosh Shri D.V. P Rao</p> <p>ICAI has informed that in view of the Order of the Division Bench of the Hon'ble High Court of Delhi, the hearing by the Disciplinary Committee in the matter(s) relating to S/Shri Partha Ghosh and D.V.P. Rao is scheduled to be held in the month of November-December, 2011.</p> <p><b>As reported in June, 2012</b> <b>Proceedings in connection with audit of Global Trust Bank Ltd. (GTB) for the years 2000-01 (M/s Lovelock &amp; Lewes), 2001-02(M/s Lovelock &amp; Lewes) and 2002-03 (M/s Price Waterhouse &amp; Co.).</b></p> <p>(i) For the year 2000-01: Members answerable as Disclosed by the Respondent firm i.e. M/s Lovelock &amp; Lewes: Shri S. Gopalakrishnan Shri P. Rama Krishna Shri Manish Agarwal</p> <p>The Report with respect to S/Shri S.Goplakrishnan, R.Rama Krishna and Manish Agarwal had been listed for consideration</p>	

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	<p>by the Council at its meeting scheduled on 8th November, 2011, New Delhi. Thereafter, before the consideration of the said Report by the Council, CA. P.Rama Krishna filed Special Leave Petition in Supreme Court against the Order of the Learned Division Bench of High Court of Delhi, the Council while noting that the said SLP was yet to be listed and considering the facts and the circumstances of the case coupled with the fact that written representation dated 11th December, 2009, Affidavit dated 3rd February, 2010 and additional papers have been received from him, the Council decided to proceed further in the matter. Accordingly, the Council took up the consideration of the Reports in the matter of P.Rama Krishna and Manish Agarwal and decided as under:</p> <p>Shri P.Ramakrishna was held guilty of professional misconduct falling within the meaning of Clauses (6),(7),(8) &amp; (9) of Part I of Second Schedule to the Chartered Accountants Act, 1949 and consequently recommended to the concerned High Court that his name be removed for 5 years from the Register of Members. The SLP filed by Shri P.Ramakrishna came up before the Supreme Court on 25th November, 2011 and the Supreme Court, inter alia, ordered as under:</p> <p>"Until further orders, final order shall not be passed by the Respondent No.1 (ICAI) in so far as petitioner (P.Ramakrishna) herein is concerned".</p> <p>The Hon'ble Supreme Court had directed the Respondent Institute to file its counter affidavit by 24th February, 2012 which the Institute has filed and the next date of hearing had been fixed for <b>26th March, 2012</b>. On 26th March, 2012, the Hon'ble High Court has directed the Union of India to file their counter reply by 8th May, 2012. Irrespective of whether the counter reply is filed by the stipulated date, the next date of hearing has been fixed for 2nd July, 2012.</p> <p>Shri Manish Agarwal was held guilty of professional misconduct in terms of Notification No.1-CA (15)/60 dated 4th November, 1960 falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949 and consequently recommended to the concerned High Court that his name be removed for 3 years from the Register of Members.</p>	

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	<p>However, on the date of hearing, an adjournment letter dated 8th November, 2011, has been received from the Respondent No. 1 i.e. S.Gopalakrishnan requesting therein that since he has been released on bail in the month of November, 2011. Accordingly, he needs some time to send his written submissions, the Council decided to give 45 days time to the Respondent to submit his written submissions and adjourned the consideration of the Report in the said matter on 8th November, 2011.</p> <p>Thereafter, Respondent No.1 i.e. S.Gopalakrishnan has also submitted his written submissions vide letter dated 26th December, 2011.</p> <p>The Council considered the Report of the Disciplinary Committee on 26th-28th March, 2012. On consideration of the report alongwith the written and oral submissions of the Counsel for the Respondent, the Council decided as under:</p> <p>Shri S.Gopalakrishnan was held guilty of professional misconduct falling within the meaning of Clauses (6),(7), (80, &amp; (9) of Part I of Second Schedule to the Chartered Accountants Act, 1949 and consequently recommended to the concerned High Court that his name be removed for 5 years from the Register of Members.</p> <p><b>(ii) For the year 2001-02: Members answerable as Disclosed by the Respondent firm i.e. M/s Lovelock &amp; Lewes:</b></p> <p>Shri Kersi H. Vachha Shri Amal Ganguli</p> <p>In view of the Order of the Division Bench of the Hon'ble High Court of Delhi, the Report with respect to S/Shri Kersi H. Vachha and Amal Ganguli was listed for consideration by the Council at its forthcoming meeting schedule to be held on 8th and 9th November, 2011. On the date of hearing, a request for adjournment has been received from the Respondents, based on the circumstances mentioned by them and accordingly decided to adjourn the Report of the Disciplinary Committee.</p> <p>Thereafter, it was again fixed for consideration of the Disciplinary Committee Report by the Council on 14th December, 2011. Meanwhile, the Respondents had filed Writ Petition before the Hon'ble High Court of Bombay whereat after hearing both the</p>	

