



**Government of India  
Ministry of Finance**

**12TH PROGRESS REPORT ON THE ACTION TAKEN  
PURSUANT TO THE RECOMMENDATIONS OF  
THE JOINT PARLIAMENTARY COMMITTEE ON  
STOCK MARKET SCAM AND MATTERS RELATING THERETO**

**June, 2009**



## 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, 7<sup>th</sup> on 19.12.2006, 8<sup>th</sup> Progress Report was placed in the Parliament Library on 22.05.2007 and was presented to Lok Sabha/Rajya Sabha on 17.08.2007, 9<sup>th</sup> Progress Report was presented on 07.12.2007 and 10<sup>th</sup> Progress Report was placed in Parliament Library during May 2008 and was presented to Lok Sabha/Rajya Sabha on 24.10.2008 and 11<sup>th</sup> Progress Report was presented on 16.12.2008.

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 2<sup>nd</sup> Progress Report action was completed on 36 recommendations, in the 3<sup>rd</sup> Progress Report on 18 recommendations, in the 4<sup>th</sup> Progress Report on 23 recommendations, in the 5<sup>th</sup> Progress Report on 06 recommendations, in the 6<sup>th</sup> Progress Report on 03 recommendations, in the 7<sup>th</sup> 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 2 recommendations and in 11<sup>th</sup> Progress Report, action was completed on 10 recommendations. In this Progress Report action has been completed on 03 recommendations which brings down the number of pending recommendations to 11.



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**12th PROGRESS REPORT (JUNE-2009) OF THE ACTION TAKEN PURSUANT  
TO THE RECOMMENDATIONS OF JOINT PARLIAMENTARY COMMITTEE ON STOCK MARKET  
SCAM AND MATTERS RELATING THERETO - 2002.**

SI. No.	Para No.	Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
1.	4.44	The various acts of omission and commission having been clearly established, the Committee urge that the Government should take all necessary steps to finalize proceedings against Ketan Parekh entities and to ensure that suitable action is taken against them without delay. The Committee also urge that expeditious action should be taken to ascertain the facts regarding the Swiss bank account of Shri Ketan Parekh and to follow up the matter.	<p><b>As reported in May, 2003</b></p> <p>SEBI has indicated that the action taken by SEBI against Ketan Parekh entities for involvement in price manipulation of certain scrips, inter-alia, include debarring Ketan Parekh and all entities connected with him from undertaking any fresh business as stock broker/merchant banker and cancellation of the certificate of registration of Triumph International Finance (I) Ltd., one of the broking entities of Ketan Parekh.</p> <p>Prosecution proceedings against Ketan Parekh entities are being initiated for the violation of securities laws.</p> <p>CBI have intimated that the chargesheet in the case relating to Bank of India has already been filed in the competent court. Regarding Madhavpura Mercantile Cooperative bank, investigation is at an advanced stage and is likely to be finalized shortly. Regarding Swiss Bank accounts of Ketan Parekh, the Swiss authorities had intimated in December, 2002 that the Letter Rogatory sent in this matter cannot be executed because of the directions of the High Court at Zurich.</p> <p>Enforcement Directorate have intimated that certain OCB's which SEBI has designated as KP entities, have already been charged for offences under FERA/FEMA through issue of SCN, as, has been pointed out in the JPC report. The Adjudicating Authority has been advised to expedite the proceedings.</p> <p><b>As reported in December 2003</b></p> <p>Enforcement Directorate has issued Show Cause Notices for contraventions of the provisions of FERA/FEMA to the following OCB's designated by SEBI as KP entities: -</p> <ol style="list-style-type: none"> <li>1. Global Trust Bank, the custodian in all the cases.</li> <li>2. Brentfield Holdings Ltd (BHL)</li> <li>3. European Investments Ltd., (EIL)</li> <li>4. Wakefield Holdings Ltd. (WHL)</li> </ol>	Enforcement Directorate has informed that there is no change in the status. However, the Adjudicating Authority has been advised to finalise the adjudication proceedings by 30.06.2009.

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	<p>5. Far East Investment Corp. Ltd (FIL)</p> <p>6. Kensington Investments Ltd. (KIL)</p> <p>In all these cases, the matter is now at the adjudication stage. The Adjudicating Authority has been advised to expedite the proceedings.</p> <p>In additions, a fresh reference was received by the Enforcement Directorate from the RBI dated 9.01.03 regarding the affairs of U.K. subsidiary of Triumph International Finance India Ltd. designated by SEBI as a KP entity. Investigation by the Directorate of Enforcement has so far revealed that the company and its Directors Shri Jatian Sarviya and Shri Ketan Parekh appear to have violated the provisions of Section 3(a) r/w Section 2(v)(iv) of FEMA r/w Regulation 3 of Foreign Exchange Mangement (Transfer or Issue of any Foreign Security Regulations 2000) by divesting the holding of their Mauritius Subsidiary International Holdings (Triumph) Ltd. in the UK subsidiary, for a total consideration of US\$ 7,25,000/- without the approval of the RBI. The investigation is being pursued.</p> <p>With regard to completion of the investigation by Income Tax Department in Ketan Parekh Group of cases in which a search was conducted by the Department in March 2001, investigation/ assessment proceedings have been completed in October 2003 and undisclosed income has been assessed at Rs.1,993.26 crore raising the tax demand of Rs.1365.37 crore.</p> <p>As regards Madhavpura Mercantile Cooperative Bank Ltd. case, investigation in India has been completed and order of Head Office of CBI on the investigation report since been communicated to the branch. Charge sheet in the case would be filed shortly.</p> <p><b>As reported in June, 2004</b></p> <p>The chargesheet in the case relating to complaint of Bank of India has already been filed in the competent court. As regards Madhavpura Mercantile Cooperative Bank Ltd. case, investigation in India has been completed and Charge sheet in the case has been filed in the court of Chief Metropolitan Magistrate, Ahmedabad on 1.12.2003.</p> <p>Enforcement Directorate has informed that out of 6 Show Cause</p>	



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	<p>Notices (SCNs) issued to these companies, two SCNs have been adjudicated. As a result of Adjudication penalty has been imposed in one SCN. In the other case, charge was not established. As regards finalisation of proceedings by the Income Tax Department against Ketan Parekh, the position has been explained in reply to para No.4.42.</p> <p><b>As reported in December, 2004</b></p> <p>The omissions and commissions which have been established are mainly relating to banking regulation and share market regulations. The tax implications of the transactions were examined during the block assessments and the regular assessments. After making investigations, block assessments have since been finalized. Assessments have been finalized on discrepancies found in the accounts wherein substantial additions of undisclosed income have been made after getting the accounts audited u/s 142 (2A). The Appellate Authority has also upheld substantial addition of undisclosed income computed by the Assessing Officer. In addition, other scrutiny assessments were also completed in September, 2003 after getting the accounts audited u/s 142 (2A). Further, some assessments were also completed in March, 2004. First appeals for the cases completed in September, 2003 have been disposed off in March, 2004.</p> <p>The details of Swiss Bank Account of Sh. Ketan Parekh were called for from the CBI. The Additional Director, CBI, New Delhi informed Member (Inv.), CBDT, New Delhi vide his D.O. No.1420/4/39/2001-BSFC/LO dated 21.5.2003 as under:</p> <p><i>"Office of the District Public Prosecutor-IV of Canton Zurich vide letter dated 29.10.2002 through Embassy of India intimated that the High Court of Zurich had granted appeal against the order dated 24.4.2002 of District Public Prosecutor-IV of Zurich, in pursuance of which they could not transfer the details of the account of Firm Elista Ltd., Nassau, Bahamas to India. The office of the Public Prosecutor-IV of Canton Zurich was also directed by the High Court to intimate the Indian authorities that no money of MNCB derived from the illegal accounts of the ten firms in which Mr. K. Parekh has been holding shares has been transferred to the</i></p>	

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	<p><i>Accounts in question for which the Indian request for legal assistance dated 25.9.2001 was forwarded. It has also been intimated that from the documents examined by the High Court, it has been found that all transfers have been done as certificates before 4.7.2000. Therefore, they have concluded that documents of Elista cannot prove any over due credit gone to MMCB."</i></p> <p>In view of this position, the Income Tax Department is not in possession of any material relating to the Swiss account and no addition could be made on this account.</p> <p>Enforcement Directorate has informed that on completion of investigation a Show Cause Notice has been issued on 03.9.2004 to M/s Triumph International Finance (India) Ltd. and others.</p> <p><b>As reported in July, 2005</b></p> <p>CBDT have informed that the CCIT(Central-I), Mumbai had been requested to expedite the ten cases which are pending before CIT(A) in which an amount of Rs. 938.29 lakhs is disputed. The Income Tax Department has also requested the ITAT to take up the pending cases on priority. It has also been reported that there has not been any significant progress in the collection of outstanding tax arrears due to following reasons:</p> <ul style="list-style-type: none"> <li>· Shri Ketan Parekh is a notified person under Section 3(1) of the Special Court Act, 1992. Recovery of taxes from him can only be through the Special Court.</li> <li>· Ketan Parekh and his eight concerns have been barred by SEBI from trading for 14 years. Besides, the SEBI has cancelled the registration of his main concerns.</li> <li>· The Debt Recovery Tribunal has initiated proceedings in respect of some of the individuals and 6 major concerns of the group. Recovery of taxes from such concerns is subject to proceedings before the Debt Recovery Tribunal.</li> <li>· The claim of the Department has been rejected by the DRT. On the recommendations of Ministry of Law &amp; Justice, the Department is considering filing Writ Petition against the order the DRAT.</li> <li>· Shri Ketan Parekh &amp; Shri Navinchandra Parekh are both notified persons. Even though only these two persons</li> </ul>	

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	<p>have been notified under the Special Court (TORTS) Act, 1992, the Custodian, however, is objecting to recovery from other entities wherein Shri Ketan Parekh or Navinchandra Parekh have any interest or connection.</p> <ul style="list-style-type: none"> <li>· Some of the sundry debtors have been summoned and examined. As per the details filed before the Tax Recovery Officer (TRO), the accounts were settled long back. Therefore, there is no possibility of recovery from these sundry debtors. However, summons have been issued in some more cases for further examination.</li> <li>· An amount of Rs. 938.29 lakh is disputed before the CIT (A) and an amount of Rs. 75394.42 lakh is disputed before the ITAT. Cash collection of Rs. 1447 lakh is on account of refund adjustment. The Hon'ble ITAT and CIT (A) have been requested to take up hearings of the pending appeals on priority basis.</li> </ul> <p>Regarding Swiss Bank Account of Shri Ketan Parekh, the CBDT have now informed that they have no further records or information about the same; hence they are not in possession of any adverse evidence to warrant making addition in the computation of income.</p> <p>In view of above, action from the CBDT on this para may be treated as <b>complete</b>.</p> <p>Enforcement Directorate have informed that the investigation in this matter has already been completed and Show Cause Notices have been issued. Their position is as under:</p> <table border="0" data-bbox="857 1107 1317 1203"> <tr> <td>1. SCN issued</td> <td>06</td> </tr> <tr> <td>2. Total Adjudicated</td> <td>02</td> </tr> <tr> <td>3. Cases pending adjudication</td> <td>04</td> </tr> </table> <p>As regards the remaining 4 cases pending adjudications, the adjudicating officers have been advised to expedite the adjudication proceedings.</p> <p><b>As reported in December, 2005</b></p> <p>Out of 6 Show Cause Notices, 2 Show Cause Notices under Foreign Exchange Management Act have been adjudicated. In one of the Show Cause Notices, charges were dropped and in other Show</p>	1. SCN issued	06	2. Total Adjudicated	02	3. Cases pending adjudication	04	
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Cause Notice total penalties of Rs.1.60 crores were imposed. In addition to above, 2 more Show Cause Notices under FEMA were issued. Show Cause Notices issued to TIFL and its Directors including Ketan Parekh have been adjudicated imposing total penalty of Rs.1.40 crores. The other Show Cause Notice issued to M/s Greenfield Investment Ltd. is pending adjudication.

**As reported in May, 2006**

Out of pending 4 Show Cause Notices issued under FERA to OCBs and power of attorney holders, 2 Show Cause Notices issued to M/s Brentfield Holdings Ltd.; Wakefield Holdings Ltd., Global Trust Bank Ltd. and others have been adjudicated imposing a total penalty of Rs. 30 lacs in one case and in other case charges were dropped. Adjudication proceedings in remaining 2 Show Cause Notices issued under FERA to OCBs and power of attorney holders are at an advance stage.

Besides, case against M/s Greenfiled Investment Ltd. and others has also been adjudicated and total penalty of Rs. 327 crores has been imposed.

**As reported in December, 2006**

Enforcement Directorate had issued 8 Show Cause Notices (SCN) under FERA/FEMA to OCBs (Overseas Corporate Bodies) and others. Details of all the 8 adjudicated cases are given below:-

Sl.No.	Name of the Party	Penalty imposed (in Rs.)
1	A. (i) Greenfield Investment Ltd., (ii) Pravin Guwalewala (iii) A.K. Sen	1 SCN 75 crore 60 crore 20 crore
	B. Classic Credit Ltd.,	40 crore
	C. (i) Panther Fincap Ltd., (ii) Ketan Parekh (iii) Kartik Parekh	40 crore 80 crore <u>12 crore</u>
	Total :	327 crore
2&3	Brentfield Holdings Ltd. & others 2 SCNs	Rs. 30 lacs in one SCN. Chages drouped in second SCN.(adjudication order under review)

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4		Kensington Investments Ltd Wakefield Holdings Ltd., Brentfield Holdings Ltd.	1 SCN 1.15 crore 0.35 crore <u>0.10 crore</u> Total : 1.60 crore	
5		Global Trust Bank & others	1 SCN	Charges dropped & (adjudication order accepted by the competent authority)
6&7		European Investment Ltd. & others	2 SCNs	Rs. 11 Lac in one SCN. Charges dropped in 2nd SCN. (adjudication order accepted by competent authority)
8		Triumph International Finance (I) Ltd.,	1 SCN	The Appellate Tribunal for Foreign Exchange (ATFE) remanded the matter for re-adjudication and the matter is in progress (Overseas enquiry report is awaited)

**As reported in May, 2007**

No change in the status.

**As reported in December, 2007**

No change in the status.

**As reported in May, 2008**

No change in the status.

**As reported in December, 2008**

Enforcement Directorate have informed as under:

- a) All the 8 show cause notices issued in the matter have been adjudicated. However, in case of M/s Triumph International Finance Ltd., on appeal, the Appellate Tribunal has remanded the case for re-adjudication.
- b) Regarding Swiss bank account of Shri Ketan Parekh, Swiss Authorities have refused to give the information / documents pertaining to the impugned Swiss bank account of Ketan Parekh and hence no further action is possible in this regard.

