



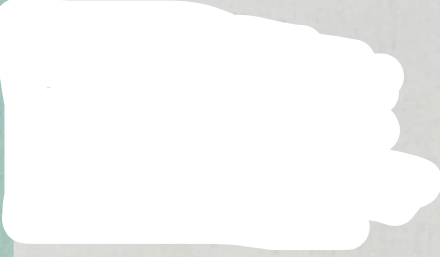
(Speed Post)

आई एफ सी आई लिमिटेड  
(A Government of India Undertaking)  
(भारत सरकार का उपक्रम)

No. IFCI/RTI/987/2022 -

Dated: 24<sup>th</sup> January 2022

To,



Dear Sir,

**Sub: Information sought under RTI Act, 2005.**

Please refer to your RTI Application dated 18/12/2021 seeking certain information under the provisions of the RTI Act, 2005.

2. In this regard, the point wise reply to the queries are as under:-
  - I. In response to query no.1 of your RTI Application, the copy of the Flash Report (during the period 01/4/2017 to 30/12/2017) is enclosed as Annexure-A.
  - II. In response to query no.2 of your RTI Application, the copy of the FMR-1 Report (during the period 01/4/2017 to 30/12/2017) is enclosed as Annexure-B.
3. The details of the First Appellate Authority is as under:-

Mrs. Sapna Jain, DGM(L), First Appellate Authority, IFCI Ltd., IFCI Tower, 61, Nehru Place, New Delhi-110019

वरिंदर मलिक  
(वरिंदर मलिक)

केंद्रीय लोक सूचना अधिकारी, आईएफसीआई.लि.

Varinder Malik / वरिंदर मलिक  
Central Public Information Officer  
(केंद्रीय लोक सूचना अधिकारी)  
(IFCI Ltd. / आईएफसीआई.लि.)  
New Delhi / (नई दिल्ली)

आई एफ सी आई लिमिटेड

पंजीकृत कार्यालय:

आईएफसीआई टावर, 61 नेहरू प्लेस, नई दिल्ली - 110 019

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फैक्स: +91-11-2623 0201, 2648 8471

