THE HON'BLE SRI JUSTICE CHALLA KODANDA RAM

<u>COMPANY APPLICATION No.1835 of 2015</u>

<u>In</u>

<u>COMPANY PETITION NO.108 of 2001</u>

Date:08.12.2015

ORDER:

This Company Application is filed by the Official Liquidator under Sections 456, 457(1) (e) of the Companies Act, 1956 r/w Rule 9 of the Companies (Court) Rules, 1959 seeking to appoint an investigation agency to investigate into the matter.

Brief averments made in the application are that In the Administrative Report, dated 9.10.2015 the Official Liquidator had placed on record the interest rates that are being offered for bank deposits by various banks. At paragraph-6 of the said Administrative Report, the Official Liquidator stated that there are six banks which have offered interest rates varying from 7.25% p.a. to 8% p.a. for deposits below one crore for one year and for above one year for one crore the interest rate is from 6.75% p.a. to 7.25% p.a. The Official Liquidator had informed the Court that the State Bank of Hyderabad, High Court Branch, Hyderabad has offered 8% p.a. On such report, through order dated 14.10.2015 my learned brother Justice C.V. Nagarjuna Reddy had endorsed that "as State Bank of Hyderabad is offering highest rate of interest, the amounts be deposited with it."

Now it has been brought to the notice of this Court that though State Bank of Hyderabad, High Court Branch was shown in the application, a sum of Rs.9,86,11679/- was deposited in State Bank of Hyderabad, Malkajgiri Branch through RTGS.

Recently it came to light that the funds deposited by the Official Liquidator in the United Bank of India Khammam Branch, were transferred in favour of Telangana New & Renewable Energy Development Corporation Limited and from there the money was transferred to different accounts across the country. As a matter of fact, subsequent investigation by the State Investigating Officer, pursuant to the complaint made by the Official Liquidator, revealed that the sums were transferred to various accounts in far away places in Maharastra, Gujarath, Chennai besides Hyderabad. The accounts are in – Bank of Maharastra, Axis Bank, Development Credit Bank (DCB), IDBI Bank, Sahebrao Deshmukh Cooperative Bank Limited etc. The amounts were also transferred in different names, viz., Aadi Enterprises, Bombay Mercantile Cooperative, Goreswar Grameena Multistate Credit Cooperative Society, Hardik P. Joshi etc. It has also been revealed from the information available in public domain that the money belonging to the Government of Karnataka was transferred into a fictitious account by name Rajeev Gandhi Foundation Trust, and the said amount was further transferred into various accounts. One of the accounts to which the money came to be transferred is Goreswar Gramina Multistate Credit Cooperative Society, Siddembar Bazar, Hyderabad. A part of the amount from the United Bank of India, Khamma Branch was also transferred to Goreswar Gramina Multistate Credit Cooperative Society. Involvement of Goreswar Gramina Multistate Credit Cooperative Society in relation to transfer of funds from Rajeev Gandhi Foundation Trust, and from the United Bank of India Khammam Branch cannot be a coincidence. Similarly, the money deposited with the State Bank of Hyderabad, Malkajgiri Branch was also transferred to various accounts. All these transactions appear to have been carried out with premeditated systematic plan involving a large number of people from different States. The involvement of certain of the bank officials, who are well conversant with the system and accounting procedures, particularly, keeping the money in suspense accounts and posting of the entries into respective accounts, cannot be ruled out.

Considering the fact that likelihood of involvement of a large number of persons in perpetuating the crime of swindling and siphoning of money from the banks, and considering the fact that the amounts were transferred to various accounts across the country, the matter requires expertise and involvement of a Central Agency, which has an organized set up in every State. Any delay in carrying out the investigation would result in culprits escaping from the clutches of law, as it would take considerable time for the State Agency to create the infrastructure and facilities to enable the State Officials to carry out the investigation. On the other hand, involvement of a Central Agency at the earliest point of time would facilitate the process of investigation at lightening speed as they already have a well-heeled set up in every State.

In that view of the matter, considering the importance of the matter, especially the involvement of public money, I deem it appropriate to direct the DIG, CBI (ACB) Hyderabad to register F.I.R filed by the Official Liquidator and cause a comprehensive investigation both in relation to the cases involving United Bank of India, Khammam Branch and State Bank of Hyderabad, Malkajgiri Branch. DIG, CBI shall be at liberty to seek any further instructions that may be required from this Court, from time to time. The investigating officers are entitled to issue distraint orders and freeze the money in the Banks, which are involved in these transactions and take necessary steps by issuing necessary orders in exercise of their powers.

In view of the fact that public importance is involved in this case, I hope and trust that the CBI would act as expeditiously as possible and take necessary steps to bring the culprits booked.

Accordingly, the Company Application is allowed.

JUSTICE CHALLA KODANDA RAM

8th December, 2015

Js.

Note: Issue C.C. immediately.