

Extraterritorial Investigations by SFO and its impact on Indian Companies

The Serious Fraud Office (“SFO”), in 2018, launched a criminal investigation into the conduct of business of Ultra Electronics Holdings Limited, a UK-based defence manufacturer (“Ultra Electronics” / “Company”), its subsidiaries, employees and associated persons in Algeria, for suspected corruption. This investigation was expanded to Oman in 2023.¹ The 2018 decision to investigate came after the Company voluntarily reported itself to the SFO.

The SFO, on October 01, 2024, extended its *seven-year long criminal investigation*. It will now be investigating suspected offences of bribery and corruption or linked offences, including money laundering, committed by Ultra Electronics, its subsidiaries, employees and agents, in **any** country, provided the suspected offences are triable under UK’s jurisdiction.² This decision is proof of SFO’s commitment to addressing corporate misconduct on a global scale.

Implications of recent expansion of SFO’s investigation

In recent years, UK authorities, including the SFO, have intensified their investigations into economic crimes committed by companies, even if the relevant economic crime occurred overseas. Authorities under the U.S. Foreign Corrupt Practices Act have also increased global investigations.

In line with the extension of jurisdictional reach, authorities have also increased their coordination and co-operation with other countries’ prosecutors. The trend towards



greater cross-border information sharing and coordinated investigations is likely to continue, in accordance with ongoing domestic and international obligations.

If a company is charged and convicted, it could be disbarred from government contracts. However, by self-reporting any irregularities and conducting investigations through its own legal team, could result in a company avoiding such prosecution, by eventually arriving at a settlement. Some examples are:

- ¹ SFO entered into a Deferred Prosecution Agreement with the Airbus SE, whereby the company agreed to pay a €991-million fine to avoid prosecution. SFO began

¹ SFO Case Status: Can be accessed here: [Ultra Electronics Holdings Limited \(formerly plc\) - Serious Fraud Office \(sfo.gov.uk\)](#)

² Ibid.

investigating the company over allegations that it had used external consultants to bribe customers to buy its civilian and military aircrafts³.

- 7 SFO entered into a Deferred Prosecution Agreement with Rolls-Royce PLC, after the company took responsibility for corrupt practices spanning three decades, seven jurisdictions and three businesses. Rolls-Royce PLC ended up paying a fine of 497.25 million to close the investigation.⁴

Impact on Indian subsidiaries

These developments continue to highlight implications for UK companies having businesses in other locations (including India), emphasising the necessity for stringent compliance measures to mitigate the risks associated with extraterritorial investigations. Implications for UK companies operating in other locations (including India) include:

1. **Enhanced Compliance Obligations:** Companies should implement comprehensive Anti-Money Laundering (“**AML**”) and Anti-Corruption and Anti-Bribery (“**ABAC**”) policies, keeping in mind the legal framework across jurisdictions. Further, all employees, agents and subsidiary companies must be provided with regular training programmes to ensure compliance with the policies.
2. **Due Diligence:** Companies should conduct thorough due diligence on local partners, suppliers, and third parties to identify and mitigate potential AML and ABAC risks.
3. **Increased Monitoring and Reporting:** Regular internal audits should be conducted to detect and address compliance issues promptly.
4. **Whistleblower Mechanisms:** Companies should establish secure and anonymous channels for employees to report unethical practices without the fear of retaliation. Employees should be made aware of these channels regularly. Such channels should be promoted repeatedly throughout the office(s) of the companies.
5. **Understanding Local Laws:** Companies should gain a comprehensive understanding of the local laws where the company is operating. For example, for India, the Prevention of Corruption Act, 1988, will have to be duly complied with. Regular trainings should be incorporated as part of annual hygiene checks.

Conclusion

Ongoing developments continue to impact the SFO’s authority concerning the summoning of documents from UK companies, regardless of where those documents are stored. However, a company’s *cooperation*, including providing assistance that exceeds legal requirements, will be taken into account in the SFO’s charging decisions.

Regardless, investigations under the FCPA and UKBA will likely persist, requiring companies with subsidiaries in India to conduct internal investigations to uncover any contraventions or breaches that might have occurred.

A review to assess the internal situation is usually the first step towards understanding whether a deep dive is required to strengthen the checks and balances. This will go a long way in assuaging the regulators, if the need arises, that the company is serious about meeting and complying with the law.

³ SFO Case Update, January 31, 2020: [SFO enters into €991m Deferred Prosecution Agreement with Airbus as part of a €3.6bn global resolution - Serious Fraud Office](#)

⁴ SFO News Release, January 17, 2017: [SFO completes £497.25m Deferred Prosecution Agreement with Rolls-Royce PLC - Serious Fraud Office](#)

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