वेबसाइट: www.ifcilttd.com

सीआईएन: L74899DL1993GOI053677

1948 से राष्ट्र के विकास में

**IFCI Limited**

**Regd. Office:**

IFCI Tower, 61 Nehru Place, New Delhi - 110 019

Phone: +91-4173 2000, 4179 2800

Fax: +91-11-2623 0201, 2648 8471

Website: www.ifcilttd.com

CIN: L74899DL1993GOI053677

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## Flash Report

1	Name of the Principal party/account	Sri Krishna Stockist & Traders Pvt. Ltd. 1-8-5 Kovvur Mandal, I Pangidi, West Godavari District, Andhra Pradesh-534342																																										
2	Promoter	Shri Thota Kanna Rao Smt. T. Venkata Ramana																																										
3	Loan amount sanction and disbursement	<p style="text-align: right;">(Rs. in crore)</p> <p><b>Sanction</b></p> <table border="1"> <tr> <th>Particulars</th><th>Amount Sanctioned</th><th>Date of Sanction</th></tr> <tr> <td>CL</td><td>80.00</td><td>23/01/2015</td></tr> </table> <p><b>Disbursement</b></p> <table border="1"> <tr> <th>Particulars</th><th>Amount Disbursed</th><th>Date of Disbursement</th></tr> <tr> <td>Tranche 1</td><td>40.00</td><td>27/03/2015</td></tr> <tr> <td>Tranche 2</td><td>40.00</td><td>31/12/2015</td></tr> <tr> <td>Total</td><td>80.00</td><td></td></tr> </table>	Particulars	Amount Sanctioned	Date of Sanction	CL	80.00	23/01/2015	Particulars	Amount Disbursed	Date of Disbursement	Tranche 1	40.00	27/03/2015	Tranche 2	40.00	31/12/2015	Total	80.00																									
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4	<p><b>Security:</b></p> <ul style="list-style-type: none"> <li>Mortgage of following land parcels belonging to the promoter, Mr. T. Kanna Rao, to give 2.5 times cover at DSV:</li> </ul> <table border="1"> <thead> <tr> <th rowspan="2">Sr. No.</th><th rowspan="2">Sy No.</th><th rowspan="2">Situating at</th><th colspan="2">Extent in</th></tr> <tr> <th>Acres</th><th>Yards</th></tr> </thead> <tbody> <tr> <td>1</td><td>330/2</td><td>Kapavaram Village, Dommeru, Kovvur Mandal, West Godavari Distt., Andhra Pradesh</td><td>3.39</td><td>19312</td></tr> <tr> <td>2</td><td>323, 325/1, 325/4</td><td>Duddukuru Village, Devarapalli Mandal, West Godavari Distt., Andhra Pradesh</td><td>4.63</td><td>22409</td></tr> <tr> <td>3</td><td>1018</td><td>Devarapalli Village, Devarapalli Mandal, West Godavari Distt., Andhra Pradesh</td><td>4.43</td><td>21441</td></tr> <tr> <td>4</td><td>346/2A</td><td>Chagallu Village, Chagallu Mandal, West Godavari Distt., Andhra Pradesh</td><td>5.70</td><td>27588</td></tr> <tr> <td>5</td><td>34/13, 34/14, 35/1 &amp; 35/2</td><td>Chagallu Village, Chagallu Mandal, West Godavari Distt., Andhra Pradesh</td><td>8.10</td><td>39204</td></tr> <tr> <td>6</td><td>220/1, 220/2, 220/3, 220/4, 220/5, 220/6, 220/7, 220/8 &amp; 223/2</td><td>Unagatla Village, Chagallu Mandal, West Godavari Distt., Andhra Pradesh</td><td>6.69</td><td>32380</td></tr> <tr> <td colspan="3">Total</td><td>33.54</td><td>162334</td></tr> </tbody> </table> <ul style="list-style-type: none"> <li>Personal Guarantee of the Promoter, Mr. T Kanna Rao and the Director Mrs. T. Venkata Ramana</li> <li>DSRA for 3 months interest</li> <li>PDCs for principal and interest.</li> </ul>		Sr. No.	Sy No.	Situating at	Extent in		Acres	Yards	1	330/2	Kapavaram Village, Dommeru, Kovvur Mandal, West Godavari Distt., Andhra Pradesh	3.39	19312	2	323, 325/1, 325/4	Duddukuru Village, Devarapalli Mandal, West Godavari Distt., Andhra Pradesh	4.63	22409	3	1018	Devarapalli Village, Devarapalli Mandal, West Godavari Distt., Andhra Pradesh	4.43	21441	4	346/2A	Chagallu Village, Chagallu Mandal, West Godavari Distt., Andhra Pradesh	5.70	27588	5	34/13, 34/14, 35/1 & 35/2	Chagallu Village, Chagallu Mandal, West Godavari Distt., Andhra Pradesh	8.10	39204	6	220/1, 220/2, 220/3, 220/4, 220/5, 220/6, 220/7, 220/8 & 223/2	Unagatla Village, Chagallu Mandal, West Godavari Distt., Andhra Pradesh	6.69	32380	Total			33.54	162334
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**Valuation (2015):**

As per the reports submitted by APITCO and MITCON, the valuation of the properties were as follows:

Sr. No.	Sy No.	Situated at	Extent in Acres	Valuation (Rs. in crore)					
				APITCO			MITCON		
				FMV	RV	DSV	FMV	RV	DSV
1	330/2	Kapavaram	3.39	33.31	29.98	26.65	32.83	29.55	26.26
2	323, 325/1, 325/4	Duddukuru	4.63	37.54	33.78	30.03	36.98	33.28	29.58
3	1018	Devarapalli	4.43	38.06	34.25	30.45	37.52	33.77	30.02
4	346/2A	Chagallu	5.70	37.93	34.14	30.35	37.24	33.52	29.80
5	34/13, 34/14, 35/1 & 35/2	Chagallu	8.10	51.95	46.75	41.56	50.97	45.87	40.77
6	220/1-8 & 223/2	Unagatla	6.69	59.09	53.18	47.27	58.28	52.45	46.63
Total			33.54	257.88	232.09	206.30	253.82	228.44	203.06

**Revised Valuation (2017):**

In view of the continued defaults by the company and evasive attitude of the promoter, IFCI obtained fresh valuation of the mortgaged properties from the following empaneled valuers:

Spurthy Consultant – 13/04/2017

Lopa Verma & Associates – 07/06/2017

As per the valuation report submitted, revised valuation for the properties mortgaged are as under:

SN	Sy. No.	Area	Extent		M/s Spurthi Consultants		M/s Lopa Verma & Associates	
			Acres	Yards	FMV	DSV	FMV	DSV
					(Rs. Cr)	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)
1	330/2	Kapavaram	3.99	19312	2.90	2.30	3.99	3.39
2	323, 325/1, 325/4	Duddukuru	4.63	22409	1.12	0.90	3.24	2.75
3	1018	Devarapalli	4.43	21441	2.57	2.00	5.30	4.51
4	346/2A	Chagallu	5.70	27588	1.38	1.10	3.99	3.39
5	34/13, 34/14, 35/1, 35/2	Chagallu	8.10	39204	2.35	1.75	5.67	4.82
6	220/1-8, 223/2	Unagatla	6.69	32380	4.05	3.00	6.02	5.12
Total			33.54	162334	14.37	11.05	28.21	23.98





	<b>Valuation Analysis:</b> Revised valuations, obtained from Spurtby Consultants and Lopa Verma & Associates, have put the DSV of the mortgaged properties at Rs. 11.05 crore and Rs. 23.98 crore as compared to DSV of Rs. 206.30 cr and Rs. 203.06 cr by APITCO and MITCON in March, 2015. Therefore, it is evident that the properties mortgaged were fraudulently over-valued by APITCO and MITCON at the time of disbursement in the above account.	
5	Nature of Fraud	Collusion by the Promoter Shri T. Kanna Rao, Director Smt. T. Venkata Ramana, the borrower company SKSTPL and valuers of APITCO and MITCON by overstating the value of properties mortgaged several times the actual value.
6	Forensic Audit Report	Yet to be done





# FRAUD MONITORING RETURN

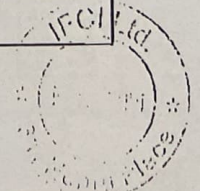
## FMR – 1

### Report on Actual or Suspected Frauds in NBFCs

#### (Vide Chapter IV)

#### Part A: Fraud Report

1	Name of the NBFC-ND-SI	IFCI Ltd.												
2	Fraud number	The Flash Report has been submitted to RBI vide DO No. IFCI/SKSTPL/2017-170816011 dated 16/08/2017												
3	Details of the branch													
	(a) Name of the branch	Bangalore												
	(b) Branch type	Regional Office												
	(c) Place	Bangalore												
	(d) District	Bangalore												
	(e) State	Karnataka												
4	Name of the Principal party/account	Sri Krishna Stockist & Traders Pvt. Ltd												
5.a	Area of operation where the fraud has occurred	Advances – Others – Corporate Loan												
5.b	Whether fraud has occurred in a borrowal account?	Yes supplied under the provisions of the RTI Act, 2005												
6a	Nature of fraud	(7) – Others - Collusion between the Borrower and the Valuers.												
6b	Whether computer is used in committing the fraud	No												
6c	If yes details	N/A												
7	Total amount involved (Rs. in lakh) as on 31/07/2017.	(Rs. in lakh) <table border="1"> <thead> <tr> <th>Particulars</th><th>Principal Outstanding</th><th>(Interest Outstanding)</th><th>Total</th></tr> </thead> <tbody> <tr> <td>CL</td><td>8000.00</td><td>133.76</td><td>8133.76</td></tr> <tr> <td>Total</td><td>8000.00</td><td>133.76</td><td>8133.76</td></tr> </tbody> </table>	Particulars	Principal Outstanding	(Interest Outstanding)	Total	CL	8000.00	133.76	8133.76	Total	8000.00	133.76	8133.76
Particulars	Principal Outstanding	(Interest Outstanding)	Total											
CL	8000.00	133.76	8133.76											
Total	8000.00	133.76	8133.76											
8.a	Date of occurrence	March, 2015 - Valuation Reports of APITCO and MITCON												
b	Date of detection	13/04/2017 (Valuation by Spurthy Consultant) and 07/06/2017 (Valuation Report of Lopa Verma & Associates)												
c	Reasons for delay, if any, in detecting the fraud	There is no delay in detecting the fraud.												
d	Date on which reported to RBI	16/08/2017												





e	Reasons for delay, if any, in reporting the fraud to RBI	No delay as the matter was under internal approvals. Valuations were being carried out to ascertain the value.
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9.a Brief History :

Sri Krishna Stockist & Traders Pvt. Ltd. (SKSTPL) was sanctioned Corporate Loan of Rs. 80 crore on 23/01/2015 and the same was disbursed in two tranches of Rs. 40 cr each on 27/03/2015 and 31/12/2015 respectively. The loan is repayable in 16 equal quarterly instalments of Rs. 5 cr each beginning from 15/06/2017.