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	<p>parties, the Hon'ble High Court of Bombay vide Order dated 15th December,2011 passed the interim order which are as under:</p> <p>" In the meanwhile, so far as the interim protection is concerned, in our view, it would be just and proper to allow the first respondent to hear the petitioners on the report of the Disciplinary Committee and after hearing the petitioners if any final decision is taken, no further steps should be taken on the basis of such final report till the next date of hearing."</p> <p>The matter came up for hearing on 1st March, 2012 and the counsels for both the sides submitted before the Court that since the Special Leave petition has been filed by one of the petitioners in the Global Trust Bank matter pertaining to the financial year 2000-01 is to come up for hearing before the Hon'ble Supreme Court on 26th March, 2012. However, the interim orders which were passed by the Hon'ble High court of Bombay on 15th December, 2011 continued. Further, they requested the Court to take up the matter after hearing the Hon'ble Supreme Court takes place. Accordingly, the next date of hearing has been fixed for 23rd April, 2012.</p> <p>In consonance with the interim orders of Hon'ble High Court of Bombay that after taking final decision, no further steps would be taken on the basis of such final report by the Council of the Institute till the next date of hearing by the Hon'ble High Court. The next date of hearing has been fixed on 16th July, 2012 and in the meanwhile, the interim orders of the Hon'ble High Court are still continuing.</p> <p>The consideration of the Report of the Disciplinary Committee with respect to S/Shri Kersi H. Vachha and Amal Ganguli was fixed for 26th - 28th March, 2012. On consideration of the Report of the Disciplinary Committee alongwith written submission made by the authorized representative, the Council held the Respondents are guilty of professional misconduct falling within the meaning of Clauses (5), (6), (7), (8) and (9) of 1 Part of the Second Schedule to the Chartered Accountants Act, 1949 and recommended to the High Court that the name of the Respondents be removed from the Register of Members for a period of Five years.</p>	

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	<p><b>(iii) For the year 2002-03: Members answerable as Disclosed by the Respondent firm i.e. M/s Price Waterhouse &amp; Co. :</b></p> <p>Shri Partha Ghosh Shri D.V. P Rao</p> <p>In view of the Order of the Division Bench of the Hon'ble High Court of Delhi and thereafter filing of Special Leave Petition by one of the answerable Respondent(s) i.e. P.Ramakrishna and thereafter the Writ Petitions filed by M.K.H.Vachha and Mr.Amal Ganguly before the Hon'ble High Court of Bombay, the hearing is yet to be fixed again in respect of these matter(s).</p> <p><b>As reported in December, 2012</b></p> <p>Institute of Chartered Accountants (ICAI) has reported that the following members of ICAI were disclosed to be answerable in connection with the audit of Global Trust Bank Ltd. (GTB):</p> <p>(a) by respondent firm M/s Lovelock &amp; Lewes:</p> <ul style="list-style-type: none"> <li>• Three members for the year 2000-01</li> <li>• Two members for the year 2001-02, and</li> </ul> <p>(b) By respondent firm M/s Price Waterhouse &amp; Co.:</p> <ul style="list-style-type: none"> <li>• Two members for the year 2002-03</li> </ul> <p>ICAI has completed its enquiry against five Members answerable for 2000-01 and 2001-02 and has recommended to the High Court of Delhi that their names be removed from the Register of Members. These Members are:</p> <p>(i) Shri S. Gopalakrishnan (ICAI has recommended that his name be removed for 5 years),</p> <p>(ii) Shri P.Rama Krishna (ICAI has recommended that his name be removed for 5 years),)</p> <p>(iii) Shri Manish Aggarwal (ICAI has recommended that his name be removed for 3 years)</p> <p>(iv) Shri Kersi H.Vachha (ICAI has recommended that his name be removed for 5 years), and</p> <p>(v) Shri Amal Ganguli (ICAI has recommended that his name be removed for 5 years)</p>	