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2.	4.117 SEBI has not so far provided conclusive evidence to substantiate its conclusions in regard to the brokers/groups mentioned in Section 3 above. Accordingly, the Committee recommend further investigations in this regard.	<p><b>As reported in May, 2003</b> SEBI have informed the following action taken by it.</p> <p><b>A. First Global Group</b> Based on investigation findings in the case of First Global Group, an enquiry was conducted against First Global Stock Broking Pvt. Ltd. (FGSB) and Vruddi Confinvest India Pvt. Ltd. (VCIP). The Enquiry Officer, vide report dated January 09, 2002, recommended cancellation of registration as Stock Broker and Portfolio Manager and cancellation of registration as Sub-broker, granted earlier to FGSB and VCIP. The Board, in pursuance of the directions of the Hon'ble High Court of Bombay and in exercise of the powers conferred by section 4(2) of SEBI Act, 1992 read with Regulation 13 of SEBI (Prohibition of Fraudulent and Unfair trade practices relating to securities market) Regulations, 1995 read with Regulation 29(3) of SEBI (Stock Brokers and sub-brokers) Regulations, 1992, and Regulation 35 (3) of SEBI (Portfolio Managers) Regulations, 1993, cancelled the certificate of Registration granted to FGSB as Stock broker (SEBI Reg. No. INB230722136 and INB010722152) and Portfolio Manager (SEBI Reg. No. INP000000381) and VCIP (SEBI Reg. No. INS010647738/01-07221) as a Sub-broker. Pursuant to Board's order, Prosecution has been filed on January 15, 2003 (vide C. C. no 23/S/ 2003) against FGSB, VCIP, Shri. Shankar Sharma and Ms. Devina Mehra, for violating SEBI (Prohibition of Fraudulent and Unfair trade practices relating to securities market) Regulations, 1995. Further, SEBI has filed for Prosecution against FGSB, VCIP, Virta Trade Agencies Pvt. Ltd., First Global Finance Pvt. Ltd., Shri. Shankar Sharma and Ms. Devina Mehra on January 15, 2003 (vide C. C. no 23 A/S/ 2003), for non-compliance to SEBI Summons.</p> <p><b>B. CSFB Securities:</b> Credit Suisse First Boston (I) Securities Pvt. Ltd. (CSFB Securities) had transacted in a big way on behalf of entities connected associated with Ketan Parekh, certain OCBs namely Wakefield, Brentfield, Kensington, FII sub-account-Kallar Kahar Investment Ltd., Mackertich Consultancy Services Pvt. Ltd. and also on its own account. SEBI's investigation have concluded that CSFB Securities and CSFB proprietary account aided and abetted Ketan Parekh entities in putting fictitious and non-genuine trades with a view to create</p>	<p><b>A. First Global Group</b> SEBI have informed that vide order dated February 13, 2009, Shri Shankar Sharma has been restrained from buying, selling or dealing in securities and from associating in securities market in any manner whatsoever for a period of one year. It was also directed to dispose of the show cause notice issued to Ms. Devina Mehra without any direction. Shri Shankar Sharma appealed to SAT against the SEBI order and the Hon'ble SAT, vide order dated March 9, 2009 stayed the operation of the order during the pendency of the appeal.</p> <p><b>D. Consortium</b> SEBI conducted investigations into the buying, selling and dealing in the shares by M/s. Consortium Securities P. Ltd.(CSL), member NSE &amp; M/s CSL Securities P Ltd. (CSPL), member DSE, Pursuant to investigation, enquiry was conducted and enquiry officer recommended for suspension of registration of CSL and CSPL for a period of 30 days and 15 days respectively. Three opportunities of personal hearing were granted to CSL and CSPL. They did not avail the first two opportunities of hearing and attended the hearing on June 1, 2007 and requested to adjourn the hearing after partial hearing. Subsequently, two opportunities of personal hearing were granted to CSL/CSPL. They did not attend the hearing and filed applications under the Consent scheme formulated by SEBI. Their consent application was rejected after following the procedure. Subsequently, an opportunity of personal hearing was granted to them on January</p>

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	<p>misleading appearance of trading. Credit Suisse First Boston also aided, assisted and abetted Ketan Parekh entities in creating artificial volumes and market in certain scrips through circular trades. Shares were being rotated from one entity belonging to Ketan Parekh to other entities belonging to him. There was no change in beneficial ownership. These transactions were put with a view to induce others to purchase and sell the securities.</p> <p>Based on the findings of investigations, SEBI had issued orders against CSFB asking it not to undertake fresh business as a broker and enquiry proceedings were initiated against the broker. Enquiry proceedings have been completed against the broker and SEBI has suspended the certificate of registration of Credit Suisse First Boston (I) Securities Pvt Ltd (CSFB Securities) to act as a stock broker for the period of two years w.e.f. April 18,2001 for aiding, abeting and assisting Ketan Parekh entities in market manipulations.</p> <p><b>C.DKB Securities:</b> SEBI's investigation have concluded that Dresdner Kleinwort Benson Securities (India) Ltd., (DKB Securities), a foreign brokerage registered with SEBI aided and abetted Ketan Parekh entities in putting fictitious and non-genuine trades with a view to create misleading appearance of trading and in creating artificial volumes and market in certain scrips through circular trades. Shares were being rotated from one entity belonging to Ketan Parekh to other entities belonging to him. There was no change in beneficial ownership. The transactions were put with a view to induce others to purchase and sell the securities. SEBI conducted enquiry against DKB Securities and Enquiry Officer has recommended suspension of certificate of registration of DKB Securities to act as a stock broker for the period of two years. Show cause notice has been issued.</p> <p><b>E. Khemani Group</b></p> <p>The investigation of Khemani Group has revealed the violation of the following provisions by Sanjay Khemani and N Khemani:</p> <ul style="list-style-type: none"> <li>● Section 19 of Securities Contracts (Regulation) Act, 1956</li> <li>● Regulation 4 (b) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995</li> <li>● Rule 4 (b) of SEBI (Stock brokers and Sub-brokers) Rules, 1992</li> <li>● Regulation 7 of SEBI (Stock brokers and Sub-brokers) Regulations, 1992</li> </ul>	<p>2, 2009 and they requested for an adjournment. Another opportunity of personal hearing was granted to them on February 19, 2009. However, vide letter dated February 17, 2009, they filed a fresh proposal towards their consent application. Further action is in progress.</p>

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	<p>For the above violations, SEBI vide its Order dated January 21, 2003 issued under Section 11 &amp; 11B SEBI Act, 1992 has debarred Sanjay Khemani and N. Khemani from associating with securities market activities and dealing in securities till the completion of enquiry proceedings against them and the completion of investigation proceedings against Shri Ketan Parekh and some entities associated with him. During the period they are directed not to buy, sell or deal in the securities market directly or indirectly.</p> <p><b>H. Bang Group of Entities</b></p> <p>In the light of the findings of investigation and after considering the findings of the enquiry officer, in exercise of powers conferred upon under Section 4(3) of SEBI Act, 1992 read with Regulation 29 (3) of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 read with Regulation 13 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 SEBI passed an order dated July 30, 2002 cancelling the registration of M/s Nirmal Bang Securities Ltd. (NBS), M/s Bang Equity Broking Pvt. Ltd. (BEB), Bama Securities Ltd. (BSL) - all stock brokers registered with SEBI and Bang Securities Pvt. Ltd. (BS), sub brokers registered with SEBI.</p> <p><b>As reported in December 2003</b></p> <p>Pursuant to enquiry proceedings initiated against DKB Securities (DKB), an opportunity of hearing before Whole time Member of SEBI was granted to DKB Securities on 28th July, 2003. Final order is being issued.</p> <p>The enquiry has been completed against Sanjay Khemani and N. Khemani. The brokers through their counsel appeared before the Chairman, SEBI for a personal hearing on October 20, 2003. During the personal hearing, Chairman granted permission to Khemani group's counsel to make further written submissions. Accordingly, the written submission from the Khemani Group's counsel has been received and Chairman's final order in the matter is being issued.</p> <p>SEBI investigation into the activities of the R.S. Damani Group have been completed. Pursuant to the findings of investigation, enquiry proceedings were initiated against 3 broking entities of M/s R.S. Damani group, namely, Damani Shares &amp; Stock Brokers Pvt. Ltd., Maheshwari Equity Brokers Pvt. Ltd. and Avenue Stock</p>	



Sl. No. Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	<p>Brokers (I) Pvt. Ltd. for alleged violations of the provisions of the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995. The enquiry officer has submitted his report and the same is under consideration.</p> <p>SEBI investigation into the activities of the Shailesh Shah Group have been completed. Pursuant to the findings of investigation, enquiry proceedings were initiated against 4 broking entities of M/s Shailesh Shah group, namely, Shailesh Shah Securities Ltd., Dolat Capital Markets Ltd., Pankaj D Shah and Nirpan Securities Ltd. for alleged violations of the provisions of the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995. Also, adjudication proceedings were initiated against M/s Shailesh Shah Group of companies for alleged contravention of Section 15A of the SEBI Act read with the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. The Enquiry and Adjudication officer has submitted his report and the same is under consideration.</p> <p>Regarding Nirmal Bang Group, the entities filed an appeal before the SAT against SEBI's order. SAT, vide order dated October 31, 2003 modified SEBI's order dated July 30, 2002, by reducing the penalty of cancellation to suspension of registration of M/s Nirmal Bang Securities Ltd. for two years and in case of Bang Equity Broking Pvt. Ltd. (BEB) and Bama Securities Ltd. (BSL) for three years. The order in case of Bang Securities Pvt. Ltd. (BS) has been set aside. SEBI is considering filing of appeal in Supreme Court against SAT order.</p> <p><b>As reported in June, 2004</b></p> <p>The matter of issuing directions against the promoter-directors of FGSB and Vruddhi Coninvest India Pvt. Ltd, namely, Shri Shankar Sharma &amp; Smt. Devina Mehra under the provisions of the SEBI Act and the Rules and Regulations made there under has been approved by the Board and is under progress.</p> <p><b>C. DKB Securities:</b></p> <p>Show cause notice has been issued and hearing has been granted before Whole-Time Member, SEBI. Final Order is being issued.</p>	

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	<p><b>E. Khemani Group</b>            Enquiry against Sanjay Khemani and N. Khemani, members Calcutta Stock Exchange was completed. Based on the Enquiry Officer's recommendations, Chairman vide Order dated February 26, 2004, suspended the registration of Shri Sanjay Khemani for two years and N. Khemani, for 14 months.            Action against the following 22 brokers has been taken who have done large scale off-market transaction with three defaulter brokers and with the Khemani group:</p>																																																																						
	<table border="1"> <thead> <tr> <th data-bbox="882 475 1279 534">Name of the broker</th> <th data-bbox="1285 475 1435 534">Suspension period</th> <th data-bbox="1442 475 1592 534">SEBI Order Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="857 544 1279 603">1. MEHTA &amp; AJMERA &amp; Himanshu Ajmera</td> <td data-bbox="1285 544 1435 571">One year</td> <td data-bbox="1442 544 1592 571">04/03/2004</td> </tr> <tr> <td data-bbox="857 608 1279 635">2. VIKASH SOMANI SEC P LTD</td> <td data-bbox="1285 608 1435 635">6 Months</td> <td data-bbox="1442 608 1592 635">03/03/2004</td> </tr> <tr> <td data-bbox="857 639 1279 699">3. DEEPAK JHUNJHUNWALA &amp; CO</td> <td data-bbox="1285 639 1435 667">6 Months</td> <td data-bbox="1442 639 1592 667">09/02/2004</td> </tr> <tr> <td data-bbox="857 703 1279 730">4. MKM SHARE BROKING (S) P LTD</td> <td data-bbox="1285 703 1435 730">6 Months</td> <td data-bbox="1442 703 1592 730">09/02/2004</td> </tr> <tr> <td data-bbox="857 735 1279 762">5. 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	<p><b>As reported in December, 2004</b></p> <p><b>A. First Global Group</b></p> <p><b>STATUS OF APPEAL NO. 90/2002 - FIRST GLOBAL STOCK BROKING PVT. LTD. Vs. SEBI - PENDING BEFORE HON'BLE SECURITIES APPELLATE TRIBUNAL, MUMBAI.</b></p> <p>The order of SEBI dated 12.09.02 was challenged before the Hon'ble Securities Appellate Tribunal and the Hon'ble Tribunal vide its ad-interim order dated 29.10.02 stayed the operation of the said impugned order subject to the condition that the appellants shall not carry on any business as stock brokers, portfolio manager and sub broker and the same was extended till the final disposal of the appeal by the Tribunal vide its order dated 06.03.03. The appellant had filed a detailed compilation of documents on 31.08.04. The said appeal was taken up for hearing on 02.09.04 and the counsel for the respondent sought a short adjournment for the purpose of perusing the compilation of documents filed by the appellant, which was opposed by the counsel for the appellant. Finally, the Hon'ble Tribunal was pleased to grant a short adjournment and posted the matter on 09.09.04 for hearing. On 09.09.04, Shri Justice Kumar Rajaratnam, Presiding Officer and Shri B. Samal, Member were only present and the other member Shri N.L Lakhnapal was not present. In view of the above, the Hon'ble Tribunal observed that the matter be heard by the full bench. Accordingly, the matter was adjourned to 11.10.04 for hearing. The matter was heard on 11.10.04. During the hearing, the appellant had raised a preliminary issue viz. that the impugned order was not passed within the specified time limit. In view of this, SAT desired to hear and decide the preliminary issue and thereafter proceed to hear the matter on merits. On account of this, the matter was adjourned to 19.10.04, when the preliminary issues were argued and as it remained part heard then, the matter was fixed for further hearing on 21.10.04. The matter remained part heard on 21.10.04. The oral hearing on the preliminary issue of limitation was concluded on 11.11.2004 and the SAT asked both the parties to file written submissions, which was done by SEBI on 22.11.2004. SAT has reserved its orders in the case.</p> <p><b>STATUS OF W.P. (LODG) No.845 OF 2004 - SHANKAR</b></p>	

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**SHARMA AND ANOTHER Vs. SEBI - PENDING BEFORE THE HON'BLE HIGH COURT OF BOMBAY.**

A Show Cause Notice dated 09.03.2004 u/s 11B of the SEBI Act, 1992 was issued to individuals Shri Shankar Sharma and Smt. Devina Mehra. A writ petition was filed challenging the said Show Cause Notice in the Hon'ble High Court of Bombay. The Hon'ble Court vide its order dated 27.04.2004 held that SEBI's -Counsel viz Shri Goolam Vhanavati's (the Learned Advocate General) statement that SEBI would not proceed further till the matter is decided by the court would continue till further orders and adjourned the matter to 23.08.2004. However, the matter came up before Hon'ble High Court on 31.08.2004 and the advocate appearing on behalf of the petitioners sought for an adjournment as their appeal before the Hon'ble Securities Appellate Tribunal is fixed for final hearing on 02.09.2004. The matter now stands adjourned to 26.11.2004.

**E. Khemani Group**

Action against the following brokers has been taken who had done large scale off-market transaction with three defaulter brokers and with Khemani Group

Name of Broker	SEBI Order Date	Suspension period
Amitabh Sonthalia	21.07.2004	4 Months

**As reported in July, 2005**

**A. First Global Group**

**STATUS OF APPEAL NO. 90/2002 – FIRST GLOBAL STOCK BROKING PVT LTD VS. SEBI – PENDING BEFORE HON'BLE SECURITIES APPELLATE TRIBUNAL, MUMBAI.**

The final order of SAT in this matter was pronounced on 03.12.04. By this order, SAT has set aside the order of SEBI dated 12.09.02 cancelling the appellants certificate of registration, on the ground that the order was not passed within a period of 30 days of receiving the reply to the show cause notice issued by SEBI as required under the then Regulation 29 (3) of SEBI (Stock Broker and sub-broker) Regulations, 1992.