**Security**

- Mortgage of following land parcels belonging to the promoter, Mr. T. Kanna Rao, to give 2.5 times cover at DSV:

Sr. No.	Sy No.	Situated at	Extent in	
			Acres	Yards
1	330/2	Kapavaram Village, Dommeru, Kovvur Mandal, West Godavari Distt., Andhra Pradesh	3.39	19312
2*	323, 325/1, 325/4	Duddukuru Village, Devarapalli Mandal, West Godavari Distt., Andhra Pradesh	4.63	22409
3	1018	Devarapalli Village, Devarapalli Mandal, West Godavari Distt., Andhra Pradesh	4.43	21441
4*	346/2A	Chagallu Village, Chagallu Mandal, West Godavari Distt., Andhra Pradesh	5.70	27588
5*	34/13, 34/14, 35/1 & 35/2	Chagallu Village, Chagallu Mandal, West Godavari Distt., Andhra Pradesh	8.10	39204
6	220/1, 220/2, 220/3, 220/4, 220/5, 220/6, 220/7, 220/8 & 223/2	Unagatia Village, Chagallu Mandal, West Godavari Distt., Andhra Pradesh	6.69	32380
Total			33.54	162334

\*It may be noted that Land parcels mentioned at Sr No. 2, 4 & 5 did not form part of the Appraisal Note since these were purchased after sanction.

- Personal Guarantee of the Promoter, Mr. T Kanna Rao and the Director Mrs. T. Venkata Ramana
- DSRA for 3 months interest
- PDCs for principal and interest.

As per the reports submitted by APITCO and MITCON, the valuation of the properties was as follows:

Sr. No.	Sy No.	Situated at	Extent in Acres	Valuation (Rs. in crore)					
				APITCO			MITCON		
				FMV	RV	DSV	FMV	RV	DSV
1	330/2	Kapavaram	3.39	33.31	29.98	26.65	32.83	29.55	26.26
2	323, 325/1, 325/4	Duddukuru	4.63	37.54	33.78	30.03	36.98	33.28	29.58
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4	346/2A	Chagallu	5.70	37.93	34.14	30.35	37.24	33.52	29.80
5	34/13, 34/14, 35/1 & 35/2	Chagallu	8.10	51.95	46.75	41.56	50.97	45.87	40.77
6	220/1-8 & 223/2	Unagatia	6.69	59.09	53.18	47.27	58.28	52.45	46.63
Total			33.54	257.88	232.99	206.30	253.82	228.44	203.06



The company started defaulting in payment of interest from August, 2016. PDCs issued by the company were dishonoured and Notice u/s 138 of NI Act, 1956 was issued to the company and its Directors. Account being irregular and evasive attitude of the promoters led IFCI to obtain fresh valuation of the mortgaged properties. Therefore, valuations were obtained from two empaneled valuers, Spurthy Consultants (Rajahmundry) and Lopa Verma & Associates (New Delhi).

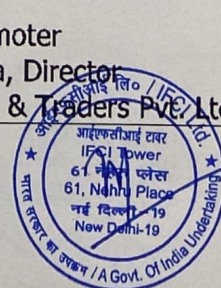
As per the valuation report submitted, **revised valuation** for the properties mortgaged are as under:

SN	Sy. No.	Area	Extent		M/s Spurthy Consultants		M/s Lopa Verma & Associates	
			Acres	Yards	FMV (Rs. Cr)	DSV (Rs. Cr)	FMV (Rs. Cr)	DSV (Rs. Cr)
1	330/2	Kapavaram	3.99	19312	2.90	2.30	3.99	3.39
2	323, 325/1, 325/4	Duddukuru	4.63	22409	1.12	0.90	3.24	2.75
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<b>Total</b>			<b>33.54</b>	<b>162334</b>	<b>14.37</b>	<b>11.05</b>	<b>28.21</b>	<b>23.98</b>

From the revised valuation reports, it is evident that the properties mortgaged were fraudulently over-valued by APITCO and MITCON at the time of disbursement in the above account. Subsequent valuations have put the DSV at Rs. 11.05 cr and Rs. 23.98 cr as compared to DSV of Rs. 206.30 cr and Rs. 203.06 cr by APITCO and MITCON in March, 2015. On further examination, it was observed that the said properties were purchased just before and after the sanction, for a consideration of Rs.10.08 cr only.