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4.	<p>7.51 SEBI furnished four sets of interim reports inclusive of its investigation regarding scrips of certain corporate bodies. The Committee's insistence for SEBI's final findings regarding the role of promoters/corporate bodies in the price manipulation of the scrips yielded yet another set of reports most of which were again of interim nature and were received as late as in November 2002. Due to non-availability of Final Report from SEBI, the Committee could not have the opportunity to take oral evidence of these corporate bodies. The Committee urge SEBI, the Department of Company Affairs and other investigative agencies to expedite and complete their investigations into involvement of promoters/corporate houses in manipulation of prices of scrips which were found to have undergone unusual volatility. The Government should take appropriate action under the provisions of the relevant laws on the basis of outcome of their findings. Expeditious action should be taken against those involved wherever the involvement of promoter/corporate house is established.</p>	<p>In respect of two Members for 2002-03, namely Shri Partha Ghosh and Shri D.V.Rao, the ICAI has delayed deciding on the case for the year 2002-03 in view of litigation in Supreme Court/ High Court.</p> <p>Keeping in view the recommendations of ICAI to the Hon'ble High Court of Delhi, the action may be treated as complete in respect of 5 Members as indicated above.</p> <p><b>As reported in May, 2003</b> Enforcement Directorate has informed that JPC has commented on the suspect roles of 15 promoters and Corporate entities. Files in respect of 15 promoters / companies stated to be close to Ketan Parekh were opened by them to determine the nexus with brokers through OCB's and FII's and to trace violation of RBI/SIA norms while transferring equity to OCB's and FII's. The promoter companies can be divided into two parts:-</p> <ol style="list-style-type: none"> <li>1. Out of the 15 companies mentioned in the JPC report, there are companies, where certain enquiries which might have a FEMA angle were still pending. These comprise the a) DSQ group, b)Zee Telefilms Ltd., c)HFCL, d)Global Telesystems, e)Global Trust Bank, f)Silverline Technologies, g)SSI Ltd.</li> <li>2. With regard to the second group, the Enforcement Directorate's inquiries have been directed against these promoter companies where certain details have been called for. This group comprises a)Adani Exports, b)Padmini Technologies c)Atek Infosys, d)Satyam Computers e) Ranbaxy Ltd. f) Lupin Labs g) Pentamedia Graphics h) Shonkh Technologies.</li> </ol> <p>In addition to the 15 promoters and corporate entities mentioned in JPC report, on the basis of SEBI report suggesting the specific involvement in market manipulation and their proximity to Ketan Parekh, the Enforcement Directorate has initiated investigation in respect of the following companies: a)Maars Technologies, b) Mascon Global, c) Mukta Arts, d) Tips Industries, e) Balaji Telefilms , f) Kopran Group, g) Nirma Group, h) Cadilla group.</p>	<p>Department of Revenue (Directorate of Enforcement) has informed that the investigation under the provisions of FEMA, 1999 against M/s Padmini Technologies Ltd. stand completed and no contravention of the said Act is made out. In view of this, action taken on this Para may be treated as complete.</p>