SEBI has decided not to file an appeal before the Supreme Court against the order of the SAT.

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	<p><b>STATUS OF W.P (LODG) NO. 845 OF 2004 – SHANKAR SHARMA AND ANOTHER VS. SEBI – PENDING BEFORE THE HON'BLE HIGH COURT OF BOMBAY</b></p> <p>The matter was heard by Hon'ble Securities Appellate Tribunal on 11.10.04. During the hearing, the appellant had raised a preliminary issue viz. that the impugned order was not passed within the specified time limit. In view of this, SAT desired to hear and decide the preliminary issue and thereafter proceed to hear the matter on merits. SAT has passed its final order on 3.12.04 setting aside the order of SEBI dated 12.09.02 cancelling the appellant's certificate of registration, on the ground that the order was not passed within a period of 30 days of receiving the reply of the show cause notice issued by SEBI as required under the then Regulation 29(3) of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992.</p> <p>The matter came up before the Hon'ble High Court of Bombay on 06.05.05 and has been posted for hearing once the Hon'ble High Court reconvenes after vacation.</p> <p><b>As reported in December, 2005</b> No change in the status.</p> <p><b>As reported in May, 2006</b> There is no further development.</p> <p><b>As reported in December, 2006</b></p> <p><b>STATUS OF W.P (LODG) NO. 2031 OF 2004 – SHANKAR SHARMA AND ANOTHER VS. SEBI – PENDING BEFORE THE HON'BLE HIGH COURT OF BOMBAY</b></p> <p>Chamber summons were filed before the High Court on 12.05.06 to list the matter for hearing and vacating the stay on the operation of show cause notice dated 09.03.2004 issued by SEBI, to enable SEBI to proceed with further course of action under the show cause notice. The chamber summons have been filed praying that the appeal filed before the Hon'ble SAT was allowed only on the preliminary issue that the impugned order passed by SEBI was beyond the period of 30 days prescribed under the then existing Regulation 29(3) of the SEBI (Stock Broker and Sub-broker) regulations, 1992. Therefore, SEBI should be allowed to proceed and decide the matter on merits. The High Court had in the course of its proceedings listed the matter for hearing on 29.06.06. But the petition was not taken</p>	

Sl. No. Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	<p>up for hearing on 29.06.06 due to the non-availability of the Coram in the Bench hearing the petition.</p> <p>The matter was listed for hearing before the Bench comprising Hon'ble Mr. Justice F I Rebello and Hon'ble Ms. Justice V K Tahilramani on 06.07.06. The matter was heard and the Court directed the petitioner to appear before SEBI and urge all points as raised in the petition and all other points which he may be entitled to take and raise them before the competent officer. The Court also directed that if the order of the competent officer is adverse to the petitioner, that will not be acted upon for a period of four weeks from the date of communication of the order to the petitioner. With this the petition was dismissed by the Court.</p> <p><b>As reported in May, 2007</b></p> <p>Action against all the concerned brokers has been completed. In case of one of the entities, Shri Shankar Sharma, SEBI had issued him a show cause notice. However, he filed the case in the court. The court has now directed him to appear before SEBI and SEBI would pass order in due course.</p> <p><b>As reported in December, 2007</b></p> <p>No change in the status.</p> <p><b>As reported in May, 2008</b></p> <p>SEBI has informed that the only action pending is against Shri Shankar Sharma and Smt. Devina Mehra of First Global Group. They have replied to the show cause notice issued by SEBI. Supplementary show cause notice has also been issued to them and they have been granted hearing before the Whole Time Member.</p> <p><b>As reported in December, 2008</b></p> <p>SEBI has informed as under:</p> <p><b>A. First Global:</b> Three opportunities of personal hearing before the WTM on 30.4.08, 23.6.08 &amp; 1.9.08 were granted to Sh. Shankar Sharma &amp; Smt. Devina Mehra of First Global but they did not appear for hearing and instead filed a writ petition before Hon'ble Bombay High Court challenging the issue of show cause notices under section -11 of SEBI Act proceedings initiated by SEBI. The writ petition came up for hearing before the Court on 8.10.08 and the petition was dismissed as withdrawn. Further, quasi-judicial action is in progress which has remained pending mainly because of non-cooperation by the entities in the process.</p>	

Sl. No. Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	<p><b>C. DKB Securities:</b> Vide order dated 29.4.2004, SEBI have suspended the certificate of registration of Dresdner Kleinwort Benson Securities (India) Ltd. (DKB) for a period of 18 months.</p> <p><b>D. Consortium :</b> SEBI conducted investigations into the buying, selling and dealing in the shares by M/s Consortium Securities P. Ltd. (CSL), member NSE and M/s CSL Securities P. Ltd. (CSPL), member DSE. Pursuant to the investigation, enquiry was conducted and enquiry officer recommended for suspension of registration of CSL and CSPL for a period of 30 days and 15 days respectively. Three opportunities of personal hearing were granted to CSL and CSPL. They did not avail the first two opportunities of hearing and attended the hearing on 1.6.07 and requested to adjourn the hearing after partial hearing. Subsequently, two opportunities of personal hearing were granted to CSL/CSPL. They did not attend the hearing and filed applications under the Consent Scheme formulated by SEBI. Further action is in progress.</p> <p><b>F. Damani Group :</b> Vide SEBI's order dated 2.1.07, minor penalty of censure was imposed on Damani Group entities viz. M/s Damani Shares &amp; Stock Brokers Pvt. Ltd., M/s Maheshwari Equity Brokers Pvt. Ltd. and M/s Avenue Stock Brokers (I) Pvt. Ltd.</p> <p><b>G: Shailesh Shah Group:</b> Vide SEBI's order dated 16.8.07, minor penalty of censure has been imposed on the broking entities belonging to Shailesh Shah Group viz. M/s Shailesh Shah Securities Pvt. Ltd., M/s Dolat Capital Markets Pvt. Ltd. and Nirpan Securities Pvt. Ltd.</p> <p><b>I. Ajay Kayan, BLB Ltd. and JM Morgan Stanley :</b> SEBI has stated that it has been mentioned in the JPC Report that SEBI investigations in connection with stock market scam did not reveal any serious irregularities in respect of these brokers. Hence, no action was taken against them.</p>	
<p>3. 5.64 The Committee were informed that a criminal complaint was lodged by the RBI in the court of Chief Metropolitan Magistrate, Ahmedabad against the MNCB, its Chairman and Managing Director on 14.3.2001 under section 46 of the Banking Regulation Act 1949, read</p>	<p><b>As reported in May, 2003</b> The criminal complaint lodged by the Administrator of MNCB on 21.4.2001 with Madhavpura Police Station, Ahmedabad, was registered as CR No.67 of 2001 and the same has since been transferred to the CBI, BS&amp;FC, Mumbai in its RC.4(E)/2001-CBI-BS&amp;FC Mumbai on 18.5.2001 vide orders dated 2.5.2001 of the High Court of Gujarat, Ahmedabad. The chargesheet filed on</p>	<p>Para Nos.5.64 &amp; 12.76 are inter-related. In these paras, JPC had directed for (i) expeditious completing of investigations by CBI and (ii) filing of cases by the CBI in the Special Courts. Regarding setting up of Special Courts it is submitted that while furnishing 4<sup>th</sup></p>

Sl. No.	Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	<p>with section 58(B) of the Reserve Bank of India Act, 1934, for having made false statements to RBI with respect to call money borrowing and also failing to meet its assurance for submitting the required information. A criminal complaint had also been lodged by the Administrator of MNCB Ltd. with Madhavpura Police Station, Ahmedabad on 21.4.2001. Later, in terms of the order of the High Court of Gujarat, Ahmedabad dated 2.5.2001, CBI has been directed to investigate the deeds/misdeeds of the ex-Chairman and Managing Director and other officials involved in the mismanagement of the Bank. In pursuance of court orders, the case was transferred to CBI, Mumbai, and an FIR has been registered with Special Police Establishment, Mumbai Branch on 18.5.2001. On 1.6.2001, charge sheet in the case has been filed against Ketan.V.Parekh, Kartik.K. Parekh, Ramesh Parekh, Chairman, MNCB, Devendra B. Pandya, Managing Director, MNCB and Jagdish.B.Pandya, Branch Manager u/s 120-B,420,467,468 and 471 of IPC. The case is stated to be pending in the Court of the Chief Metropolitan Magistrate, Mumbai. The Committee desire that these cases be decided expeditiously.</p>	<p>1.6.2001 against Sh. Ketan Parekh and Others relates to RC.3/E/2001-BSFC/MUM registered on 30.3.2001 by CBI BSFC Mumbai and the same is pending trial in the Hon'ble Court of CMM Mumbai as CC No.60/P/2001. The draft charges have been submitted by the prosecution to the court. The CBI has appointed an exclusive special counsel to conduct the trial of this case and all efforts are being made by it with the court to expedite the trial.</p> <p><b>As reported in December 2003</b> As against para 5.59</p> <p><b>As reported in June, 2004</b> In RC.4/E/2001-BSFC/MUM i.e. the MNCB case charge sheet has been filed in the court of CMM Ahmedabad on 1.12.2003. With the permission of the Govt. of India, LRs to Mauritius and UK issued by the Court have been forwarded to the Legal Cell MHA on 17.12.2003 for onwards transmission to Competent Authorities in these countries. In the light of outcome thereof follow up action in the matter would be taken. In RC.3/E/2001-BSFC/MUM i.e. Bank of India case charge-sheet was filed in the court of CMM Mumbai on 1.6.2001, and the case is still at the stage of framing of charges.</p> <p><b>As reported in December, 2004</b> In RC.4/E/2001-BSFC/MUM i.e. the MNCB case, the CBI has informed that the Assistant Director Interpol has reminded PRO (EXT), MEA, New Delhi on 5.10.2004 to ascertain the present position from concerned authorities of Mauritius. As regards the queries raised by the UK Serious Fraud Office vide their fax dated 16.4.2004 and 31.4.2004 regarding the Letter Rogatory sent to UK, the matter has been examined in CBI. As per the information available with the CBI, the defrauded amounts connected with this case have been received in the account of M/s Almel Investment Ltd., account being maintained with the Nat-West Bank, PLC, London. Interpol Wing of CBI was requested to inform the authorities at UK accordingly and to collect the documents and examine the witnesses as requested vide Letter Rogatory since the Hon'ble CMM, Ahmedabad has already given his authorization.</p> <p>In RC.3/E/2001-BSFC/MUM i.e. Bank of India case, charge-sheet was filed in the court of CMM Mumbai on 1.6.2001.</p>	<p>progress report in respect of para No. 2.17 &amp; 12.74 (both relating to setting up of Special Courts), to Parliament during July 2005, it has already been furnished therein that “ on the request of Chief Minister, Maharashtra, MHA have issued orders on 19.5.2005 approving creation of four new posts of Addl. Judges in the Bombay High Court” and action on these paras was treated as <b>complete</b>. In view of this, action of point No.1 may also be treated as complete.</p> <p>Regarding completion of investigations by CBI, it is submitted that CBI has registered two cases viz. RC.3/E/2001/BS&amp;FC/Mum. (relating to Bank of India) and RC.4/E/2001/BS&amp;FC/Mum. (relating to MNCB). In both the above cases, charge-sheets have been filed in courts. While submitting 7<sup>th</sup> progress report in respect of Para Nos. 4.68, 4.69, 6.94, 6.97 &amp; 18.19, a stand has been taken that “with the filing of charge sheets by investigating agencies in the courts, action on the part of executive is over and action on those Paras have been treated as <b>complete</b>”.</p> <p>On the same analogy, since the charge sheet in case (s) relating to Para 5.64 &amp; 12.76 have been filed and Special Courts dealing with CBI cases already exists, it is proposed that action of these paras may be treated as <b>complete</b>.</p>



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	<p><b>As reported in July, 2005</b> CBI has informed that Letter Rogatory (LR) to Mauritius the examination of witnesses was to take place on 7.6.2005 at Port Louis before His Honour the Master and Registrar of Supreme Court, Port Louis, Mauritius. Subsequently, the Mauritius Authorities through the Indian High Commission, vide their communication dated 2.6.05 have intimated that the examination has now been postponed to 21.10.2005. It is proposed to depute Supdt. of Police, CBI, BS&amp;FC, Branch Mumbai to be present at the time of examination of witnesses.</p> <p>As regards the Letter Rogatory to the UK, there is no change in the status.</p>	
	<p><b>As reported in December, 2005</b> The High Commission of India, Port Louis, Mauritius vide fax message No. OR/438/2/99-92 dt. 14.10.2005 informed that the date of examination of witness scheduled for 21st October, 2005 before their Master and Registrar, Supreme Court has now been fixed to 17th Feb., 2006 upon the request of the counsel of the witness.</p> <p>As regards the Letter Rogatory to the UK, the UK Serious Fraud Office had raised certain queries which have been replied by CBI. Further, the Interpol, India has issued a reminder to Ministry of External Affairs on 6.9.2005 to intimate the present status of LR.</p>	
	<p><b>As reported in May, 2006</b> No change in the status.</p>	
	<p><b>As reported in December, 2006</b> No change in the status.</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> No change in the status.</p>	
	<p><b>As reported in December, 2008</b> CBI has informed that in RC4/E/2001/CBI/BS&amp;FC/Mum., 11 accused have been chargesheeted on 1.12.2003 before the Addl. CMM Ahmedabad and the last hearing was held on 20.10.08. Among the 11 accused, A-1 has since expired. The case is adjourned to 21.11.08. A-8, Shri Dharmesh Doshi is absconding</p>	

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		<p>and extradition proceedings are pending against him. A SLP filed by the CBI against the impugned orders of the High Court of Gujarat, Ahmedabad is pending before the Hon'ble Supreme Court. The matter is yet to come up before the Hon'ble Supreme Court for regular hearing.</p> <p>All steps are being taken to ensure that the trial of the above case is taken up expeditiously by trial court once the SLP is disposed off by the Hon'ble Supreme Court.</p>	
4.	<p>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>	<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.</p>	<p>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</li> </ol>

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	(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.	above. 2. Shri H.N.Awasthi, Senior Auditor- Two increments have been stopped which will be effective throughout the service. 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 Dicision is to be taken. 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.
5. 5.113 In view of the foregoing observations, the Committee recommend the following specific action:- (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. (ii) UP Government may be asked to initiate further enquiry against the concerned State Registrars for not being vigilant and excercising 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	<b>As reported in May, 2003</b> As against para 5.109 <b>As reported in December, 2003</b> As against para 5.109 <b>As reported in June, 2004</b> Reply from Govt. of Uttar Pradesh is awaited. The last reminder was sent on 1/6/2004. <b>As reported in December, 2004</b> As against para 5.109. <b>As reported in July, 2005</b> 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. 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	Govt. of UP have informed as under : (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.