Further, the loan was sanctioned primarily for construction of storage facilities at the mortgaged lands. However, during site inspection it was found that no such work has been done.

b	Modus operandi	Collusion by the Promoter Shri T. Kanna Rao, Director Smt. T. Venkata Ramana, the borrower company SKSTPL and valuers of APITCO and MITCON by overstating the value of properties mortgaged several times the actual value.
10	Fraud committed by	
a	Staff	Being examined
b	Customers	Yes T. Kanna Rao, Promoter T. Venkata Ramana, Director Sri Krishna Stockist & Traders Pvt. Ltd.

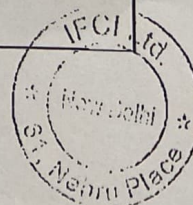




c	Outsiders	Yes APITCO and MITCON – Valuers
11.a	Whether the controlling office (Regional/Zonal) could detect the fraud by a scrutiny of control returns submitted by the branch	In IFCI, the Regional Offices directly report to Head Office. In view of continued default, revised valuation of the mortgaged properties was obtained before taking any legal action for recovery of our dues. The valuation received was significantly lower (1/20 <sup>th</sup> ) of the original value. To confirm the same, one more valuation was obtained, which also was significantly lower. Huge variation in the valuation of the properties was noticed.
b	Whether there is need to improve the information system	Information System is in place and the same is continuously being improved.
12.a	Whether internal inspection/audit (including concurrent audit) was conducted at the branch (es) during the period between the date of first occurrence of the fraud and its detection.)	<ul style="list-style-type: none"> <li>• Credit Audit conducted on 09/07/2015</li> <li>• Internal Audit for Half year ended 30/09/2016.</li> </ul>
b	If yes, why the fraud could not have been detected during such inspection/audit	Scope of Inspection / Internal Audit / Snap Audit did not cover revaluation of properties and as such it could not be detected by Internal Auditors. Fraud was detected during the course of revaluation of property, due to continued default by the company. General Lending Policy provides for valuation of property in three years.
c	What action has been taken for non-detection of the fraud during such inspection/audit	N/A
13	Action taken/proposed to be taken	
(a)	<b>Complaint with Police/Investigative Agency</b>	Being filed with CBI
i.	Whether any complaint has been lodged with the Police/ Investigative agency	No. However, a complaint has been filed by CVC with CBI.
ii.	If yes, name of office/ branch of Investigative agency	N/A
1	Date of reference	N/A
2.	Present position of the case	N/A
3.	Date of completion of investigation.	N/A
4.	Date of submission of investigation report by Police/Investigative agency	N/A

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iii.	If not reported to Police/ Investigative agency, reasons therefore	The process of filing the complaint shall be completed soon.
<b>(b)</b>	<b>Recovery suit with DRT/Court</b>	
i)	Date of filing	NA
ii)	Present position	NA
<b>(c)</b>	<b>Insurance claim</b>	
i)	Whether any claim has been lodged with an insurance company	No
ii)	If not, reasons therefore	IFCI has no policy to be indemnified in case of Fraud.
<b>(d)</b>	<b>Details of staff-side action</b>	
i)	Whether any internal investigation has been/is proposed to be conducted	Yes
ii)	If yes, date of completion	As per Staff Accountability Policy, Fact Finding Officer (FFO) was appointed by IFCI Ltd., who has submitted the report. The case has been referred to the vigilance deptt.
iii)	Whether any departmental enquiry has been/is proposed to be conducted	As mentioned above, the Fact Finding Officer (FFO) was appointed to ascertain the facts of the case. The FFO, in his report dated 01/06/2017, has not found any lapses on the part of the staff. However, Vigilance Department has pointed out serious lapses on part of officials and has initiated action.
iv)	If yes, give details as per format given below:	N.A.
v)	If not, reasons therefor	N.A.
<b>(e)</b>	<b>Steps taken/proposed to be taken to avoid such incidents</b>	Following steps are being taken to avoid recurrence of such incidents: a. Revised format for valuation report is being circulated which captures details like the dates and amount on which the property has been purchased, along with details of last sale transaction carried out in the area. b. It is also proposed to capture the Circle Rates of the land. c. Practice of accepting as security the properties owned by the promoters and leased to the company is also being looked into. d. Process of valuation acceptance streamlined and the same is now accepted by a Committee of General Managers.

