

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

LOK SABHA

STARRED QUESTION NO. 256

ANSWERED ON FRIDAY, THE 02ND DECEMBER, 2016

[AGRAHAYANA 11, 1938 (SAKA)]

VANISHING COMPANIES

QUESTION

***256. SHRI CHANDRAKANT KHAIRE:**

Will the Minister of CORPORATE AFFAIRS

be pleased to state:

- (a) whether the Government is aware of companies collecting money from investors and vanish;**
- (b) if so, the details thereof along with the number of fraud cases indulged in by vanishing companies reported, number of investors cheated, amount involved, during the last three years and current year, State/ UT-wise;**
- (c) whether the names of such companies have been listed on various Stock Exchanges and if so, the details thereof, Company-wise;**
- (d) the details of existing guidelines laid down to save investors from such fraudulent companies; and**

(e) the other steps taken/being taken by the Government to protect the investors from such vanishing companies?

ANSWER

THE MINISTER OF CORPORATE AFFAIRS

(SHRI ARUN JAITLEY)

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

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE
STARRED QUESTION NO. 256 FOR ANSWER IN LOK SABHA ON 02-12-2016**

(a) to (d):

Illegal collection of money by companies resorting to ‘Chits’, ‘Ponzi’ or ‘money circulation schemes’ are covered under the Prize Chits and Money Circulation Schemes (Banning) Act, 1978 and Chit Funds Act, 1982, implementation of which vests in the State Governments. 238 companies were initially identified by the Ministry of Corporate Affairs as ‘vanishing companies’ which raised money through public issues, out of which 160 companies have since been deleted from the list as these companies were subsequently traced. Presently, only 78 companies remain. The identification and monitoring of companies categorised as ‘Vanishing Companies’ is done by a Central Monitoring Committee and the Regional Task Forces constituted by the Government. This Committee has specified following criteria for identifying companies which have come out with public issues as “vanishing companies”:

- failed to file returns with Registrar of Companies (ROC) for a period of two years and;**
- failed to file returns with Stock Exchange (SE) for a period of two years (if it continues to be a listed company) and;**
- it is not maintaining its registered office of the company at the address notified with the Registrar of Companies/ Stock Exchange and;**
- none of its directors are traceable.**

The Ministry of Corporate Affairs has also ordered investigation under the relevant provisions of Companies Act, 1956 and 2013 into the affairs of 185 companies through Serious Fraud Investigation Office (SFIO) during the last three years and current year (up to 31-10-2016). These companies were allegedly involved in Chit Fund/ MLM/ Ponzi activities in un-authorized collection of funds from public. Details of State-wise ‘vanishing companies’ and State-wise number of companies where investigations have been ordered through SFIO during the last three years and current year (up to 31-10-2016) are indicated in Annexure-A and B, respectively.

(e) Companies Act, 2013 contains various provisions to protect investors. Views of all stakeholders including professionals, financial institutions, banking sector, CII etc. were invited and taken into consideration before enactment of the Companies Act, 2013. The provisions for protection of investors, as under the Companies Act, 2013, inter alia, include:

- i) Enhanced disclosure norms so that investors get all relevant information from companies;**

ii) "Fraud" defined for the first time as a substantive offence, and cover many dubious activities which were not specifically covered under the Companies Act, 1956;

iii) Serious Fraud Investigation Office (SFIO) has been granted statutory status with adequate powers.

iv) Auditors' accountability and independence enhanced through provisions which inter alia include rotation of auditors, etc. This would improve objectivity of audit and provide better insights to the investors.

**ANNEXURE REFERRED TO IN REPLY TO PART (a) to (d) OF THE STARRED
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State-wise list of 'Vanishing Companies' and issue size

S. No.	Name of the Vanishing Company	State	Issue size (Rs. in crore)
1.	Aashi Industries Ltd.	Gujarat	5.52
2.	Bhavna Steel Cast Ltd.	Gujarat	2.10
3.	Genuine Commodities Development Co. Ltd.	Gujarat	2.68
4.	Growth Agro Industries Ltd.	Gujarat	5.40
5.	Kesar Greenfield International Ltd.	Gujarat	5.69
6.	Lyons Industrial Enterprises Ltd	Gujarat	6.37
7.	Manav Pharma Ltd.	Gujarat	5.30
8.	Marine Cargo Company Ltd.	Gujarat	3.41
9.	Naturo-Pest Ltd.	Gujarat	4.84
10.	Nishu Fincap Ltd.	Gujarat	4.25
11.	Pur Opale Creations Ltd	Gujarat	6.78
12.	Protech Circuit Breakers Ltd.	Gujarat	2.00
13.	Protech Switchgears Ltd.	Gujarat	2.00
14.	Shree Yaax Pharma & Cosmetics Ltd.	Gujarat	6.06
15.	Spil Finance Ltd.	Gujarat	5.70
16.	Sushil Packagings (India) Ltd.	Gujarat	4.52
17.	Top Line Shoes Ltd	Gujarat	7.8
18.	Adithya Alkaloids Pvt. Ltd.	Andhra Pradesh	3.55
19.	Canara Credit Ltd.	Andhra Pradesh	2.49
20.	Daisy Systems Limited	Andhra Pradesh	1.31
21.	Imap Technologies Pvt. Limited	Andhra Pradesh	1.80
22.	Kamakshi Housing Finance Ltd.	Andhra Pradesh	5.71
23.	Deccan Petroleum Ltd.	Andhra Pradesh	4.57
24.	Orpine Systems Limited	Andhra Pradesh	2.71
25.	Raam Tyres Ltd.	Andhra Pradesh	9.59
26.	Sequelsoft India Limited	Andhra Pradesh	6.00