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	<p>Investigations by the Enforcement Directorate in respect of these 23 promoters/companies are in progress. Action taken by SEBI is covered in Para 2.15.</p> <p><b>As reported in December, 2003</b> The Enforcement Directorate had also initiated investigation in respect of 8 more companies. Thus, the total number of companies, which were under investigation by Enforcement Directorate, was 23.</p> <p>Out of these 23 companies, in respect of one company i.e. DSQ Group, the investigation has been completed and Show Cause Notices have been issued under both FERA &amp; FEMA. In respect of M/s Maars Technologies and Silverline Technologies Ltd., investigation on one aspect i.e. non-realisation of export proceeds have since been completed and Show Cause Notices have been issued under FEMA on 11.6.2003 and 8.10.2003 respectively.</p> <p>Investigations in respect of the remaining 20 companies are at a very advanced stage.</p> <p><b>As reported in June, 2004</b> Investigations by Enforcement Directorate are in progress.</p> <p><b>As reported in December, 2004</b> Out of 23 companies, Show Cause Notice (SCN) to one more company i.e. M/s Lupin Ltd. (apart from 04 companies against whom SCNs have already been issued) has been issued on 2/9/2004 leaving 18 companies against whom investigations are at a very advanced stage.</p> <p>Besides, part investigations have been completed against one more company viz. M/s Shonkh Tech. Ltd. and a show cause notice for non-realisation of export proceeds has been issued. However, further investigations in this case are also being carried out on the basis of documents received from the CBI.</p> <p>In another company of M/s Ketan Parekh, a show cause notice has been issued to M/s Classic Credit Ltd. and M/s Panther Fin Cap Ltd. (both Ketan Parekh entities in India) alongwith Shri Ketan Parekh. However, some more investigations are being carried out.</p> <p>Further, a show cause notice issued to M/s DSQ Software Ltd. has been adjudicated by imposing a penalty of Rs.2 crore on</p>	



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	<p>the company and Rs.2 crore on Shri Dinesh Dalmia.</p> <p><b>As reported in July, 2005</b> Enforcement Directorate has informed that out of 23 companies, Show Cause Notices against seven companies have been issued. Investigation against remaining 16 companies is at an advance stage.</p> <p><b>As reported in December, 2005</b> No change in the status.</p> <p><b>As reported in May, 2006</b> No change in the status.</p> <p><b>As reported in December, 2006</b> Out of remaining 16 companies, investigation against one more company i.e. M/s Mascon Global has been finalised, which ended in closure of the case. Investigations against remaining 15 companies are at final stage.</p> <p><b>As reported in May, 2007</b> No change in the status.</p> <p><b>As reported in December, 2007</b> No change in the status.</p> <p><b>As reported in May, 2008</b> Enforcement Directorate have informed that :</p> <p>(i) Show Cause Notice (SCN) dated 31.1.2008 was issued to M/s Balaji Telefilms Ltd., its Chairman Shri Jitendra Kapoor and its MD Smt. Shobha Kapoor for contravention of the provisions of Sec. 6(3)(b) of FEMA 1999 read with Regulation 4 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000, involving an amount of Rs. 10,46,50,000 being market value of 8,05,000 shares @ Rs. 130/- per share.</p> <p>(ii) Show Cause Notice dated 19.6.2006 was issued to M/s Tips Industries Ltd. and its CMD Shri. Kumar S. Taurani for contravention of the provisions of Sec. 6(3)(a) of FEMA 1999 read with Regulations 5,6 &amp; 13 of Foreign Exchange Management (Transfer of Issue of any Foreign Security) Regulations 2000, involving an amount of US\$7,54,100. The above SCN was adjudicated on 27.11.2006, imposing penalty of Rs.70 lakhs on M/s Tips Industries Ltd.and Rs.20 lakhs on Shri Kumar S. Taurani, CMD.</p>	

