

**GOVERNMENT OF INDIA  
CORPORATE AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:4505  
ANSWERED ON:03.05.2012  
IRREGULARITIES IN SESA GOA FIRM QUESTION  
Mahajan Smt. Sumitra

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

- (a) whether the Serious Fraud Investigation Office (SFIO) has found serious irregularities in the Vedanta Resources (PLC) owned Sesa Goa Firm as per its recently submitted report;
- (b) if so, the details thereof;
- (c) the action taken by the Government in this regard;
- (d) whether the Government has allowed Vedanta to procure shares of Cairn Energy India Limited despite the report against Vedanta Resources (PLC) by SFIO; and
- (e) if so, the details thereof alongwith the reasons therefor?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI R.P.N. SINGH)

(a) to (c) M/s Sesa Goa Ltd (SGL) was ordered to be investigated by the SFIO on 23.10.2009 u/s 235 of the Companies Act, 1956. Based on the recommendations made by the SFIO in its investigation report prosecutions under Sections 147 and 395 of the Companies Act, 1956 have been filed in Court while prosecution for the violation u/s 211 is being filed. Further a reference is being made to the Institute of Chartered Accountants of India to initiate disciplinary action against the statutory auditors of the company for professional misconduct under schedule I and II of the Chartered Accountants Act, 1949.

(d) & (e) The Government of India (GOI) has approved the proposal of Cairn Energy Plc for transfer of 40% of equity shares of Cairn India Limited (CIL) to Vedanta Resources Plc by stipulating following conditions:-

(i) Parent financial and Performance Guarantees furnished by Cairn Energy Plc in pursuance to relevant applicable Article(s) of abovementioned 7 NELP PSCs and 3 Pre-NELP PSCs, shall be substituted by Parent Financial and Performance Guarantees to be furnished by Vedanta Resources Plc, which needs to be acceptable to the Government and should be in the form and substance set out in the Production Sharing Contract.

(ii) Vedanta Resources (PLC) to guarantee that the technical capability of Cairn India Limited is and shall be kept undisturbed and ensure continued production of oil and gas as per approved Field Development Plan (FDPs) from time to time. In case Vedanta Resources Plc fail to perform as guaranteed then GOI shall be entitled to stipulate additional conditions, as deemed fit, including change in operatorship of blocks.

(iii) Vedanta Resources Plc also shall give an undertaking that they shall ensure adherence to the approved field development plans and work programs.

(iv) Cairn India Limited and its affiliates shall provide the No Objection Certificate (NOC) obtained from their consortium partner(s) for each abovementioned blocks (except for Rawra (PKMG-1) and CB-OS/2 blocks) for the proposed transaction under the respective PSCs.

(v) Necessary approvals from other Regulatory Bodies such as SEBI, on the proposed transaction to be obtained and submitted by Vedanta Resources Plc.

(vi) Necessary security clearance from Ministry of Home Affairs in favour of the assignee, i.e. Vedanta Resources Plc to acquire the shareholding shall be obtained and submitted by the said assignee.

(vii) In respect to RJ-ON-90/1 block, the parties, i.e. Cairn India Limited, Cairn Energy India Pty Limited (CELL), Cairn Energy Hydrocarbon Limited (CEHL) and any other affiliate company of CIL; and Vedanta Resources Plc and any other affiliate company of Vedanta Resources Plc, shall agree and give an undertaking that the royalty paid by ONGC is cost recoverable by ONGC as contract costs, as per the provisions of the PSC.

(viii) In respect to RJ-ON-90/1 block, Cairn Energy India Pty Ltd., and Cairn Energy Hydrocarbon Limited shall withdraw the arbitration

case relating to the dispute raised by them on payment of Cess under the PSC.