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<p>is prejudicial to the interest of the society or its members or otherwise if the society is not functioning properly. This should be done expeditiously.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>	<p>recovered, from 45 members. Information relating to enquiry against the concerned State Registrar has been given in reply to para No.5.109. <b>As reported in December, 2005</b> 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. <b>As reported in May, 2006</b> As against para 5.109 <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. <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. <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</p>	

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		<p>responsible for lack of supervision in the report of Economic Offences Wing of Govt. of UP.</p> <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>	
6.	<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</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</p>	<p>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>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>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.</p> <p><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.</p> <p><b>ICICI Bank Ltd.</b> - Recalled the loan in one account and suit is being filed.</p> <p><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> <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.</p> <p>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/</p>	

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	<p>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 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>	

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	<p><b>As reported in May, 2007</b> 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> 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> <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>	



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7.	7.51	<p>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><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) Koprana Group, g) Nirma Group, h) Cadilla group.</p> <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>Enforcement Directorate has informed as under: <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. <u>M/s. Himachal Futuristic Communications Ltd.</u> – The Adjudicating Authority has been advised to finalise the adjudication proceedings by 30.06.2009. <u>M/s. Adani Exports Ltd.</u> – The Adjudicating Authority has been advised to finalise the adjudication proceedings by 30.6.2009. <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>. <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</p>

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		<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. 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 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>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 as <b>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 Aftak 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> <p><u>M/s. Cadilla Group</u> – Investigations in this case have been completed; no contravention under FEMA has been</p>	

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			<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> <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> Enforcement Directorate has informed as under:</p>	<p>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 style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: right;">(Rs. in crore)</td> </tr> <tr> <td>M/s Silverline Technologies Ltd.</td> <td style="text-align: right;">: 20.00</td> </tr> <tr> <td>Sh. Ravi Subramaniam, Chairman</td> <td style="text-align: right;">: 1.00</td> </tr> <tr> <td>Sh. Krishna Kumar Subramaniam, Vice President</td> <td style="text-align: right;">: 1.00</td> </tr> <tr> <td>Sh. K. Kulathu Subramaniam, Director</td> <td style="text-align: right;">: 0.50</td> </tr> <tr> <td><b>Total</b></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</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><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>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 adjudicated in 2005, imposing penalty as under:</p> <p style="text-align: right;">(Rs. in lakhs)</p> <table border="0"> <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</p>	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
M/s Shonkh Technologies International Ltd. :	35															
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Sh. C.R.V. Rao, Director :	1															
Sh. Vivek Nagpal, Director :	1															
Sh. Ravi Krishna Moorthy, Director :	1															

Sl. No.	Para No.	Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
8.	8.76	<p>SEBI's investigations have brought out several instances of violations by OCBs such as non-delivery of shares, purchase of shares on adjustment basis, booking purchase orders without sufficient balances in their accounts, exceeding the prescribed ceiling of 5 per cent for individual OCBs and violations of 10 per cent aggregate ceiling, etc. Certain OCBs and sub-accounts of FIIs also violated the SEBI (Substantial Acquisition of Shares and Take Over) Regulations. SEBI has mentioned five OCBs and two sub-accounts of FIIs which have aided, assisted and abetted in creation of artificial market and volumes, circular trading and building up concentrated positions in a few scrips. SEBI is reportedly taking action against four OCBs and one sub-account for violation of its regulations regarding substantial acquisition of shares. As regards market manipulations by OCBs, SEBI is stated to be examining the matter legally. The Committee urge that SEBI's remaining investigations as well as its legal examination should be completed expeditiously and appropriate action taken</p>	<p><b>As reported in May, 2003</b> SEBI has informed that Adjudication orders were passed by it against OCBs, viz. Kensington Investments Ltd, Brentfield Holdings Ltd, European Investments Ltd and Far East Investments Ltd and sub-account viz. Kallar Kahar Investments Ltd for their dealings in the scrips viz. Mascon Global Ltd, Shonkh Technologies Ltd, DSQ Biotech Ltd, Atef Infosys and Global Trust Bank (GTB). Enforcement Directorate has informed that adjudication proceedings in relation to four Show Cause Notices under FERA and two under FEMA comprising ten charges against custodian Bank and OCB have already been and are being expedited.</p> <p><b>As reported in December, 2003</b> The adjudication proceedings in relation to four SCNs under FERA and two complaints under FEMA comprising 10 charges against Custodian Bank and the OCB's have already begun. The Adjudicating Authority has been advised to expedite the proceedings.</p> <p><b>As reported in June, 2004</b> Adjudication proceedings in relation to four SCNs under FERA and two complaints under FEMA comprising 10 charges against Custodian Bank and the OCB's are in progress.</p> <p><b>As reported in December, 2004</b> Adjudication proceedings are in progress.</p> <p><b>As reported in July, 2005</b> Out of 6 SCNs issued under FERA/FEMA, adjudication proceedings into two SCNs issued under FEMA have been</p>	<p>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>Enforcement Directorate have informed that an interim order on question of law has been passed by Special Director of Enforcement, Mumbai on 30.03.2009 in the matter of adjudication proceedings against M/s J Henry Shrodder Bank and others. Further adjudication proceedings are in progress.</p>

Sl. No.	Para No.	Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>against offenders. The Committee note that the Directorate of Enforcement has also since issued show cause notices to the custodian bank and certain OCBs for FERA violations. The Committee hope that final action in this regard would be completed early.</p>	<p>completed. As a result of adjudication, penalty has been imposed in one case. In another case, charge was not established. The Adjudicating Officers have been requested to expedite completion of adjudication proceedings in the remaining 4 cases under FERA.</p>	
			<p><b>As reported in December, 2005</b></p>	
			<p>As mentioned in paragraph 4.44, out of 6 Show Cause Notices under Foreign Exchange Regulation Act/Foreign Exchange Management Act, 2 Show Cause Notices issued under Foreign Exchange Management Act have been adjudicated, out of which in one Show Cause Notice charges were dropped and in other Show Cause Notice total penalties of Rs.1.60 crores were imposed.</p>	
			<p>In addition, during the course of investigation of an FII i.e. J. Henry Schrodders Bank (JHSB), a Show Cause Notice under Foreign Exchange Management Act was issued to JHSB and its Custodian Bank (Deutch Bank).</p>	
			<p><b>As reported in May, 2006</b></p>	
			<p>No change in the status.</p>	
			<p><b>As reported in December, 2006</b></p>	
			<p>Position regarding adjudication proceedings in 8 Show Cause Notices issued by Enforcement Directorate to OCBs has been given against para No.4.44.</p>	
			<p>Adjudication proceedings in the matter of M/s J.Henry Schrodders Bank (JHSB) and its custodian bank are still in progress.</p>	
			<p><b>As reported in May, 2007</b></p>	
			<p>No change in the status.</p>	
			<p><b>As reported in December, 2007</b></p>	
			<p>No change in the status</p>	
			<p><b>As reported in May, 2008</b></p>	
			<p>No change in the status.</p>	
			<p><b>As reported in December, 2008</b></p>	
			<p>No change in the status.</p>	

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9.	12.76	<p>The Committee find that in case No. RC.3(E)/2001, which pertains to causing a wrongful loss to the tune of Rs. 137 crore to the Bank of India, CBI has filed a charge sheet in the Court of Special Judge, Mumbai on 1.6.2001 against Shri Ketan Parekh, Shri Kartik Parekh, Shri Kirti Parekh, Shri Ramesh Parekh (the then Chairman, MNCB, Ahmedabad), Shri Davendera Pandya (MD, MNCB Ahmedabad), Shri J.B. Pandya (then Branch Manager, MNCB, Mumbai). Another case No. RC 4(E)/2001 has also been registered on the orders (dated 2.5.2001), of the Hon'ble High Court of Gujarat by CBI against Shri Ramesh Parekh, Ex-Chairman, MNCB, Shri Devendera B. Pandya, MD, MNCB and Shri Jagdish Pandya, Branch Manager, MNCB Ahmedabad U/S 120-405,406,408,409,420 IPC &amp; U/S 35(A) of the Banking Regulation Act, 1949 for conspiring together and making illegal advances to the tune of Rs. 1030.04 crores against the overall limit of Rs. 475 crores by committing breach of law and various circulars/directives/rules and regulations of RBI. The charge sheet in this case has not been filed so far. The Committee have also been informed that the Interpol reference has also been sent to Abu Dhabi for freezing the accounts of Shri Ketan Parekh maintained at Merrill Lynch Bank and his alleged Swiss account is also being investigated. It has also been established that Shri Ketan Parekh had opened several accounts with the Fort Branch of GTB and carried out huge transactions with some of the OCBs</p>	<p><b>As reported in May, 2003</b> CBI has informed that the case relating to MNCB is at an advance stage of investigation and likely to be completed shortly. Though an Interpol reference dt. 3.7.2001 had been sent to Interpol, Abu Dhabi for freezing the accounts of Ketan Parekh at Merrill Lynch Bank, Abu Dhabi but the CBI had not received any response in the matter from Interpol, Abu Dhabi. The matter is being pursued with Interpol, Abu Dhabi further. Position regarding Special Courts has been explained in reply to Para 12.74.</p> <p><b>As reported in December, 2003</b> In the case relating to MNCB, field investigations in India have been completed, order of Head Office of CBI on the investigation report since been communicated to the Branch. Charge sheet would be filed shortly in the case. Though an Interpol reference dt. 3.7.2001 had been sent to Interpol, Abu Dhabi, for freezing the accounts of Ketan Parekh at Merrill Lynch Bank, Abu Dhabi, but the CBI had not received any response in the matter from Interpol, Abu Dhabi. The matter is being pursued with Interpol, Abu Dhabi, further.</p> <p><b>As reported in June, 2004</b> In the case relating to MNCB field investigations in India have been completed and charge sheet has been filed on 1.12.2003. Interpol reference dated 3.7.2001 had been sent to Interpol, Abu Dhabi for freezing the accounts of Ketan Parekh at Merrill Lynch Bank, Abu Dhabi but the CBI had not received any response in the matter from Interpol, Abu Dhabi. The matter is being pursued with Interpol, Abu Dhabi further. For appointment of 2 additional Judges in the Special Court, Mumbai, two more reminders were sent to Registrar General, Supreme Court of India by Secretary on 23.03.2004 and 12.05.2004.</p> <p><b>As reported in December, 2004</b> In the case relating to MNCB field investigations in India has been completed and charge sheet has been filed on 1.12.2003. Interpol reference dt. 3.7.2001 had been sent to Interpol, Abu Dhabi for freezing the accounts of Ketan Parekh at Merrill Lynch Bank, Abu Dhabi. Reply from Interpol Abu Dhabi has been received vide ref. No. 2/22/IP/33-217/7946 dated 13.9.2004. The</p>	As against para No. 5.64. Action completed.

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	<p>having a meagre paid up capital of US \$550 to US \$5000, for pumping substantial amount of money into the stock market. The exact amount of money which has been used in India after having repatriated some amount to the OCBs accounts maintained outside India, particularly at Mauritius, is still being ascertained. Detailed investigation to connect funds of MNCB to the tune of Rs. 1030 crores alleged to have been defrauded is also reported to be in progress. The Committee desire that the investigations in this regard should be completed expeditiously. Since the judicial process is a long drawn process, the Committee desire that the cases which have already been filed or likely to be filed in the Courts by the CBI, should be tried by the Special Courts, so that the guilty are brought to book expeditiously. The Committee hope that the issue of setting up adequate number of Special Courts will be taken with due seriousness and with a sense of urgency by the Government, and will not meet the old fate at least this time.</p>	<p>authorities concerned have informed that Sh. Ketan Parekh has not maintained any accounts or deposits with Merrill Lynch Bank nor have any investment in their country. Regarding Swiss Bank accounts of Ketan Parekh, the Swiss authorities have since intimated in December, 2002 that the Letter Rogatory sent in this matter cannot be executed because of the direction of the High Court at Zurich.</p> <p><b>As reported in July, 2005</b> No change in the status.</p> <p><b>As reported in December, 2005</b> CBI have informed that the draft charges were prepared and submitted before the Hon'ble Magistrate, Mumbai on 27.9.2005. The Hon'ble Magistrate showed inclination to frame the charges.</p> <p><b>As reported in May, 2006</b> The High Commission of India, Port Louis, Mauritius vide Fax Message No. OR/438/2/99-92 dt. 14.10.2005 informed that the date of examination of witnesses scheduled for 21<sup>st</sup> October, 2005 before their Master and Registrar, Supreme Court had been fixed for 17<sup>th</sup> Feb. 2006 upon the request of the counsel of the witnesses. The date of examination of witnesses scheduled for 17<sup>th</sup> Feb. 2006 before the Master and Registrar Supreme Court, at Port Louis, has now been adjourned. This is the third consecutive adjournment taken by the witnesses at Mauritius though CBI had made arrangements for deputing D.I.G. of Police to attend the hearings.</p> <p>On 7.2.06 an application was filed in the court of Hon'ble CJM, Ahmedabad praying for issuing proclamation of Sh. Darmesh Doshi as an absconder u/s 82 Cr.PC. The matter was posted to 17.2.06. The advocate of Sh. Darmesh Doshi filed an application requesting for allowing arguments by a Senior Advocate of Mumbai High Court against the application filed by CBI. On 17.2.06, an application was filed by the I.O. praying to the court to reject the request of the defence. However, the court allowed the arguments and posted the hearing on 18.3.06 for issuing proclamation. On 18.3.06 the defence advocate argued on behalf of the accused Dharmesh Doshi on the application made by the IO u/s 82 Cr.PC on 7.2.06 to declare Shri Darmesh Doshi as an absconder. Though the arguments were concluded the defence</p>	



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		<p>lawyer wanted to quote certain case laws on the issue. The Hon'ble Court posted the matter to 1.4.06. On 01.04.2006, the matter was adjourned to 15.04.2006.</p> <p>In response to the RCN, the Interpol London had located Shri Dharmesh Doshi at London and also account containing funds in excess of 5 million pounds pertaining to him were temporarily restrained by them in a/c No. 131039 of M/s Elliot Group Holdings Ltd. at Credit Suisse (UK) Ltd., Five Cabot Square, London, E14 4QR, London, for which the broker/agent is Shri Dharmesh Doshi in his capacity as Director M/s Jermyn Capital Partners, Plc. . A Letter Rogatory was got issued on 24.3.06 addressed to the UK authorities by the CJM Ahmedabad for freezing the said account. Information was received that on 27.3.06, the Court at London ordered freezing of the said account based on the LR issued by the Court at Ahmedabad. The pointers in the LR are required to be attended by the competent authorities in UK. It has also been confirmed by the UK authorities that the said account has been frozen for operations.</p> <p>Shri Ketan Parekh (A-4) has so far paid an amount of Rs. 210.5 crore to MNCB.</p> <p><b>As reported in December, 2006</b></p> <p>Central Bureau of Investigation has informed that in the matter relating to Letter Rogatory (LR) to Mauritius, the High Commission of India Port Louis, Mauritius has intimated that the examination of witness was fixed to 25.7.2006 before the Master and Registrar, Supreme Court of Port Louis, Mauritius. DIG/CBI/BS&amp;FC/Mumbai attended the Hon'ble Supreme Court, Mauritius on 25.7.2006 and filed an affidavit rebutting the averments made by the persons connected with the OCBs. On the next date of hearing i.e. 9.8.2006, two more affidavits were filed by Mr. Nand Kishore Chaturvedi and Mr. Kapil Dev Johri. The Mauritius authorities wanted comments of CBI. Accordingly the comments of CBI were sent to Mauritius Authorities on 5.9.2006.. The matter regarding 3 affidavit sent by CBI were filed by Mauritius authority in the Court when the hearing came up on 28.9.2006. The representatives of the OCBs sought time for filling their say in reply to CBI's affidavit and the matter was posted for hearing on 31.10.2006. It was explained to the Principal State Council of Mauritius that they should confine to the execution of the LR and</p>	

