"The Hon'ble Special Court passed an order in Custodian Report 17 of 2016 in MA 72 of 2013 in the case of Fairgrowth Financial Services Ltd., a notified entity. The Custodian was strongly criticized for filing frivolous applications and wasting the time of the Court and delay in final distribution giving an impression that he is interested in keeping his office open though lakhs of rupees were spent on salary from the funds of Central Government and Advocates had to be paid from the collected amounts. The Custodian was directed to instruct his officers properly otherwise the Court will issue summons to Custodian to remain present in the Court and explain why strictures should not be passed against him."

BDPPS

IN THE SPECIAL COURT (TRIAL OF OFFENCES RELATING TO TRANSACTIONS IN SECURITIES) ACT, 1992

CUSTODIAN REPORT NO.17 OF 2016 IN MISC. APPLICATION NO.72 OF 2013 IN MISC. PETITION NO.274 OF 1995: MR. K.C. CHANDRASHEKHAR RAJU VS. THE CUSTODIAN.

Mr. J. Chandran a/w Ms. Shilpa Bhate i/b Leena Adhvaryu and Associates for the Custodian.

CORAM: V.M. KANADE, J.
JUDGE, SPECIAL COURT.

DATE : 16th February, 2017

P.C:

1] This Report is filed by the Custodian, firstly seeking direction to pay Rs 19,62,027.34 to the Applicant K.C. Raju and, secondly, for direction for appointment of valuer to ascertain the market rent receivable from 2002 to 2016.

2] In the present case, M/s FFSL/Notified Party had booked 10 flats with one Mr. K.C. Chandrashekhar Raju. Application was filed on behalf of the Custodian vide Misc. Application No.410 of 2003 for release of an amount of Rs 8,54,660.29 to Mr. K.C. Chandrashekhar Raju towards the remaining amount payable towards purchase of 10 flats by M/s FFSL. Accordingly, 9 flats were handed over. There was some dispute with regard to handing over possession of the 10th

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Flat. According to Mr. K.C. Chandrashekhar Raju, Flat No.14 could be handed over to the Custodian instead of Flat No.19. In Misc. Application No.410 of 2003, which was heard alongwith Misc. Application No.102 of 2004 in Misc. Petition No.274 of 1995, this Court directed the said K.C. Chandrashekahr Raju to handover Flat No.14. It however granted liberty to him to recover some more amount by filing separate application. It was however mad clear that before that, he should handover possession of Flat No.14. Accordingly, the said Misc. Application Nos. 410 of 2003 and 102 of 2004 were disposed of.

3] It is not mentioned anywhere in the Report as to whether the said Mr. K. C. Chandrashekhar Raju has filed any application as per leave granted to him by this Court. That being the position, the Custodian is not now entitled on his own to pay further sum of Rs 19,62,027.34 to the Applicant in Misc. Application No.410 of 2013. Secondly, it is also not now open for the Custodian to file belated application for recovery of market rent for a period from 2002 to 2016. The Custodian's Report No.17 of 2016 is therefore dismissed.

4] I must note my extreme displeasure over the manner in which the Office of Custodian is operating and functioning. I find that frivolous applications are filed every week and most

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of them are filed belatedly. In the present case, the application could have been filed alongwith the Application which was filed in Misc. Petition No.274 of 1995. As a result of such frivolous applications, time of this Court is wasted and final distribution is protracted and prolonged. I get an impression that Officers of Custodian are interested in keeping this Office open. Lacs of rupees are spent for payment of salary of the staff from the funds of Central Government and all Counsels are to be paid from the amount which has been collected by the Custodian, after lot of efforts are taken by the Special Court.

5] I direct the Custodian to instruct his Officers properly, otherwise this Court will have to issue summons to the Custodian to remain present in this Court and give an explanation why strictures should not be passed against him.

(V.M. KANADE, J.)

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