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Forensic audit begins in NSEL scam

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RAJESH BHAYANI
Mumbai, 31 July

The economic offences wing of the Mumbai police has begun dual forensic audit in the four-year-old scam involving the National Spot Exchange Ltd (NSEL).

It has started redoing the audit of accounts and financial transactions on the one hand and has embarked on an audit of all electronic records, including emails and servers, on the other. Mahindra SSG has been appointed for the digital audit, while Chetan Dalal is conducting the financial audit.

These audits cover defaulters, brokers and the NSEL.

The economic offences wing had conducted a forensic audit earlier, but it is being done again with new inputs. Both audits are being corroborated for fresh leads.

"Investigations into the NSEL scam have been strengthened. We have beefed up the



team. We have also received new leads in the cases of six brokers, which are likely to generate fresh proof to take the case to its logical conclusion," said a source in the economic offences wing.

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The Financial Technologies-promoted spot commodity exchange NSEL suspended trading on July 31, 2013, and later all its 24 borrowers defaulted in repaying about ₹5,600 crore. Around 13,000 investors lost their money in the process. A case was lodged with the

Mumbai police's economic offences wing and was later converted into a multi-agency probe, including the Central Bureau of Investigation, the Enforcement Directorate, the Serious Fraud Investigation Office, and the department of company affairs. Several cases are being heard in various courts across country.

The economic offences wing of the Mumbai police in May appointed HDFC Realty as a valuer for 46 properties over which no objections are pending and which can be auctioned after valuation. The first such auction is expected in two weeks, according to sources.

Also shares, debentures, bonds and other assets have been attached by the economic offences wing.

The move raises hopes of affected investors beginning to receive their money by Diwali. The economic offences wing earlier this month held an open meeting with NSEL investors.

The police have filed three chargesheets and as the investigation proceeds further chargesheets will be filed. "We are taking coordinated action with all the agencies concerned. Periodic meetings are being held and the Union and state governments are pushing for resolution of the long pending case," said an official.

The Maharashtra government has set up a task force to coordinate among government departments and ministries for speedy resolution of the case.

NSEL on Monday proposed a plan to recover money from defaulters. "Joint effort shall be made involving the regulatory authorities, exchange and brokers in adopting a common programme for recovery," it said in a statement.

FINANCIAL DETAILS

MCX SX		Average turnover (₹ Cr)
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Equity		
Jul 2013		4,527.9
Jul 2017		880.8

Equity derivatives		
Jul 2013		1,421.1
Jul 2017		Nil

Currency		
Jul 2013		13,517.4
Jul 2017		617.3

MCX		Average turnover (₹ cr)
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Commodities		
Jul 2013		28,745.0
Jul 2017		20,574.0

Quarter-ended	Net sales (₹cr)	Net profit (₹Cr)
Jun 2013	122.80	60.12
Jun 2017	59.20	26.25

	Mcap (₹cr)	Price in ₹
Jul 2013	2,496.55	541.55
Jul 2017	5,736.48	1,124.80

Financial Technologies (India) Ltd			
(₹ crore)	FY13	FY16	FY17

Net sales	751.9	204.6	217.16
Adjusted net profit	203.4	-253.9	23.11
Legal Expenses	22.1	90.3	NA
Cash flow from operations	159.9	-189.3	NA

	Mcap (₹ Cr)	Price in ₹
Jul 2013	3,264.0	640.0
Jul 2017	295.5	64.1

