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## Article Title: Watch out before making investments

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BANGALORE, INDIA: Are you planning to invest your life's savings in stock markets and company deposits? If yes, there are chances you may be tapping the wrong doors. Unscrupulous promoters vanishing with funds deposited by thousands of people regularly makes it to headlines in our country. With such instances repeating now and then, what's the harm in getting a little wiser in taking the right decision before investing your hard earned money.

All your doubts and queries will get solved at [watchoutinvestors.com](http://watchoutinvestors.com), a free public service website sponsored and aided by Investor Education & Protection Fund, Ministry of Corporate Affairs, Government of India.

Created by Prime Investors' Protection Association and League (PIPAL), a couple of years ago, the website arms investors with a self-defence tool to protect themselves against indicted entities and individuals. It helps track all regulatory actions against such dubious firms and their promoters.

### **Over 88,000 entities are now listed**

As of August 31, 2008, the website has listed over 88,000 entities.

Entities : 60,078

Individuals : 27,935



Why this website? "Our mission behind launching this website was to prevent unscrupulous entities from harming investors and, thereby help build public confidence in the financial system enabling greater flow of public investment to the right avenues," says Prithvi Haldea, Director of Prime Database and the mind behind [watchoutinvestors.com](http://watchoutinvestors.com)

"The website was created on the premise that investors have lost confidence in the market consequent to thousands and thousands of unscrupulous entities having committed frauds or not complying with the economic laws of the land, and that many of these entities keep reappearing to harm the investors again, often with a new company or changed company names or by floating new schemes, taking advantage of short public memory and exploiting greed," adds Haldea.

Explaining further, Haldea says, "Though penal regulatory action has been taken against many of such entities, information about such actions was scattered and was in a difficult-to-access, difficult-to-use format across a large number of sources i.e. websites, databases, publications, notifications and orders of the government and of other organizations, agencies, courts of law, tribunals and commissions. It was almost impossible for an investor to locate an indicted entity at any regulator's website and worse, the absence of a combined database of actions taken by all regulators prevented the investors from assessing the extent of defaults by a given entity. Even the regulators were nor able to take any pre-emptive/considered judgments. All these issues paved way for the creation of this website."

This first-of-its-kind-in-the-world website is now a national web-based registry covering entities including companies, intermediaries, and wherever available persons associated

with such entities, who

- have been indicted by a competent authority for an economic default, and/or
- have been indicted by a competent authority for non-compliance of laws/guidelines, and/or
- are no longer in the specified activity

### **Regulators covered**

The website covers the orders of several regulatory bodies, including the following:

- \*Bombay Stock Exchange
- \*Central Depository Services (India) Ltd.
- \*Company Law Board
- \*Debt Recovery Tribunals
- \*Employees' Provident Fund Organization
- \*Insurance Regulatory & Development Authority
- \*Ministry of Corporate Affairs, Registrars Of Companies
- \*National Housing Bank
- \*National Securities Depository Ltd.
- \*National Stock Exchange of India Ltd.
- \*Reserve Bank of India
- \*Securities and Exchange Board of India

### **Value edition by the website**

The website is updated on a daily basis. For each entry, the reason for the action and the action taken by the regulatory body is provided in a summary form and the source document is attached for authenticity and details. The website also provides decisions of the higher appellate authorities.

### **Why should investors use this website**

watchoutinvestors.com enables investors to do a fast, efficient and user-friendly search and provides them with the information on such entities/persons which they can use:

- before making any new investments with such entities
- for continuously reviewing their existing portfolio vis-à-vis such entities.
- for getting automatic email alerts on companies in their portfolio for new actions (mywatchout).
- The website also allows investors to check for dubious name changes of thousands of by companies.

### **Vanishing companies**

Another interesting feature on the website is the list of vanishing companies, that happened in the 90s. "Nearly 3000 companies who made IPOs vanished with investor funds. Fortunately the stringent regulations and a better market structure would not see a recurrence of the vanishing companies phenomenon," feels Haldea.

"For enterprises, the website can be of help in due diligence for a customer/supplier/partner," he adds.

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