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	<p>(iii) Show Cause Notice issued to M/s Maars Software Ltd. on 11.6.2003 for non-realisation of export proceeds has been adjudicated on 13.3.2008, imposing penalty of Rs. 4 crores on M/s Maars Software Ltd. and Rs. 1 crore on Shri T. Varadharajan, MD.</p> <p><b>As reported in December, 2008</b></p> <p>Enforcement Directorate has informed as under:</p> <p><u>Mukta Arts</u> : Investigations completed. SCN issued in this case has been adjudicated on 11.8.08 imposing a total penalty of Rs.4,58,000. Action in respect of this company may be treated as <b>complete</b>.</p> <p><u>SSI Ltd.</u>: Investigations completed. Since no contravention of the provisions of FERA/FEMA was noticed, the case has been closed. Action in respect of this company may be treated as <b>complete</b>.</p> <p><u>Satyam Computers</u> : Investigations completed. Complaint filed by I.O. for contravention of provisions of FEMA is under consideration for issuance of SCN.</p> <p><u>HFCL</u> : Investigations completed. SCN for contravention of provisions of FEMA issued in Sept. 2008.</p> <p><u>Adani Exports</u> : Investigations completed. SCN for contravention of provisions of FEMA issued in Sept. 2008.</p> <p><u>M/s Greenfield Investments Ltd.</u>: Investigations completed. Complaint for contravention of provisions of FEMA is under preparation.</p> <p><b>As reported in June, 2009</b></p> <p>Enforcement Directorate has informed as under:</p> <p><u>M/s. Satyam Computers Ltd.</u> – The Proposed SCN was not issued in this case as the recent developments in the detection of fraudulent export documentation adopted by the erstwhile Management of the company has cast serious doubts on the extent of actual export proceeds outstanding. Hence the matter is being looked into afresh.</p> <p><u>M/s. Himachal Futuristic Communications Ltd.</u> – The Adjudicating Authority has been advised to finalise the adjudication proceedings by 30.06.2009.</p>	

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	<p><u>M/s. Adani Exports Ltd.</u> – The Adjudicating Authority has been advised to finalise the adjudication proceedings by 30.6.2009.</p> <p><u>M/s Balaji Telefilms Ltd.</u> – Subsequent to the issuance of Show Cause Notice on 31.01.2008 by the Directorate of Enforcement, M/s Balaji Telefilms Ltd., its Chairman Shri Jitender Kapoor, and its Managing Director Smt. Shobha Kapoor applied to RBI for compounding of contravention involved in the SCN. RBI compounded the contravention vide its order dated 31.10.2008 in the sum of Rs. 5,00,000/-which has since been paid by them. Hence, no further action under FEMA is required as the matter has attained finality. Action against this company may be treated as <b>complete</b>.</p> <p><u>M/s. Global Telesystems Ltd.</u> – Investigations in this case have been completed; no contravention under FEMA has been noticed. Hence the case has been closed. In view of this, action against this company may be treated as <b>complete</b>.</p> <p><u>M/s Global Trust Bank</u> – Investigations in this case have been completed. In all, 6 SCNs had been issued to M/s. Global Trust Bank and others. On conclusion of adjudication proceedings, charges against M/s Global Trust Bank in all the 6 SCNs have been dropped and <b>the case stands closed</b>. Hence, action against this company may be treated <b>as complete</b>.</p> <p><u>M/s Padmini Technologies Ltd.</u> – Dy. Director, Delhi Zone has been advised to complete the investigations in a time bound manner.</p> <p><u>M/s Aftek Infosys Ltd.</u> – Investigations in this case have been completed; no contravention under FEMA has been noticed. Hence the case has been closed. Action against this company may be treated as <b>complete</b>.</p> <p><u>M/s Kopran Group</u> – Investigations in this case have been completed; no contravention under FEMA has been noticed. Hence the case has been closed. Action against this company may be treated as <b>complete</b>.</p> <p><u>M/s. Nirma Group</u> – Investigations in this case have been completed; no contravention under FEMA has been noticed. Hence the case has been closed. Action against this company may be treated as <b>complete</b>.</p>	