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		<p>not to get diverted on the matter of bail application of Shri Ketan V. Parekh which is being projected by the applicant of the OCBs. On 31.10.2006 another Affidavit was filed by an applicant of OCB. The matter was posted for hearing of all the affidavits on 20.11.2006. On 15.4.2006 the advocate of accused Dharmesh Doshi filed two applications in the court viz. i). praying for not taking any steps u/s 82 Cr.P.C as accused was willing to present himself before the court but on condition that he would not be arrested and ii) praying for giving copies of LR and application of I.O. used for freezing his account at London. CBI had filed reply on 29.4.2006 opposing the application. After a number of adjournments/hearings, the Hon'ble Court, on 13.11.2006 adjourned the matter to 17.11.2006 for orders.</p> <p>Regarding extradition of Shri Dharmesh Doshi, extradition papers complete in all respects were sent to MEA by Interpol on 18.5.2006 for onward transmission to the concerned authorities in the UK. The MEA authorities forwarded the extradition papers to the High Commission of India, London on 13.7.2006. After the freezing of the account in question, the Serious Fraud Office, London has sent voluminous records of 'Elliot Group Holding Pvt. Ltd.', which has been frozen pertaining to its account at Credit Suisse. The Scrutiny of this record shows that large amount of money has come from Switzerland. The comments of the CBI on the said documents were sent to SFO on 31.8.2006. The Serious Fraud Office (SFO) in London informed that the hearing of the appeal filed by Mr. Dharmesh Doshi against the order of the Lower Court restraining the funds in his account, which came up on 26.6.2006 was adjourned to the first week of September 2006. It was again adjourned to 2 &amp; 3 October, 2006. The SFO, London reported that the appeal filed by Shri Dharmesh Doshi and others against the Restraint order of the London Court restraining pound sterling 6 million, which came up for hearing on 2 &amp; 3 October 2006 before the Southwark Crown Court, London was dismissed. So far no appeal has been filed by Sh Dharmesh Doshi against the order passed by the Southwark Crown Court, London dismissing his appeal. As such, the Restraint order continues.</p> <p>As per the directions of the Supreme Court. Mr. Ketan V. Parekh has so far paid the total amount of Rs. 245.48 crore against the</p>	

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		<p>bail amount of the Rs. 396.41 crore. On 9.11.2006, Shri Ketan V. Parekh submitted an application before the Hon'ble Supreme Court for time upto 3 months ending 31.1.2007 for payment of the default amount. The Supreme Court ordered payment of Rs. 11.25 crore of the default amount by 31.12.2006 and the balance amount of Rs 11.25 crore by 31.1.2007. The next date of hearing would be fixed in February 2007.</p> <p>A new account by name M/s M. D. Doshi has surfaced which was maintained at eGTB, Fort Branch, Mumbai. This is a proprietorship account with Mrs. Mita Doshi, w/o Shri Dharmesh Doshi as the proprietor and in which the latter is the authorised signatory. Out of Rs. 20 crores overdrafts by Mr. Dharmesh Doshi from MNCB, his account in TIFIL (Triumph International and Finance India Ltd.) in 2000, Rs. 4.05 crore had gone to the said account to M/s M.D. Doshi and Rs. 15 crore to Ketan Parekh account of M/s Classic Share &amp; Stock Broking Services Ltd. of eGTB, Fort Branch. Another account in the joint names of Mr. Dharmesh Doshi &amp; Mita Doshi has also surfaced. Both the accounts are frozen. One more account of M/s Elliot Group Holdings Pvt. Ltd. having \$ 400000 has been identified in London. Supplementary LR has been sent to UK for impounding this account also. A communication was received from SFO authorities that the account of Elliot Group was frozen on the basis of the Supplementary LR.</p> <p><b>As reported in May, 2007</b></p> <p>The hearing in the matter of LR was heard on 31.01.2007 and the matter adjourned to 13.2.2007, 14.2.2007 for further hearing. On the said hearing the decision is reserved for Judgment.</p> <p>In the matter of ordering Proclamation u/s 82 Cr.P.C of Sh. Dharmesh Doshi, the Trial Court, vide orders dt. 30.11.2006 accepted the application made by the I.O. on 07.02.2006 and ordered issuance of Proclamation. However, the Advocate for accused Sh. Dharmesh Doshi filed an application for stay of the order, as he wanted to go for revision against the original order. The stay was granted by the Trial Court. The CBI filed a revision application in the Special Court against the order of stay which was posted for hearing on 14.12.2006. The Advocate for accused Sh. Dharmesh Doshi also filed a revision application in the same court against the original order. The matter was heard from 11th to 14th December, 2006 and the Defence submitted their</p>	

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	<p>arguments. The Revision Judge, after hearing both the sides, passed orders on 29th December, 2006 upholding the order of the trial court. On an application made by the Prosecution, the Revision Court of Special Judge, Ahmedabad, finally ordered issuance of Proclamation u/s. 82 Cr.P.C and accordingly the Trial Court of Additional CJM, Ahmedabad, issued the Proclamation on 11.01.2007. The Court proclaimed Sh. Dharmesh Doshi as absconder u/s. 82 Cr.P.C. and posted the matter to 20.02.2007 for his appearance. Shri Dharmesh Doshi filed a Revision Application in the High Court of Gujarat, Ahmedabad, against order of the Special Court dated 30.11.2006. The High Court of Gujarat, Ahmedabad posted matter for admission on 17.01.2007. The Advocate for Shri Dharmesh Doshi filed a Special Criminal application u/s 482 &amp; 483 Cr.P.C before the High Court of Gujarat praying for quashing the two orders of the lower courts issuing Proclamation against Shri Dharmesh Doshi. The matter was posted for hearing 09.02.2007. On that day Shri Dharmesh Doshi filed a further application in form of amendments to the main Special Criminal Application for withdrawing the Red Corner Notice and Passport revocation order etc. suitable replies were filed to both the applications by the I.O in the form of affidavit praying for rejecting the two application. On 15.2.2007 CBI has filed an amendment prayer which is coming up on 27.04.2007. The Extradition papers in respect of Shri Dharmesh Doshi complete in all respects were sent to MEA by Interpol on 18.5.2006 for onward transmission to the concerned authorities in the U.K The MEA authorities has forwarded the Extradition papers to the High Commission of India, London on 13.07.2006. The Crown Prosecution Service, UK , London, in pursuance to the Extradition papers, sent an advice seeking clarification/further information in the matter. The advice was received on 5th January, 2007 and reply was accordingly sent on 5th February, 2007. In reply, all the required clarifications and additional evidence was incorporated evidencing further proof of involvement of Shri Dharmesh Doshi. The High Commission of India, London has been requested to forward the same to the UK authorities. The extradition papers of Shri Dharmesh Doshi have been received by the UK authorities and they are processing it.</p> <p>As regards the letter Rogatory to the UK, a reply has been</p>	

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		<p>received from the UK Home Office seeking Supplementary LR. The Supplementary LR dated 2nd February, 2007 issued by the Trial Court, Ahmedabad which is in continuation to the first LR issued on 20th November, 2003 to the UK authorities has been forwarded for U.K. Home Office on 13.02.2007 by the High Commission of India, London. A reminder has also been issued by Interpol to MEA on 23.2.2007.</p> <p>Another account of Shri Dharmesh Doshi containing a balance of Rs. 1,19,758.42 was located at HDFC Bank, Fort branch, and the same was frozen u/s 102 Cr.P.C.</p> <p>The SFO, London reported that the appeal filed by Shri Dharmesh Doshi and others against the restraint order of the London Court restraining £ 6 million, which came up for hearing on 2nd and 3rd October 2006 before the Southwark Crown Court, London was dismissed. The Restraint order continued. The orders were based on the affidavit and reports sent by the CBI to the SFO which in turn filed it in the London Court.</p> <p>Mr. Ketan V Parekh has so far paid an amount of Rs. 281.49 crore against Rs. 396.41 crore ordered by the Supreme Court as a bail condition.</p> <p><b>As reported in December, 2007</b></p> <p>The matter came up before the High Court of Gujarat on 27.4.07. Court wanted CBI to file rejoinder to the reply filed by Shri Darmesh Doshi and the CBI complied with the order on 15.6.07. The matter was finally heard on 20.7.07 and the CBI application for amendment in the order dated 19.2.07 was rejected. CBI is in the process of filing an appeal before the Hon'ble Supreme Court against the order dated 20.7.07 of the Hon'ble High Court on the revision application filed by Shri Darmesh Doshi.</p> <p>On 31.05.2007, the main case came up before the trial court. All the accused sought exemption which was granted by the court. The trial court adjourned the case on the grounds that the matter regarding Shri Dharmesh Doshi is pending in the High Court of Gujarat. The matter is still pending before the trial court.</p> <p>In the meanwhile, the officials of CBI visited London in September 2007 to assist UK authorities in the execution of LR. The officials of Crown Prosecution Service who are looking after the extradition of Shri Darmesh Doshi were appraised of the orders of the High Court of Gujarat, Ahmedabad restraining the execution of the</p>	

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		<p>arrest warrant and CBI's decision for filing revision in the Supreme Court in the matter. Till such time, the London authorities will not enforce the local arrest warrant against Shri Darmesh Doshi. On the Supplementary LR, MEA vide their letter dated 20.6.2007 has sent a copy of letter dated 12.7.2007 received from the High Commission of India, London alongwith evidence received from Serious Fraud Office, London for further necessary action by the CBI. The evidence so received is being scrutinized and a report is to be sent shortly.</p> <p>Shri Ketan V. Parekh has so far paid an amount of Rs. 335 crores (approx) against Rs. 396.41 crores (approx) ordered by the Supreme Court as a bail condition.</p>	
		<p><b>As reported in May, 2008</b></p> <p>As regards Letter Rogatory (LR) to Mauritius, the Hon'ble Judge delivered his ruling on 2.8.2007 that the Mauritius Authority will not be able to execute the LR. The Mauritius authorities have filed an appeal in the Supreme Court of Mauritius against the order dated 2.8.2007.</p> <p>In the matter of ordering proclamation u/s 82 Cr. PC of Sh. Dharmesh Doshi, CBI has filed SLP in the Supreme Court on 14.12.2007 against the order dated 20.7.2007 of the High Court of Gujarat at Ahmedabad. Sh. Darmesh Doshi has filed his counter affidavit. The matter was heard by the Registrar of the Supreme Court on April 1, 2008 and the acknowledged notice served on the State of Gujarat was filed by the CBI. The Registrar has directed the matter to come up in the Court for regular hearing.</p> <p>The extradition papers of Sh. Dharmesh Doshi have been received by the UK authorities and they are processing it.</p> <p>As regards the Letter Rogatory to the UK, a reply has been received from the UK Home Office seeking Supplementary LR. The Supplementary LR dated 2nd February, 2007 issued by the Trial Court, Ahmedabad which is in continuation to the first LR issued on 20th November, 2003 to the UK authorities has been forwarded for U.K. Home Office on 13.2.2007 by the High Commission of India, London. On the Supplementary LR, MEA vide their letter dated 20.6.2007 has sent a copy of letter dated 12.7.2007 received from the High Commission of India, London</p>	

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		<p>alongwith evidence received from Serious Fraud Office, London for further necessary action by the CBI. The documents received from Serious Fraud Office, London pertaining to beneficiary accounts which received the funds from Mauritius are being examined and a detail scrutiny report is under preparation. There is no need for supplementary LRs and therefore the supplementary LRs to London is not being sent.</p> <p>In the bail matter of Sh. Ketan Parekh, he has so far paid an amount of Rs. 370 crores against the bail amount of Rs. 396.41 crores. On 27.2.2008, the Supreme Court, without expressing any opinion on return of passport application filed by Sh. Ketan Parekh, adjourned the entire matter.</p> <p><b>As reported in December, 2008</b></p> <p>CBI has informed that in RC3/E/2001, 6 accused have been chargesheeted on 1.6.2001 before the CMM, Mumbai on CC 60/CP/2001. The case was last heard on 17.10.2008 and it is adjourned to 18.11.08. One witness is under examination. The CMM post is lying vacant. All steps are being taken to ensure that the trial is taken up expeditiously once the new CMM takes over charge.</p> <p>The position regarding RC4/E/2001/CBI/BS&amp;FC/Mum. has been explained against para No. 5.64.</p>	
10.	12.121 The Committee note that the investigations against ZEE Telefilms have been inconclusive so far, as the Directorate has not yet found any FERA/FEMA violations by the company. The Committee desire that the investigations should be pursued further with a view to ascertaining if at all any violations were committed.	<p><b>As reported in May, 2003</b></p> <p>Enforcement Directorate has informed that investigation with regards to Zee Telefilms shall be completed by 31-5-2003.</p> <p><b>As reported in December , 2003</b></p> <p>The investigation is at a very advanced stage.</p> <p><b>As reported in June, 2004</b></p> <p>Investigations by Enforcement Directorate are in progress.</p> <p><b>As reported in December, 2004</b></p> <p>The investigations against M/s. Zee Telefilms have been finalized and a Show Cause Notice under the following provisions of FEMA, 1999 has been issued on 23.07.2004 to M/s. Zee Telefilms Ltd. and 6 others.</p> <p>Section 6(3) of FEMA, 1999 read with Regulation 4 &amp; 5(1) &amp; Para 1,2 &amp; 3 of Schedule 1 under Regulation 5(1) of Foreign Exchange Management (Transfer or issue of Security by a</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</p>

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		<p>person resident outside India) Regulation, 2000 r/w 49(5) &amp; 49(6) of FEMA, 1999 for unauthorisedly transferring 1,94,18,800 equity shares valued at US\$.470,589,000/- to the shareholders of M/s. ZMWL viz. Delgrada Ltd., Mauritius and Wakefield Holdings Ltd., Mauritius for acquiring 100% stake of M/s. ZMWL and also its 16127412 equity shares valued at US\$.148.255 millions and cash remittances of US\$.148.255 millions to the Star Group of companies for acquiring the 100% stake of M/s. Winterheath Company Ltd. BVI, without any proper valid permission from RBI.</p> <p>Section 3(d) of FEMA, 1999 r/w 49(5) &amp; 49(6) of FEMA, 1999 for unauthorisedly transferring its 1,94,18,800 equity shares valued at US\$.470,589,000/- to the shareholders of M/s. ZMWL viz. Delgrada Ltd., Mauritius and Wakefield Holdings Ltd., Mauritius in consideration of acquiring 100% stake of M/s. ZMWL and 16127412 equity shares (of ZTL) valued at US\$.148.255 millions and cash remittance of US\$.148.255 millions to the Star Group of companies in consideration of acquiring the 100% stake of M/s. Winterheath Company Ltd., BVI, without any valid permission from SIA/RBI.</p> <p>In the aforesaid SCN, it is also proposed to issue as provided under Section 13(2) r/w 49(5) &amp; 49(6) of FEMA, 1999 to M/s Zee Telefilms Ltd. to repatriate sale proceeds of the aforesaid shares as well as cash remittance of US\$ 148.255 millions as the same is liable to be confiscated to the Central Govt. A/c.</p> <p><b>As reported in July, 2005</b> Enforcement Directorate have informed that the investigation against M/s Zee Telefilm has been completed and Show Cause Notice has been issued. Now it is pending for adjudication.</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> No change in the status.</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>	company may be treated as <b>complete</b> .



