

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 1300
ANSWERED ON SATURDAY, THE 19TH SEPTEMBER, 2020
BHADRAPADA 28, 1942 (SAKA)**

**CASES UNDER SFIO
QUESTION**

1300: SHRI DUSHYANT SINGH:

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

कारपोरेट कार्य मंत्री

- (a) the details of the top 50 cases of fraudulent companies in terms of the amount involved that is being investigated by the Serious Fraud Investigation Office (SFIO);
- (b) whether these companies maintain their books of account as per prescribed standards; if so the details thereof and if not the reasons therefor;
- (c) the details of the bank and the amount of money that has been borrowed from them by these top 50 companies;
- (d) whether the SFIO has been working along with National Financial Reporting Authority to design audit norms for auditors of corporates, if so, the details thereof and if not, the reasons therefor; and
- (e) the number of cases that have been registered with SFIO and the rate of conviction along with the details of the time taken to revolve the cases?

ANSWER

**THE MINISTER OF STATE FOR
FINANCE AND CORPORATE AFFAIRS**
वित्त एवं कारपोरेट कार्य मंत्रालय में राज्य मंत्री

(SHRI ANURAG SINGH THAKUR)
(श्री अनुराग सिंह ठाकुर)

- (a): At present, investigation of 92 cases (excluding 6 cases where stay has been granted by courts or investigation orders were quashed by the courts) are being carried out by SFIO. The gradation of cases under investigation in terms of the amount involved could be known after the completion of investigation of these cases.
- (b)&(c): The books of account and other record in the above mentioned cases are being investigated into for detecting the fraud.
- (d): The auditors of the companies are governed under the Companies Act, 2013 and rules thereunder. Chapter X (Section 139 to 148) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 deal with the provisions of Audit and Auditors. Section 143(9) of the Companies Act, requires that every auditor shall comply with the auditing standards while auditing the financial statements of the Companies and in case of contravention of this section, the auditor shall be punishable as per section 147(2) of the Act. After constitution of

the National Financial Reporting Authority (NFRA), these auditing standards are notified by the Central Government under section 143(10) of the Act, on the recommendations of NFRA, which makes such recommendations to the Central Government after examination of the proposal received from the Institute of Chartered Accountants of India (ICAI). Further, in pursuance of section 143(11) of the Act and in order to bring the quality of reporting by the auditors on the financial statements of the companies, the Central Government in consultation with NFRA, from time to time, by way of special order, directs that the auditor's report shall also include a statement on such matters as may be specified therein. The Ministry has recently notified the Companies (Auditor's Report) Order, 2020 (CARO 2020) vide notification dated 25.02.2020 in pursuance of section 143(11) of the Act.

In order to ensure that an oversight over auditors is especially provided for in those companies and body corporates where significant public interest is inherent, the Government of India has constituted NFRA under section 132 of the Act for oversight on auditors and audit firms associated with all listed companies and certain large unlisted public companies as prescribed under the Rules. Under section 132 of the Companies Act, 2013, NFRA is responsible for recommending accounting and auditing policies and standards, monitor and enforce the compliance with accounting standards and auditing standards, oversee the quality of service of the professions associated with ensuring compliance with such standards, suggest measures required for improvement in quality of service and such other related matters, undertaking investigations in respect of quality of audit of listed companies and Public unlisted companies above a prescribed threshold, and imposing sanctions against defaulting auditors and audit firms in the form of monetary penalties or debarment from being appointed as an auditor or internal auditor or undertaking any audit or internal audit of any company or body corporate or performing any valuation, under section 247 of the Act, for a minimum period of six months or such higher period not exceeding ten years.

(e): The details of complaints filed by SFIO before various courts, conviction rate and average time taken for disposal of complaints in the Courts, as on date, are as under:

No. of complaints filed	No of complaints		Conviction rate (%)	Avg. Time taken
	Disposed	Conviction secured out of disposed of cases		
1182	462	326	70 %	63.5 months

The conviction rate up to the year 2013-14 was 48% and as on date it has come to 70%.