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	<p><u>M/s. Cadilla Group</u> – Investigations in this case have been completed; no contravention under FEMA has been noticed. Hence the case has been closed. Action against this company may be treated as <b>complete</b>.</p> <p><u>M/s Ranbaxy Laboratories Ltd.</u> – Special Director, Mumbai Zone has been advised to complete the investigations in a time bound manner.</p> <p><u>M/s Pentamedia Graphics Ltd.</u> – Dy. Director, Chennai Zone has been advised to complete the investigations in a time bound manner.</p> <p><u>M/s Zee Telefilms Ltd.</u> – Investigations in this case had been completed and one SCN dated 23.07.2004 was issued for various contraventions of FEMA as reported earlier in ATR for December 2004 with reference to para 12.121 of the JPC Report. Adjudication proceedings are in progress The Adjudicating Authority has been advised to finalise the adjudication proceedings by 30.06.2009.</p> <p><u>M/s Silverline Technologies Ltd.</u> – SCN issued to M/s Silverline Technologies Ltd. and others on 18.10.2003 has been adjudicated on 30.03.2009 imposing penalty as under:</p> <table data-bbox="857 922 1597 1125"> <tr> <td></td> <td></td> <td style="text-align: right;">(Rs. in crore)</td> </tr> <tr> <td>M/s Silverline Technologies Ltd.</td> <td>:</td> <td style="text-align: right;">20.00</td> </tr> <tr> <td>Sh. Ravi Subramaniam, Chairman</td> <td>:</td> <td style="text-align: right;">1.00</td> </tr> <tr> <td>Sh. Krishna Kumar Subramaniam, Vice President</td> <td>:</td> <td style="text-align: right;">1.00</td> </tr> <tr> <td>Sh. K. Kulathu Subramaniam, Director</td> <td>:</td> <td style="text-align: right;">0.50</td> </tr> <tr> <td><b>Total</b></td> <td>:</td> <td style="text-align: right;"><b>22.50</b></td> </tr> </table> <p>In view of the above, action against this company may be treated as <b>complete</b>.</p> <p><u>M/s Lupin Laboratories Ltd.</u> – Investigations in this case have been completed. One SCN for contravention of FEMA issued on 02.09.2004 was adjudicated on 27.02.2007, whereby the charge against the company was dropped. Action against this company may be treated as <b>complete</b>.</p> <p><u>M/s. Shonkh Technologies International Ltd.</u> – One SCN issued to the company and its Directors on 20.09.2004 has been</p>			(Rs. in crore)	M/s Silverline Technologies Ltd.	:	20.00	Sh. Ravi Subramaniam, Chairman	:	1.00	Sh. Krishna Kumar Subramaniam, Vice President	:	1.00	Sh. K. Kulathu Subramaniam, Director	:	0.50	<b>Total</b>	:	<b>22.50</b>	
		(Rs. in crore)																		
M/s Silverline Technologies Ltd.	:	20.00																		
Sh. Ravi Subramaniam, Chairman	:	1.00																		
Sh. Krishna Kumar Subramaniam, Vice President	:	1.00																		
Sh. K. Kulathu Subramaniam, Director	:	0.50																		
<b>Total</b>	:	<b>22.50</b>																		

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	<p>adjudicated in 2005, imposing penalty as under:</p> <table style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">(Rs. in lakhs)</td> </tr> <tr> <td>M/s Shonkh Technologies International Ltd.</td> <td style="text-align: right;">35</td> </tr> <tr> <td>Sh. Prashant Kumar, Director</td> <td style="text-align: right;">5</td> </tr> <tr> <td>Sh. S.N.Malik, Director</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Sh. C.R.V. Rao, Director</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Sh. Vivek Nagpal, Director</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Sh. Ravi Krishna Moorthy, Director</td> <td style="text-align: right;">1</td> </tr> </table> <p>In view of the above, action against this company may be treated as <b>complete</b>.</p> <p><b>Note:</b> Investigation against M/s Classic Credit Ltd. and M/s Panther Fin Cap Ltd. (Ketan Parekh entities) – was taken up as a follow up action in the case of M/s DSQ Group as it was found that they had taken a loan of Rs. 162.5 crores in the form of shares of M/s DSQ Industries Ltd. from an OCB called M/s Greenfield Investments Ltd., Mauritius. A Show Cause Notice was issued to M/s Classic Credit Ltd., M/s Panther Fin Cap Ltd., Shri Ketan Parekh and Shri Kartik Parekh alongwith M/s Greenfield Investments Ltd. and others. The SCN was adjudicated imposing a total penalty of Rs.327 crores out of which an aggregate penalty of Rs.172 crores was imposed on M/s Clasic Credit Ltd., M/s Panther Fin Cap Ltd., Shri Ketan Parekh and Shri Kartik Parekh. <b>No further investigation/ action is pending against the aforesaid two KP entities.</b></p> <p><b>As reported in December, 2009</b></p> <p>In the earlier Progress Report, action has been treated as complete in respect of 15 Companies out of 23 Companies. The position reported by Deptt. of Revenue/Enforcement Directorate, in respect of remaining Companies is given in the table below:</p> <p>(i) <u>M/s Satyam Computer Ltd.</u>- As reported earlier the extent of actual export proceeds pending realization is now being re-confirmed in the light of the allegation of fraudulent exports documentation in the charge-sheet filed by CBI. Fresh enquiries are under way.</p> <p>(ii) <u>M/s Himachal Futuristic Communications Ltd.</u>- Case has been Adjudicated on 11.05.2009. Charges have been dropped. No action now remains pending in this case. Action against this company may be treated as <b>complete</b>.</p>		(Rs. in lakhs)	M/s Shonkh Technologies International Ltd.	35	Sh. Prashant Kumar, Director	5	Sh. S.N.Malik, Director	1	Sh. C.R.V. Rao, Director	1	Sh. Vivek Nagpal, Director	1	Sh. Ravi Krishna Moorthy, Director	1	
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Sh. Ravi Krishna Moorthy, Director	1															