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		<p><b>As reported in May, 2008</b> No change in the status.</p> <p><b>As reported in December, 2008</b> No change in the status.</p>	
11.	<p>12.199 CBDT's role is mainly confined to follow up actions after a scam. If those actions are swift the right message will go to the Stock Market. The Committee note that even after an expiry of almost a decade, the culprits of the 1992 Scam, have not been punished and the cases are still pending adjudication in the Special Courts. The only penalty so far imposed is the monetary one which is reported to be to the tune of Rs.700 crore, and that too has been imposed only on a single Group. Not a single case of Harshad Mehta Group has been finalized and although the assessments in the case of the other group viz. Bhupen Dalal Group have been finalized, no criminal proceedings have been launched against the Group. It is equally serious that against the total outstanding demand of Rs. 11,323 crore, an amount of only Rs. 2203.70 crore, including Rs. 165.70 crore in the case of Fair Growth Financial Services Ltd, has been confirmed, since a large number of cases are reported to be still pending with CIT (Appeals). Only a paltry sum of Rs. 292 crore has so far been recovered. The property worth Rs. 3106.80 crore which stands attached and which includes mostly shares has also not been disposed of despite the fact that a scheme in this respect stands approved by the Special Court as far back as in September, 2000 and a Disposal</p>	<p><b>As reported in May, 2003</b> The Central Board of Direct Taxes (CBDT) have reviewed the pending cases of assessment of notified persons in a meeting taken by Member (Inv.), CBDT on 4.2.2003 and have decided that all pending cases would be disposed off by the end of May 2003. In the case of Bhupen Dalal Group, the Department has indicated that prosecution has been duly launched. However, the assessee has filed criminal revision petition before the Hon'ble High Court of Mumbai. The Court accepted the assessee's prayer of quashing the criminal proceedings untill the assessee's appeal cases are decided by the Income Tax Appellate Tribunal with the observation that if the Income Tax Appellate Tribunal dismisses the assessee's appeal the criminal prosecution shall proceed. An SLP against the said order of the Mumbai High Court is pending in Supreme Court. The Income Tax Department has made a demand for the tax dues of notified parties for the statutory period (01.04.1991 to 06.06.1992) of Rs.3307.43 crores. So far a sum of Rs.925.84 crores has been released or is in the process of being released to Income Tax Department by the Custodian in accordance with the orders of the Special Court. The value of the property attached is variable depending upon the value of shares which keep fluctuating according to the market trends. After making payment to the Income Tax Department the value of the attached properties get reduced to that extent. Accordingly, the position assessed as on 31.12.2002 the value of attached assets is Rs.2735.32 crores. The progress of disposal of shares was slow on account of backlog and the procedures involved in the certification, registration and dematting of shares etc. and the process has now more or less been streamlined. As on date, an aggregate quantity of 2,59,45,779 shares have been sold or cleared for sale and the value of the same is Rs.464,25,53,333.74. The Chief Justice of India has been requested to consider nominating 2 additional Judges to the Special Court for expediting</p>	<p><b><u>A. Harshad Mehta and Dalal Group of cases</u></b> (i) Total outstanding priority demand for the priority period is reported at Rs. 2522.01 crore. (ii) As reported earlier, the proceedings for distribution of attached assets of the Notified Persons/Entities are pending before the Special Court, Mumbai. The Special Court of India has partially heard the case to decide the issues arising out of order dated 03.12.2008 of Hon'ble Supreme Court. Vide order dated 03.04.2009, the Hon'ble Special Court has directed to seek appropriate orders from the Hon'ble Supreme Court. The Special Court has further directed the Custodian to seek appropriate orders in relation to the amount of Rs. 500 crore available with the Custodian for distribution and whether this amount of Rs.500 crore can be distributed <i>pro rata</i> amongst the decree holder banks. The Department of Revenue has made an application before the Hon'ble Supreme Court. The case was fixed for hearing on 24.4.2009. (iii) The Custodian has released an amount of Rs.29 crore in favour of the Department, in the case of Shri Hiten P. Dalal, Notified Person, in pursuance to the order dated 06.02.2009 of the Special Court, Mumbai in the Custodian's report No.2 of 2009. The amount so released will</p>

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	Committee headed by the custodian for its proper implementation, was also constituted.	<p>the cases pending before the Special Court.</p> <p><b>As reported in December, 2003</b></p> <p>With regard to matters relating to Securities Scam of 1992, as against 87 appeals pending on 1.1.03, 79 appeals have since been disposed off and only 8 are pending.</p> <p><b>As reported in June, 2004</b></p> <p>CBDT has informed that all scam related assessments have been finalized in respect of Harshad Mehta Group of Cases for the assessment year 1992-93 and 1993-94 (priority period/statutory period as held by the Supreme Court in its judgement dated 13<sup>th</sup> May, 1998). The total recovery made in this case so far comes to Rs. 1227.43 crore, on the basis of decision/order by the Hon'ble Supreme Court and Hon'ble Special Court.</p> <p>With regard to the latest position in the case of M/s Fairgrowth Financial Services, the outstanding demand as on 30<sup>th</sup> April, 2004 was Rs. 143.44 crore. While Rs. 24.64 crore of this demand relates to A.Y. 1993-94 and earlier, which constituted the notified period, the balance demand relates to post-notification period. During May 2004, a further collection of Rs. 12.5 crore by way of remittance from the office of the custodian was received as per order issued by the Hon'ble Special Court. Hence the net outstanding demand as on 31.5.2004 is Rs.130.94 crore.</p> <p>With the receipt of this final instalment of Rs. 12.5 crore, the entire amount released by the Hon'ble Special Court to the Income Tax Department vide Court's order dated 2.5.2002 has been fully received. Consequent to notification of M/s Fairgrowth Financial Services as a notified party under the Special Court (TORTS) Act, 1992 w.e.f. 2.7.1992, all assets of the assessee company passed into the custody of the custodian of Special Court. Since that time, the custodian has with this specific orders from the Special Court disposed of various assets of the company, the proceeds of which have been applied to discharge the liabilities of the assessee company as per the orders of the Hon'ble Special Court, Mumbai.</p> <p>Out of the eight appeals pending in the cases pertaining to the Securities Scam of 1992, three appeals relating to Shri A.D. Narottam could not be heard by the CIT (A), as the assessee is currently behind bars. As regards four appeals relating to Shri</p>	<p>be appropriated against the demand for A.Y.1992-93 and accounted for in the next month's collection.</p> <p>(iv) As per information available, total 799 appeals relating to the security scam cases have been heard by the ITAT, Mumbai upto 31.03.2009. This office has received appellate orders in 798 cases. Out of this, 700 appeals pertain to the Harshad Mehta Group and 98 appeals pertain to Dalal Group. The appellate orders were scrutinized and further appeals have been filed wherever required.</p> <p><b><u>B. M/s Fairgrowth Financial Services Ltd.</u></b></p> <p>An amount of Rs. 31.97 crore has been released by the Custodian's office and the same has been collected during March,2009. Further, an amount of Rs.97.71 lakhs has been reduced consequent to order giving effect to ITAT's order.</p>

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B.C. Dalal, two of these appeals have been disposed of. In the two appeals pending in this case, remand reports have been called for by the CIT (A) from the Assessing Officers. As regards the appeal in the case of Shri S. Ramaswamy, here again remand report has been called for by the CIT (A). Figure of collection/reduction of priority demand in these cases are mentioned below:

		(Amount in crores)
S. No.	Name of assessee	Collection/ Reduction of Priority Demand
1	Jitendra R. Shroff	Nil
2.	A.D. Narottam	0.22
3	Bhupen C. Dalal	0.64
4.	Hiten P. Dalal	28.51
5.	S. Ramaswamy	0.05
6.	J.P. Gandhi	Nil
7.	T.B. Ruia	Nil
8.	M/s Dhanraj Mills	Nil

#### **As reported in December, 2004**

The total priority demand as defined by the Hon'ble Supreme Court while interpreting the provisions of special court (TORTS) Act, 1992 is Rs. 2346.55 crore in the case of Harshad Mehta group and Dalal group. The remaining demand is a non-priority demand.

Pursuant to the special court (TORTS) Act, 1992 all the assets of Harshad S. Mehta and other notified parties have been attached by the custodian. The recovery of income tax dues in respect of these notified parties is subject to the release of funds by the special court/custodian.

The special court in its order dated 22.2.1995, inter alia, held that the priority years for distribution of assets to the IT Department are in respect of assessment year 1992-93 and 1993-94 (part). The priority demand u/s 11 (2)(a) of the special court (TORTS) Act 1992 is available to the IT Department only for tax demands raised and would not include interest and penalty even in respect of assessment year 1992-93 and 1993-94 (part). Assessments for these assessment years have been completed in the cases of all the notified persons. So far as

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		<p>non-priority demands are concerned, it can be recovered out of the attached assets only u/s 11(2)(c) of the special court (TORTS) Act, 1992.</p> <p>There is a total prohibition on the Department to recover the taxes directly from the notified persons. All recovery matters are dependent on the special court adjudicating upon the rights and claims of various parties including the Income Tax Department. The Department has been moving miscellaneous applications before the special court for release of funds towards the recovery of priority demand on interim basis because in the normal course, the recovery even of the priority income tax demand is directly linked with the distribution of assets lying attached with the custodian. Such assets can be distributed only when the special court finally determines the distribution. During the last eight years, the special court has been releasing funds against some of the outstanding demands to the Department. The release of funds involves a lot of efforts by the officers in the field formations. The total recovery made in Harshad Mehta group and Dalal group comes to Rs.1396.30 crore.</p> <p>In respect of the last interim release of Rs. 421.59 crore pursuant to the order dated 3.10.2003 of the Hon'ble special court, the SBI has gone in an appeal before the Hon'ble Supreme Court. The SBI also approached the Committee on Disputes, Cabinet Secretariat. The Committee on Disputes has directed as follows:</p> <p>"(a) SBI and the Department of Revenue would move the Special Court as early as possible to initiate the process of final/part final distribution of the funds under Section 11(2) of the Special Courts (TORT) Act, 1992;</p> <p>(b) During the interim period, i.e., pending the finalization of claims, neither SBI nor Department of Revenue would make or press any application before the Special Court seeking interim payments out of the funds with the Custodian; and</p> <p>(c) SBI would take expeditious steps to seek permission of the Hon'ble Supreme Court of India to withdraw Civil Appeal No. 8228 of 2003."</p> <p>It may kindly be seen from above, that the CoD has directed that neither SBI, nor Department of Revenue would make or press any application before the special court, seeking interim payments out of the funds with the custodian and have directed the SBI</p>	

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	<p>and Department of Revenue to move the special court for speeding up initiation of the process of final distribution of funds u/s 11(2) of the special court (TORTS) Act, 1992. The Department has now to await the final distribution u/s 11(2) of the special court (TORTS) Act, 1992. That process may take a couple of years more.</p> <p>The appeal filed by the SBI before the Hon'ble Supreme Court was last heard on 6.8.2004 by the Hon'ble Chief Justice of India, Mr. Justice Lahoti and Mr. Justice Mathur. The Hon'ble Supreme Court did not entertain the appeals filed by the SBI in view of the directions given by the CoD in the matter. The learned ASG appearing on behalf of the Income Tax Department having submitted that the Revenue Department has made some representations in the matter before CoD which is awaiting consideration, the Hon'ble Supreme Court have recorded the following clarifications in the order:-</p> <p>"We make it clear that the disposal of these appeals would not preclude the consideration of any representation before the CoD and such decision thereon as the CoD may be inclined to take."</p> <p>In view of the decision of the Hon'ble Supreme Court and the CoD's directions, the process of final distribution u/s 11(2) of the special court (TORTS) Act, 1992 is going to take time. The custodian and the court first have to ascertain the total assets and liabilities of the notified parties. The process is in a nascent stage as of now and is likely to take quite a few years.</p> <p>As per the submissions made on behalf of the Income Tax Department before the Law Courts and also before the CoD, the SBI has no locus standi to dispute Income Tax Department's claim before the special court, particularly when it is the matter of ad hoc interim release of funds.</p> <p>In view of the above, necessary steps are being taken to get the CoD's directions modified so that after following the due process of law, Department may be in a position to make further collection/ Recovery.</p> <p>There are five appeals pending before CIT (Appeals) pertaining to the priority period. Due to the substantial revenue involved in the Harshad Mehta group, Bhupen Dalal group and other connected cases involved in the securities scam of 1992, the</p>	

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	<p>Senior Vice-President, ITAT and the President, ITAT were requested to appoint a designated bench to deal with the cases related to the security scam. Pursuant to such request, the ITAT has assigned major high demand cases to a single bench. Moreover, after appreciating the urgency of the matter the ITAT has distributed the other cases relating to security scam to various benches. The Department has also undertaken a number of steps like appointing two standing counsels exclusively for scam related cases, as well as monitoring at the level of CCIT and CIT and utilization of the services of CIT (Appeals) for assisting the standing counsel. Also, personal participation of the Assessing Officer and the Addl. CIT in the hearings before the ITAT has enabled completion of hearing in 125 cases, out of which orders have been received in 48 cases.</p> <p>There are no penalties that are pending for disposal for the priority period in the case of notified persons.</p> <p><b>M/s Fairgrowth Financial Services Ltd.</b></p> <p>The pending appeals in the case of M/s Fairgrowth Financial Services Ltd. for assessment year 1991-92 to 1994-95 were disposed of by the ITAT vide its order dated 28.7.2004. All the appeals filed by the assesee have been dismissed by the Tribunal along with the cost of Rs. 4 lakh, @ Rs. 50,000 per appeal. At the same time, the appeals filed by the Revenue have been allowed by the Tribunal. An additional demand of Rs. 97.71 crore has been created after giving appeal effect to ITAT's order for assessment year 1993-94, which allowed the Department's appeal. Due to this additional demand, the net outstanding demand as on 31.10.2004 has increased to Rs. 226.22 crore. The Department has filed miscellaneous petitions before the Hon'ble Special Court praying for further release of money towards tax u/s 11(2)(a) of the Special Court (TORTS) Act 1992 and u/s 11(2)(c) of the Special Court (TORTS) Act, 1992 for release of money towards interest. The said petitions have been admitted as MA No. 79/2004. The matter is likely to be taken up by the Hon'ble Court in the second half of November, 2004.</p> <p>A copy of the bank account mentioned in the custodian's application has been obtained from the bank and action is being</p>	