27.	Sibar Media & Entertainment Limited	Andhra Pradesh	3.50
28.	Sibar Software Services (India) Ltd	Andhra Pradesh	3.50
29.	Swal Computers Ltd	Andhra Pradesh	2.60
30.	Visie Cyber Tech Ltd.	Andhra Pradesh	1.40
31.	Ambuja Zinc Ltd.	Bihar	2.14
32.	Bodh Gaya Ceramics Ltd.	Bihar	0.49
33.	Cilson Organics Ltd.	Bihar	8.00
34.	Shree Vaishnavi Dyeing and Printing Ltd.	Bihar	3.24
35.	Carewell Hygiene Products Ltd	Chandigarh	2.49
36.	Sukhchain Cements Ltd.	Chandigarh	3.65
37.	Kedia Infotech Ltd	Delhi	4.98
38.	Hoffland Investments Ltd.	Delhi	2.90
39.	Simplex Holdings Ltd	Delhi	2.27
40.	Star Electronics Ltd.	Delhi	2.47
41.	Zed Investments Ltd.	Delhi	2.80
42.	Flora Wall Coverings Ltd.	Karnataka	5.82
43.	Ocean Knits Limited	Karnataka	2.61
44.	Hi-Tech Drugs Ltd.	Madhya Pradesh	3.23
45.	Madhyavart Exxoil Ltd.	Madhya Pradesh	2.30
46.	Rajadhiraj Industries Ltd.	Madhya Pradesh	2.50
47.	South Asian Mushrooms Ltd.	Madhya Pradesh	6.10
48.	Sterling Kalk Sand Bricks Ltd.	Madhya Pradesh	4.44
49.	Caldyn Aircon Ltd.	Maharashtra	4.45
50.	Global Exhibitions Ltd.	Maharashtra	4.45
51.	Hitesh Textile Mills Ltd.	Maharashtra	7.48
52.	Ichalkaranji Soya Ltd.	Maharashtra	2.00
53.	Pashupati Cables Ltd.	Maharashtra	11.95
54.	Realtime Finlease Ltd.	Maharashtra	3.75
55.	Rusoday & Company Ltd.	Maharashtra	0.94
56.	Sparkle Foods Ltd.	Maharashtra	5.00
57.	Vipul Securities Ltd.	Maharashtra	3.00
58.	Universal Vita Alimentare Ltd.	Orissa	1.80
59.	Hallmark Drugs and Chemicals Ltd.	Punjab	7.00
60.	Amigo Exports Ltd.	Tamil Nadu	3.30

61.	Crestworld Marine Ltd.	Tamil Nadu	4.38
62.	Ma Capital Market Services Ltd.	Tamil Nadu	1.44
63.	Nagarjuna Jiyo Industries Ltd.	Tamil Nadu	2.73
64.	Novel Finance (India) Ltd.	Tamil Nadu	1.50
65.	Panggo Exports Ltd.	Tamil Nadu	2.47
66.	Saigruha Finances and Engineering Limited	Tamil Nadu	4.05
67.	Shyam Prints & Publishers Ltd.	Tamil Nadu	2.25
68.	AVR Securities Ltd.	Tamil Nadu	2.47
69.	Global Blooms (India) Ltd.	Tamil Nadu	2.10
70.	Rizvi Exports Ltd.	Uttar Pradesh	3.65
71.	Shefali Papers Ltd.	Uttar Pradesh	2.57
72.	Siddhartha Pharmachem Ltd.	Uttar Pradesh	12.00
73.	Vidiani Agrotech Industries Ltd.	Uttar Pradesh	2.80
74.	Asian Vegpro Industries Ltd.	West Bengal	7.09
75.	Kiev Finance Ltd.	West Bengal	12.00
76.	Oriental Remedies and Herbals Ltd.	West Bengal	1.88
77.	SSK Fiscal Services Ltd.	West Bengal	2.00
78.	Saket Extrusions Ltd.	West Bengal	2.13

**ANNEXURE REFERRED TO IN REPLY TO PART (a) to (d) OF THE STARRED
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**State-wise and year-wise details of investigations ordered during the last
three years and current year (up to 31.10.2016) into the affairs of
companies involved in chit fund/ ponzi/ MLM activities**

2013-14

S. No.	State	No. of Companies ordered for Investigation
1	West Bengal	57
2	Assam	01
3	Uttar Pradesh	05
Total		63

2014-15

S. No.	State	No. of Companies ordered for Investigation
1	West Bengal	29
2	Jharkhand	02
3	Bihar	02
4	Orissa	18
Total		51

2015-16

S. No.	State	No. of Companies ordered for Investigation
1	West Bengal	26
2	Orissa	08
3	Maharashtra	05
4	Punjab	01
5	Rajasthan	01
6	Assam	06

Total	47
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2016-17

S. No.	State	No. of Companies ordered for Investigation
1.	Maharashtra	01
2.	West Bengal	19
3.	Orissa	01
4.	Assam	03
Total		24