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	<p>(iii) <u>M/s Adani Exports Ltd.</u>- Case has been Adjudicated vide order dated 11.05.2009 wherein following penalties have been imposed:-</p> <p>M/s Adani Exports = Rs.4,10,00,000/-            Shri Rajesh Adani, MD = Rs.1,02,00,000/-            Total = Rs.5,12,00,000/-</p> <p>No further action now remains pending in this case. Action against this company may be treated as <b>complete</b>.</p> <p>(iv) <u>M/s Padmini Technologies Ltd.</u>- The matter is under investigation and is likely to be completed within a period of 6 months.</p> <p>(v) <u>M/s Ranbaxy Laboratories Ltd.</u>-Investigations have been completed and the final report submitted by the Investigating Officer, proposing closure of the case, is under examination for a final decision.</p> <p>(vi) <u>M/s Pentamedia Graphics Ltd.</u>-Investigations have been completed and a Show Cause Notice is being issued shortly.</p> <p>(vii) <u>M/s Zee Telefilm Ltd.</u>- Adjudication proceedings are in progress. The action against this company may be treated as complete on the reasons mentioned against para No.12.121. <b>Action complete.</b></p> <p>(viii) <u>M/s Shonkh Technologies International Ltd.</u>- The matter originating from the material received from CBI concerning the company is still under investigation and is likely to be completed within a period of 6 months.</p> <p><b>As reported in May, 2010</b></p> <p>In the earlier progress reports action has been treated as complete in respect of 18 companies out of 23 companies. The position reported by Department of Revenue/Enforcement Directorate in respect of remaining companies is as under:</p> <p>(i) <u>M/s Satyam Computers Ltd.:</u> Matter pertaining to suspected contraventions of the provisions of FEMA is under Investigations in the Hyderabad Zone of the Directorate. From the investigations earlier conducted, it was inter-alia disclosed that this company had failed to realize proceeds worth over 148 Crore in respect of the exports made, and as such a prima facie case of contravention of the provisions of Section 7 &amp; 8 of FEMA,</p>	

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	<p>1999 r/w relevant regulations issued there-under was made out. However, before any Show Cause Notice under FEMA could be issued, during January, 2009 there came up certain important developments, viz. a public disclosure by Shri Rama Linga Raju, Chairman of this company, inter-alia admitting acts of forgery/fudging of the company's accounts / records. Hence, the Directorate registered a case of commission of offences under PMLA, consequent to registration of a criminal case by AP Police / CBI. CBI investigations in the main criminal offence of forgery/cheating etc. have revealed that as many as 7561 falls / fictitious invoices. Three charge-sheets have since already been filed by CBI against this company / its functionaries. These developments do impact the aspect of outstanding export proceeds. Since, a substantial portion of the company's income was against exports, the veracity of the exports is being examined to arrive at the correct amount of export proceeds which are actually outstanding. On completion of these investigations necessary Show Cause Notice under FEMA would be issued.</p> <p>(ii) <u>M/s Padmini Technologies Ltd.</u> : This case is presently under investigation by the Directorate under FEMA relating to acquisition / disposal of the shares of this company by certain Mauritius based OCBs. Necessary information / details have been sought from RBI which are still awaited. Also, the investigations are held up as this company is no longer operating from its earlier known addresses, and efforts are afoot to locate their present whereabouts.</p> <p>(iii) <u>M/s Shonkh Technologies International Ltd.</u> : This case is also under investigation by the Directorate and it is suspected that the shares of this company were acquired by Ketan Parekh entities through Credit Suisse First Boston India Securities Pvt. Ltd., besides disposal of their shares in favour of certain other entities which were also connected with Ketan Parekh. Probably, all these were sham transactions. In this case too, the investigation is held up for non -availability of the concerned parties, since</p>	