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		<p>taken to withdraw the recognition granted to Fairgrowth Financial Services Ltd. Employees Provident Fund under the provisions of the IT Act.</p> <p><b>As reported in July, 2005</b></p> <p>CBDT have informed that out of the total priority demand, as defined by the Hon'ble Supreme Court, a sum of Rs. 1397.28 crores has been recovered by various releases by the Hon'ble Special Court. Out of this, Rs. 1227.45 crores has been released in Harshad Mehta Group and Rs. 169.83 crores in Dalal Group. The balance outstanding priority demand for the priority period is Rs. 2346.55 crores.</p> <p>Regarding pendency of appeals before the ITAT, a total of 151 cases relating to the scam cases have been disposed off by the ITAT up to 30.4.2005 (Orders have been received in 104 cases so far). Out of this, 82 cases belong to the Harshad Mehta group and 22 cases belong to Dalal Group. There are five appeals pending before CIT (Appeals) pertaining to the priority period.</p> <p>The Committee of Disputes has decided on the reference made by the SBI and has directed as follows: -</p> <p>(a) SBI and the Department of Revenue would move the Special Court as early as possible to initiate the process of final/part final distribution of the funds under Section 11(2) of the Special Courts (TORT) Act, 1992.</p> <p>(b) During the interim period i.e. pending the finalisation of claims, neither SBI nor Department of Revenue would make or press any application before the Special Court seeking interim payments out of the funds with the Custodian and SBI would take expeditious steps to seek permission of the Hon'ble Supreme Court of India to withdraw Civil Appeal No. 8228 of 2003.</p> <p>The CBDT again proposes to move CoD, seeking clearance, in order to press forth its claim for release of interim funds before the Hon'ble Special Court.</p> <p>As regards M/s Fairgrowth Financial Services, it has been stated that the miscellaneous application No. 693 has been adjourned sine die till the decision of the Tribunal is received in the matter of restoration application filed by the assessee. It may be mentioned that the restoration application filed by the assessee</p>	

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		<p>has already been heard by the tribunal, and the order of the tribunal is awaited.</p> <p>Similarly, miscellaneous application No. 79 of 2004, filed by the ex-employees of M/s Fairgrowth Financial services Ltd. has also been adjourned till the Court reopens after the summer vacation. Further, the Custodian has been informed about the latest position as regards the demand outstanding in this case.</p> <p><b>As reported in December, 2005</b></p> <p>Out of the total priority demand as defined by the Hon'ble Supreme Court, a sum of Rs. 1397.28 crores had been recovered by various releases by the Hon'ble Special Court. The balance outstanding priority demand for the priority period is Rs. 2,346.55 crores. However, the Hon'ble Special Courts, under (TORTS) Act, 1992 while disposing miscellaneous application has ordered that the Department shall deposit amounts with the Custodians (TORTS) Act, 1992 out of amounts released earlier to the Department. As a result of this order of the Special Court, an amount of Rs. 18,02,80,253/- has been refunded and deposited with the Custodian. In view of this, the demand in respect of the priority period stands increased to this extent. The above amount includes the interest component as well. The CCIT (Central)-II, Mumbai has been directed to seek appropriate legal recourse regarding the rate at which interest has been ordered to be paid by the Income Tax Department.</p> <p>A total of 176 appeals related to the scam cases have been disposed off by the ITAT up to 30.10.2005. Out of the above, orders have been received in 142 cases. There are five appeals pending before CIT (Appeals) pertaining to the priority period.</p> <p>In the case of M/s Fair Growth Financial Services Ltd., the company has filed restoration application for the assessment years 1991-92 to 1994-95. The Hon'ble Tribunal has restored the said appeals through its order dated 11.4.2005. Appeals have been filed before the Hon'ble High Court. Meanwhile, the ITAT has fixed the hearing of the restored appeals.</p> <p>The Miscellaneous Application filed by the Department in MA No. 693 of 2004 had come up for hearing on 5.10.2005. The</p>	



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	<p>Department had filed miscellaneous application seeking further payment towards increased tax demand consequent to the ITAT's order. However, the ITAT has recalled its order. Therefore, the demand has become unenforceable at present. The Court directed the Assessing Officer to re-file the M.A. after ITAT decides the recalled appeal. The Court's detailed order is awaited.</p> <p>The Assessing Officer is closely monitoring the proceedings in the case and all necessary details/documents etc. are being furnished before the Special Court as well as the ITAT, Bangalore.</p> <p><b>As reported in May, 2006</b></p> <p>(a) (i) Out of the total priority demand as defined by the Hon'ble Supreme Court, a sum of Rs. 1,397.28 crores has been recovered by various releases by the Hon'ble Special Court. Out of this Rs. 1,225.90 crores has been released in Harshad Mehta group and Rs. 169.83 crores in Dalal Group. The balance outstanding priority demand for the priority period is Rs. 2,348.10 crores. However, it may be pointed out here that Hon'ble Special Court under (TORTS) Act, 1992 while disposing miscellaneous applications has ordered that the department shall deposit amounts with the Custodian (TORTS) Act, 1992 out of amounts released to the Department. In view of this, the balance outstanding demand for the priority period would stand increased by 19.57 crores so brought back to the Court.</p> <p>(ii) A total of 215 appeals related to the scam cases have been disposed off by the ITAT upto 20<sup>th</sup> Feb. 2006. Out of the above, orders have been received in 181 cases. There are five appeals pending before CIT (Appeals) pertaining to the priority period.</p> <p>(b) (i) In the case of M/s Fairgrowth Financial Services Ltd., the assessee filed restoration application for the AYs 1991-92 to 94-95 which was restored by the ITAT vide its order dated 11.4.2005. Appeal before the High Court has been filed against the said order.</p> <p>(ii) The miscellaneous application filed by the Department in MA No. 693 of 2004 and No. 222 of 1996 has been decided by the Hon'ble Special Court. The Court has permitted to withdraw the Miscellaneous Application No. 693 of 2004 with liberty to</p>	

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	<p>take out fresh application for the same relief. As regards MA No. 222 of 1996 the Hon'ble Court has directed the custodian to consider it at the time of distribution u/s 11 (2) (iii) of the Special Court Act.</p> <p>(iii) In response to the Public Notice given in the Economic Times, dated 29.10.2005 calling for claims against persons involved in 1992 securities scam, a claim has been made by the Assessing Officer before the Custodian. The Custodian had filed a Miscellaneous Application before the Special Court seeking permission to dispose off the assets of the Notified Party. The Assessing Officer is also a Respondent in the said Miscellaneous Application. The Assessing Officer has filed an Affidavit before the Special Court requesting the Special Court to make payment of the outstanding income tax dues in the assessee's case. The Miscellaneous Application was filed for hearing on 27.2.2006. The Assessing Officer went to Mumbai to attend the hearing before the Hon'ble Special Court. However, the matter was adjourned to 6.3.2006. The AO attended the Court on 6.3.2006 also but the matter did not come up for hearing before the Court.</p> <p>(iv) The Assessing Officer is closely monitoring the proceedings in the case and all care is being taken to furnish all necessary details/documents etc. before the Special Court as well as the ITAT, Bangalore.</p> <p><b>As reported in December, 2006</b></p> <p><b>A Harshad Mehta and Dalal Group of Cases</b></p> <p>(i) The Hon'ble Special Court has released monies in the cases of Harshad Mehta and Dalal Group to be appropriated against the income-tax dues of notified persons/entities for priority period only. Out of total priority demand of Rs. 3743.83 crore, a sum of Rs. 1227.45 crore in Harshad Mehta and Rs. 169.83 crore in Dalal Group of cases (total Rs. 1397.28 crore) have been recovered by way of release by Special Court, Mumbai out of the assets attached by the Custodian. However, out of the monies so released, Rs. 20.94 crore has been brought back to the Special Court as per its orders.</p> <p>(ii) The proceedings for final distribution of assets of notified persons/entities have been put in motion by the Special Court</p>	

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		<p>and the next hearing is fixed for 5.12.2006.</p> <p>(iii) 358 appeals relating to the scam cases have been heard by ITAT, Mumbai upto 31.10.2006 out of which orders have been received in 353 cases. Out of this 299 cases pertain to Harshad Mehta group and 54 cases pertain to Dalal Group. Five appeals pertaining to the priority period are still pending before CIT (Appeals).</p> <p><b>B M/s Fairgrowth Financial Services Ltd.</b> In the case of M/s Fairgrowth Financial Services Ltd., the Special Court had fixed the case for hearing on 12.10.2006 which was adjourned to 17.10.2006. The Assessing Officer had attended the hearings before the Court. At the request of the Custodian, the Court has adjourned the case for six weeks. All the necessary details and documents have been filed by the Department before the Special Court.</p> <p>The appeal u/s 260A filed before the Hon'ble High Court against the restoration order of the Hon'ble ITAT dated 11.4.2005 for the assessment years 1991-92 to 1994-95 is still pending.</p> <p><b>As reported in May, 2007</b></p> <p><b>A. Harshad Mehta and Dalal Group of cases</b></p> <p>i) The total outstanding priority demand for the priority period is Rs. 2110.41 crore.</p> <p>ii) The recovery position remains the same because the proceedings for distribution of attached assets of the notified persons/entities is pending before the Hon'ble Special Court, Mumbai, constituted under the Special Court (TORTS Act, 1992). The Department has lodged its claim with the Custodian appointed under the said Act. The proceedings for finding distribution of assets as per provisions of Section 11 of the said Act is in progress.</p> <p>iii) As regards the pendency of appeals before CIT(A) in the case of Shri A.D. Narottam, appellate orders for the assessment year 1992-93 and 1993-94 have been received. Appeal effects have been given. For the assessment year 1992-93 income has been enhanced by Rs. 1,14,23,30,172/- and the appeal for assessment year 1993-94 has been dismissed. In the case of Shri B.C. Dalal for assessment year 1993-94 the remand proceedings are in progress. In the case</p>	

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		<p>of Shri S. Ramaswamy for assessment year 1992-93 &amp; 1993-94 the assessee has furnished details. The remand proceeding is in progress.</p> <p>iv) So far, total 403 appeals relating to the security scam cases have been heard by ITAT upto 31.3.2007 and appellate orders have been received in 397 cases.</p> <p><b>b. M/s Fairgrowth Financial Services Ltd.</b> The appeals for the assessment years 1991-92 to 1994-95 have been decided by the Hon'ble ITAT in the favour of the Department. The Hon'ble ITAT while allowing the restoration filed by the assessee have recalled their order. However, these appeals are still pending before the ITAT. Against the order of ITAT, the department has filed appeals before the Hon'ble High Court, which are also pending.</p> <p>The Hon'ble Special Court (TORTS) by vide their order dated 12.1.2007 has stated that a sum of Rs. 28 crores earmarked towards income-tax demand is lying with the Custodian. The Custodian has released a sum of Rs. 25,26,92,295/-. The same has been deposited in the Bank on 17.4.2007 for realization.</p> <p><b>As reported in December, 2007</b> No change in the status.</p> <p><b>As reported in May, 2008</b> <b>A. Harshad Mehta and Dalal Group of cases</b></p> <p>(i) The total outstanding income tax demand for the priority period is Rs. 2426.84 crores. The demand has increased due to completion of set aside assessments in the cases of Harshad S. Mehta group and Dalal group. The interest and penalty for priority period is Rs. 16358.89 crores and Rs. 1635.36 crores respectively over and above the Income Tax demand mentioned above.</p> <p>(ii) The status/progress of the pendency of appeals before the CIT(A) in the cases of Shri A.D. Narottam for assessment year 1992-93 and 1993-94, Shri B.C. Dalal for assessment year 1993-94 and Shri S. Ramaswamy for assessment year 1992-93 and 1993-94 remains the same because the proceedings for distribution of attached assets of the notified</p>	

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	<p>persons/entities is pending before the Hon'ble Special Court, Mumbai. However, in the case of Shri B.C. Dalal, fresh assessments have been completed by the assessing officer for the assessment years 1987-88 to 1992-93, which were set aside and restored to his file by I.T.A.T.</p> <p>(iii) So far as recovery position is concerned, the Department has lodged its claim with the Custodian appointed under the Special Court (Torts) Act, 1992. The proceedings for final distribution of attached assets of the notified person/entities are pending before the Special Court, Mumbai. The Special Court, Mumbai has vide its order dated 29.9.2007 as corrected vide order dated 19.10.2007 in M.A. No. 210 of 2003, M.A. No. 51 of 2006, M.A. No. 250 of 2003 and M.A. No. 365 of 2003 directed the Department to deposit an amount of Rs. 546.24 crores with the Custodian along with interest at the rate of 9% per annum from the date of receipt of the amount by the Income Tax Department to the date of its deposit. The appeal u/s 10 of the Special Court (Torts) Act, 1992 has been filed and admitted on 3.12.2007 (Civil Appeal No. D 32945 of 2007) by the Supreme Court. The repayment is ordered out of the sum of Rs. 686 crore earlier released on interim basis in the case of late Shri Harshad S. Mehta in seven trenches starting from 24.8.1996 to 3.10.2004. The total amount released on interim basis in the case of HSM group is Rs. 1227 crores. Further, an amount of Rs. 6.29 crore on account of interest was paid to the Custodian in pursuance to Special Court's Order dated 11.10.2007 as modified on 20.11.2007 in M.A. No. 554 of 2005 in the case of Ashwin Mehta.</p> <p>(iv) So far, a total of 766 appeals relating to security scam cases have been heard by ITAT, Mumbai up to 28.2.2008 and appellate orders have been received in 766 cases. Out of this, 678 appeals pertain to Harshad Mehta group and 88 to Dalal group. In larger number of these cases, ITAT has set aside the matter to the file of CIT(A) for fresh adjudication. Effect to appellate orders are being given.</p>	
	<p><b>B. M/s Fairgrowth Financial Services Ltd.</b></p>	