Sl. No. Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
(iv)	<p>this company is no longer operating from its last known addresses. Efforts are still continuing to locate the concerned individuals and to bring this investigation to a logical conclusion, at the earliest.</p> <p><u>M/s Ranbaxy Laboratories Ltd.</u> : Investigation completed and case closed as no FEMA violation noticed. In view of the recommendations of DoR/ED, it is proposed that action may be treated as <b>complete</b>.</p>	
(v)	<p><u>M/s Pentamedia Graphics Ltd.</u> : Show cause note issued to the company and its CEO Shri V. Chandrasekharan on 19.11.2009 for non-realization of export proceeds worth US \$ 3,13,26,890 in contravention of Sec. 7(2) and Section 8 of FEMA, 1999. Adjudication proceedings are in progress. In the earlier progress reports a stand was taken that with the filing of charge sheet(s), action on the part of executive is over and action on a number of paras was treated as complete. Since, adjudication proceedings are quasi-judicial in nature and case will be decided/ adjudicated as per laid down procedures which takes a number of years, there is no logic to keep these paras pending for want of completion of adjudicating proceedings. On the same analogy, it is proposed to treat the action as <b>complete</b>.</p> <p><b>As reported in December, 2010</b></p> <p>In the earlier progress reports action has been treated as complete in respect of 20 companies out of 23 companies. The position reported by Department of Revenue/Enforcement Directorate in respect of the remaining 3 companies is as under:</p> <p>(i) <b><u>M/s Satyam Computer Ltd.</u></b></p> <p>The proposed SCN was not issued in this case as the new management of the company has filed restated accounts which show variations in the actual export proceeds outstanding compared to the figures furnished by the erstwhile management. Hence the matter is being looked into afresh on the basis of restated accounts submitted by the new management.</p> <p>(ii) <b><u>M/s Padmini Technologies Ltd.</u></b></p> <p>Investigation under progress. Dy. Director, Delhi Zone has been advised to complete the investigations in a time bound manner.</p>	



Sl. No. Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
(iii)	<b>M/s Shonkh Technologies International Ltd.</b>	
	Investigation under progress. Dy. Director, Delhi Zone has been advised to complete the investigations in a time bound manner.	
	<b>As reported in June, 2011</b>	
	In the earlier progress report, action has been treated as complete in respect of 20 companies out of 23 companies. In respect of remaining 3 companies, ED have reported as under:-	
	Sl. Company No.	Present Position
(i)	M/s Satyam Computers Ltd.	Show Cause Notice for an amount of Rs.50,64, 23,337/- for non-realization of export proceeds has been issued on 28.4.2011-
		<b>Action complete.</b>
(ii)	M/s Padmini Technologies Ltd.	Investigation is still under progress.
(iii)	M/s Shonkh Technologies International Ltd.	Investigation completed and case closed, as no FEMA violation noticed –
		<b>Action complete.</b>
	In view of the above, it is proposed that the action in respect of companies mentioned at Sr.No. (i) & (iii) may be treated as complete.	
	<b>As reported in December, 2011</b>	
	In the June 2011 Progress report, action has been treated as complete in respect of 22 Companies out of 23 companies and in respect of remaining company i.e., M/s Padmini Technologies Ltd. ED have reported as as under:-	
	"Investigations are in progress and efforts are being made to finalise the same in a time bound manner."	
	<b>As reported in June, 2012</b>	
	No change in status.	
	<b>As reported in December, 2012</b>	
	No change in the status.	