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		<p>(i) The appeals for the assessment years 1991-92 to 1994-95 have been decided by the Hon'ble ITAT vide its order dated 23<sup>rd</sup> July, 2004 in favour of the Department. Consequent to the Miscellaneous petition filed by the assessee against the Tribunal's order dated 23<sup>rd</sup> July, 2004, the Hon'ble ITAT recalled the order dated 23.7.2004 vide its order dated 11.4.2005. Hence, the appeals for the above assessment years are still pending before the ITAT.</p> <p>(ii) An amount of Rs.83.01 crore has been collected out of Rs.91.83 crore granted by the Hon'ble Court vide order dated 23.2.2007, leaving a balance of Rs.8.82 crore.</p> <p>(iii) The Income Tax Department is continuously in touch with the Custodian to expedite the proposed sale of shares. A decision was sought from the Hon'ble Special Court as to whether a certain portion of shares should be categorized under 'bulk' or 'routine' shares. The Special Court heard the issue on 29<sup>th</sup> September, 2007 but did not give any decision.</p>	
		<p><b>As reported in December, 2008</b></p> <p><b>A. Harshad Mehta and Dalal Group of cases</b></p>	
		<p>(i) The total outstanding income tax demand for the priority period is Rs. 2522.01 crores. The demand has increased due to reconciliation and verification of assessment records.</p> <p>(ii) So far as recovery position is concerned, an amount of Rs. 45 crore received and appropriated against the outstanding demand in the case of M/s Dhanraj Mills Pvt. Ltd. for A.Ys 1989-90 and 1994-95 to 2000-01. The Department has also lodged its claim with the Custodian appointed under the Special Court (TROTS) Act, 1992. The proceedings for final distribution of attached assets of the notified person/entities are pending before the Special Court, Mumbai.</p> <p>(iii) The Special Court, Mumbai has vide its order dated 29.9.2007 as corrected vide order dated 19.10.2007 in M.A. No. 210 of 2003, M.A. No. 51 of 2006, M.A. No. 250 of 2003 and M.A.</p>	

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		<p>No. 365 of 2003 directed the Department to deposit an amount of Rs. 546.24 crores with the Custodian along with interest @ 9% p.a. from the date of receipt of the amount by the Income Tax Department to the date of its deposit. The appeal against this direction was filed and admitted by the Supreme Court. The hearing in the Hon'ble Court was concluded on 27.08.2008 and the judgement has been reserved.</p>		
		<p>(iv) The total 783 appeals relating to Security Scam cases have been heard by the ITAT, Mumbai up to 31.08.2008. Out of this, 693 appeals pertain to Harshad Mehta Group and 90 appeals pertain to Dalal Group. The appellate orders were scrutinized and further appeals have been filed wherever required.</p>		
		<p>(v) The status/progress of the pendency of appeals before the CIT (Appeals) in the cases of Shri A. D. Narottam for A.Y. 1992-93 and 1993-94, Shri B.C. Dalal for A.Y. 1993-94 and Shri S. Ramaswamy for A.Y. 1992-93 and 1993-94 remains the same.</p>		
		<p><b>B. <u>M/S Fairgrowth Financial Services Ltd.</u></b></p>		
		<p>The tax demand for A.Y. 93-94 was raised consequent to the order of the Hon'ble ITAT, Bangalore. The said order was subsequently recalled by the ITAT. Hence, the demand became unenforceable as of now.</p>		
12.	16.37	<p>The lack of a proper risk management system in secondary market operations, the absence of any laid down guidelines for dealer authority and stop-loss limits to liquidate loss making positions, the absence of any documentation of the rationale for secondary market transactions in particular shares, the concentration of power for both fund</p>	<p><b>As reported in May, 2003</b> The matter is under consideration of the Government. <b>As reported in December, 2003</b> Cases of Secondary Market transactions of UTI in the shares of 89 companies identified by Tarapore Committee have been referred to SEBI for enquiry. <b>As reported in June, 2004</b> The position has been explained against Para No.16.29. <b>As reported in December, 2004</b></p>	<p>In the summary reports, SEBI have recommended referring 78 cases out of the 88 to independent investigative agency where incidents of broker-UTI dealer nexus, front running and benchmarking etc. have been found. These summary reports have been sent to Administrator, Specified Undertaking of Unit Trust of</p>

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	<p>management as well as dealing room operations in one person and the lack of any security system to preserve the confidentiality of the dealing room's voice recording mechanism lead the Committee to conclude that the absence of laid down procedures for secondary market transactions allowed the UTI management to purchase and sell any quantity of any share in the secondary market without any accountability. The Committee recommend a thorough enquiry of the secondary market transactions in the shares of the 89 companies identified by the Tarapore Committee. This enquiry may be conducted by SEBI for the period 1992-1993 to 2000-2001 by looking at these transactions at the level of UTI's dealing room and at the level of individual brokers and responsibility be fixed for any incidents of broker-UTI dealer nexus, front running, benchmarking, etc. As the lack of any documentation of secondary market transactions will make an audit trail difficult, the Committee desire that SEBI devise suitable mechanisms for identifying wrongdoing. Steps may be taken thereafter by SEBI and UTI to take action against the wrongdoers including referring appropriate matters to an independent investigative agency.</p>	<p>The corrective action taken in respect of systems, procedures, delegations of powers, risk management etc. has been reported against para No.15.9 of the first ATR. As regards, accountability action, the position is given as against para No.16.29.</p> <p><b>As reported in July, 2005</b> SEBI have intimated that the audit report in respect of 26 companies has been submitted by the auditors. Regarding the inspection on secondary market transactions of the companies, all the auditors have been authorized to approach the stock exchanges/brokers to collect the following information required by them:</p> <p>(a) Price volume data on scrips, annual reports, transactions done by particular brokers etc., counterparties, reasons for certain scrips not being traded etc.</p> <p>(b) Registration and history of brokers, names of proprietors/ partners/directors including the information on blacklisting. A meeting of the auditors was also convened on January 5, 2005 by SEBI to ascertain the progress made and to impress upon the auditors to expedite the inspections</p> <p>SEBI have also advised certain stock exchanges to furnish the auditors such data and information as may be required by them. They have also written to SUUTI to furnish such information and documents as may be required by auditors. Subsequent to the meetings held by SEBI with the Auditors on 5.1.2005 and 9.2.2005 and with the officials of Specified Undertaking of UTI [SUUTI] on 1.2.2005 and 1.4.2005, respectively, SEBI held a meeting with the Auditors and SUUTI on 19.4.2005 to ascertain the current status of the inspection work. The mater was followed up with auditors. 3 auditors have informed that information is still pending from SUUTI whereas, 10 Auditors have informed that information is yet pending from BSE/ NSE/ other exchanges.</p> <p><b>As reported in December, 2005</b> As against para No. 16.29.</p> <p><b>As reported in May, 2006</b> As against Para 16.29.</p> <p><b>As reported in December, 2006</b> As against para 16.29</p>	<p>India (SUUTI) with the advise the place the matter before the Board of Advisors in its forthcoming meeting for taking appropriate action as recommended by the JPC.</p>



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			<p><b>As reported in May, 2007</b> As against para 16.29.</p> <p><b>As reported in December, 2007</b> Out of 88 companies, inspection reports have been received in respect of 82 companies. SEBI is examining the same.</p> <p><b>As reported in May, 2008</b> SEBI has informed that the inspection reports in respect of all the 88 companies have been received and they are examining the same.</p> <p><b>As reported in December, 2008</b> SEBI has submitted the summary reports to the DEA in respect of 88 companies and the same are under consideration.</p>	
13.	16.47	The Committee deplore the imprudent manner in which stocks were purchased and retained, leading to a host of malpractices which require comprehensive audit and pre-investigation by a suitably empowered body before proceeding to the investigative level. The Committee are satisfied with the process adopted by UTI in respect of the investment decisions in the case of 19 companies. The Advisory Board on Bank, Commercial and Financial Frauds should expeditiously take a final decision on these. The Committee recommend that the procedure suggested by the Tarapore Committee also be adopted in the case of investment decisions in the remaining 70 cases, as this meets the ends of natural justice. The Committee desire that the entire process should be completed within six months of the presentation of this report to Parliament. There is no cause for further delay in this matter.	<p><b>As reported in May, 2003</b> The matter is under consideration of the Government.</p> <p><b>As reported in December, 2003</b> As against para 16.37</p> <p><b>As reported in June, 2004</b> The position has been explained against Para No.16.29.</p> <p><b>As reported in December, 2004</b> As against para 16.29.</p> <p><b>As reported in July, 2005</b> As against para No. 16.37.</p> <p><b>As reported in December, 2005</b> As against para No. 16.29.</p> <p><b>As reported in May, 2006</b> As against Para 16.29.</p> <p><b>As reported in December, 2006</b> As against para 16.29</p> <p><b>As reported in May, 2007</b> As against para 16.29.</p> <p><b>As reported in December, 2007</b> As against para 16.37</p> <p><b>As reported in May, 2008</b> As against para 16.37.</p> <p><b>As reported in December, 2008</b> As against para 16.37</p>	As against para No.16.37.
14.	16.53	The Committee highlight this transaction as another serious violation of norms in	<p><b>As reported in May, 2003</b> Legal notice has been issued to M/s. Numero Uno by UTIMF for</p>	UTI had sanctioned one time settlement

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	<p>UTI and accordingly recommend investigation into the entire transaction, including possible extraneous considerations which might have actuated it. Moreover, the Committee deplore the failure of UTI to pursue recovery proceedings against a corporate, which sought investment from UTI on the basis of an undertaking that it would compensate UTI for any loss in the transaction. The Committee recommend that UTI should vigorously pursue all civil and criminal avenues to recoup its investment in Numero Uno International in a time bound manner. UTI should review the role of both Numero Uno International as well as the company that arranged the transaction and take action against them in case there is evidence that they misrepresented the true affairs of the company while seeking investment from UTI. The Committee also recommend that UTI should take immediate steps to hold the concerned officials who processed this transaction accountable and take action against such officials. Besides other actions, law permitting, UTI should initiate civil proceedings of damages against its concerned officials including the then Chairman to recover the losses sustained by its unit holders for a decision which they took without due diligence and in violation of UTI's norms and procedures.</p>	<p>recovery. As regards civil proceedings against the ex-Chairman and officials of the Trust, UTI is seeking legal opinion of an external legal specialist and further action would be considered based on their advice.</p> <p><b>As reported in December, 2003</b>            UTIAMC (Pvt.) Ltd. and the Administrator, Specified Undertaking of the Unit Trust of India (SUUTI) have filed petition before the Debt Recovery Tribunal, Mumbai against Numero Uno international and others for recovery of amount. Similarly, civil suit has been filed in the High Court of Mumbai against the ex-Chairman Shri P.S. Subramanyam. Both the matters have been filed on July 24, 2003. Based on the initial findings of the vigilance enquiry, further civil action for damages has been approved by the Administrator against other officials viz. ex-official Shri Basudeb Sen, Executive Director, Shri S.K. Basu, Executive Director (under suspension) and ex-official Shri S.K. Saha, Chief General Manager who share responsibility for putting through the transaction.</p> <p><b>As reported in June, 2004</b>            The vigilance enquiry has been completed and further action is in progress.</p> <p><b>As reported in December, 2004</b>            SUUTI has informed that vigilance report alongwith the Report of the JPC and Tarapore Committee Reports have been referred to the Board Level Committee on August 24, 2004 for recommending further course of action.</p> <p><b>As reported in July, 2005</b>            UTIAMC and the Administrator, Specified Undertaking of the Unit Trust of India filed petition on July 24, 2003 before the Debt Recovery Tribunal, Mumbai against Numero Uno International and others for recovery of amount. Similarly, civil suit has been filed in the High Court of Mumbai against the ex-Chairman Shri P S Subramanyam. Further civil action for damages has been initiated against other officials, viz. ex-official Dr. Basudeb Sen (ED), Shri S K Basu (ED-under suspension) and ex-official Shri S K Saha (CGM), who share responsibility for putting through the transaction. The findings of the internal vigilance enquiry have been examined by the Board Level Committee. The Committee have recommended as under:</p>	<p>(OTS) of Rs. 15 crore with interest of 8% w.e.f. 01.04.2007 against initial investment of Rs. 14.60 crore. As against this, the Company has paid to SUUTI and UTI MF total amount of Rs. 15.62 crore, as full and final settlement.</p> <p>As Numero Uno International Ltd. (the company) has paid the full amount in terms of the OTS, SUUTI has recommended for treating the action as complete in respect of this para.</p> <p>CBI has also informed that their Economic Offences Wing, Mumbai branch has registered a case vide RC5/E/2006-CBI/EOW/Mumbai on 29.6.06. After completion of investigation, a closure report was filed in the court of law on 30.4.08 and the same has been accepted by the court on 5.5.08.</p> <p>In view of the above, it is proposed that the action on this para may be treated as <b>complete</b>.</p>

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		<p>The Committee have not taken any view on the role played by the then Chairman, Shri P.S. Subramanyam.</p> <p>As regards Shri S.K. Saha, ex-CGM, his retirement benefits are withheld. The Committee have recommended that the Competent Authority may take appropriate action.</p> <p>As regards Shri S.K. Basu, under suspension, the Committee have recommended that the Competent Authority may take appropriate action.</p> <p>As regards, Dr. Basudeb Sen, ex-ED and Smt. Prema Madhu Prasad, GM, the Committee have not recommended any action.</p> <p><b>As reported in December, 2005</b></p> <p>No change in the status.</p> <p><b>As reported in May, 2006</b></p> <p>No change in the status.</p> <p><b>As reported in December, 2006</b></p> <p>Following actions have been taken against the employees concerned:</p> <ul style="list-style-type: none"> <li>(i) Case against Shri P S Subramanyam, ex-Chairman is being looked into by CBI and other agencies and action will be taken consequent upon their recommendations.</li> <li>(ii) Penalty of 'dismissal from service' has been imposed on Shri S K Basu, ED and he stands dismissed from the service of UTI AMC w.e.f the close of office hours on 28.07.2006.</li> <li>(iii) The penalty of recovery of pecuniary loss caused to UTI has been imposed on Shri S K Saha, Ex-CGM and the amount of his retirement dues, which was withheld, has been forfeited.</li> </ul> <p>SUUTI has informed that the matter was placed before the Board of Advisors of SUUTI on April 26, 2006. The SUUTI Board has noted the matter. However, Administrator, SUUTI has been requested to review the matter.</p> <p><b>As reported in May, 2007</b></p> <p>Erstwhile UTI had made an investment of Rs. 14.60 crores in three lakh equity shares of the Numero Uno International Ltd. (the company) in the year 2000. The Company has agreed to buy back the said shares for Rs. 14.60 crores payable in quarterly installments ending on 31.3.2008, which has been</p>	

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		<p>approved by the Board of Advisors of SUUTI and the Board of Directors of UTI AMC. The company has started repaying the amount in terms of the agreement. Post dated cheques have been received from the company for the agreed amount. First installment of Rs. 300 lakh has been received in January, 2007 and second installment of Rs. 240 lakh has been received in April, 2007.</p> <p><b>As reported in December, 2007</b> Numero Uno International Ltd. has paid the installment of Rs. 260 lac which was due in June, 2007.</p> <p><b>As reported in May, 2008</b> UTI had sanctioned one time settlement (OTS) of Rs. 15 crores with interest of 8% w.e.f. 01.04.2007 against initial investment of Rs. 14.60 crores. The Company has paid Rs. 15.54 crores in terms of OTS and a small amount towards interest for the delayed payment of installment and legal charges is pending, which is being pursued.</p> <p><b>As reported in December, 2008</b> UTI had sanctioned one time settlement (OTS) of Rs. 15 crores with interest of 8% w.e.f. 01.04.2007 against initial investment of Rs. 14.60 crores. As against this, the Company has paid to SUUTI and UTI MF total amount of Rs. 15.62 crores, as full and final settlement.</p>	