BEFORE THE SPECIAL COURT CONSTITUTED UNDER THE SPECIAL COURT (TRIAL OF OFFENCES RELATING TO TRANSACTIONS IN SECURITIES) ACT 1992

MISC. APPLICATION NO. 215 OF 1993

1. HARSHAD SHANTILAL MEHTA)
2. JYOTI H. MEHTA,)
3. HARSHAD S. MEHTA (H.U.F.),)
4. ASHWIN S. MEHTA,)
5. DEEPIKA A. MEHTA,)
6. ASHWIN S. MEHTA (H.U.F.),)
7. HITESH S. MEHTA,)
8. PRATIMA H. MEHTA,)
9. HITESH S. MEHTA (H.U.F.),)
10. SUDHIR S. MEHTA, all of Bombay,)
Indian Inhabitants, residing at 3rd,)
floor, Madhuli, Dr.Annie Beasant Road,)
Worli, Bombay - 400 018 ;)

11 GROWMORE RESEARCH & ASSETS)
MANAGEMENT LTD.,)
12. GROWMORE LEASING & INVESTMENTS LTD.,)
13. GROWMORE EXPORTS PVT. LTD.,)
14. AATUR HOLDINGS PVT. LTD.,)
15. HARSH ESTATES PVT. LTD.,)
16. CASCADE HOLDINGS PVT. LTD.,)
17. ORION TRAVELS PVT. LTD.,)
18. FORTUNE HOLDINGS PVT. LTD.,)
19. TREASURE HOLDINGS PVT. LTD.,)
20. VELVET HOLDINGS PVT. LTD.,)
21. EMINENT HOLDINGS PVT. LTD.,)
22. PALLAVI HOLDINGS PVT. LTD.,)
23. ZEST HOLDINGS PVT. LTD.,)
24. TOPAZ HOLDINGS PVT. LTD.,)
25. DIVINE HOLDINGS PVT. LTD.,)
26. M/s. SUNRISE ENTERPRISES,)
27. M/s. HARSHAD S. MEHTA,)
28. M/s. ASHWIN S. MEHTA,)
29. M/s. JYOTI H. MEHTA, all)
having their registered offices at)
Maker Chambers V, 221 Nariman Point,)
Bombay - 400 021.)

.... Applicants

Versus

1. Shri A.K. Menon, The Custodian)
appointed under Sec.3(2) of the)
Special Court (Trial of Offences)
relating to Transactions in)
Securities) Act, 1992 having his)
place of office at Nariman Bhavan,)
Nariman Point, Bombay - 400 021.)

2. Central Bureau of Investigation)
A central investigating agency)
incorporated and constituted under)
the Delhi Special Police Force)
Establishment Act, 1946 having its)
office at Jolly Maker Chamber II,)
Nariman Point, Bombay - 400 021.)

3. Assistant Commissioner of Income Tax)
Central Circle, 31, Old CGO Building)
Annexe, 7th Floor, Maharishi Karve)
Road, Bombay - 400 020.)

4. Settlement Commission)
Constituted and established under)
Sec.245 A of the Income Tax Act,)
1961 and under the jurisdiction of)
Ministry of Law & Justice having its)
Head Office at Lok Nayak Bhavan, 4th)
Floor, Khan Market, New Delhi-110003)
and also having a place of office at)
2nd Floor, Income Tax Building,)
Mahalaxmi Office, Bombay - 400 009.)

5. The Bombay Stock Exchange)
Established under the Securities)
Contract Regulations Act, having its)
office at Jeejeebhoy Towers, Dalal)
Street, Fort, Bombay - 400 023.)

6. The Madras Stock Exchange)
Is also constituted under the)
Securities Contract Regulations Act,)
having its office at Exchange)
Building, P.B. No. 183, 11 2nd Line)
Beach, Madras - 600 001.)

7. The Calcutta Stock Exchange)
Is also constituted under the)
Securities Contract Regulations Act,)
having its office at 7, Lyons Range,)
Calcutta - 700 001.

8. S.B.I. Capital Markets Ltd.)
Is a company incorporated under the)
Companies Act, 1956 and wholly owned)
subsidiary of State Bank of India)
having its registered office at)
202 Maker Tower "E", Cuffe Parade,)
Bombay - 400 005.)

9. State Bank of Saurashtra)
Is a body corporate constituted)
under the State Bank of India)
(Subsidiary Banks) Act, 1959 and)
wholly owned Subsidiary of State)
Bank of India having its head office)
at Nilambang Chowk, Bhavnagar,)
Gujarat State and a branch at 11,)
S.A. Brelvi Road, Fort, Bombay - 400)
001.)

10. State Bank of India)
A Corporation incorporated and)
registered under the State Bank of)
India Act, 1955, having its Head)
office at State Bank Bhawan, Madame)
Cama Road, Bomaby - 400 021 and a)
branch office at Bombay Samachar)
Marg., Bombay - 400 023.)

11. Canbank Financial Services Ltd.)
A Limited company under the)
companies Act, 1956 and wholly owned)
subsidiary of Canara Bank having its)
registered office at 19/5 & 19/6,)
Cunningham Road, Bangalore and a)
branch amongst other places at Raja)
Bahadur Mansion, 32, B.S. Marg.,)
Bombay - 400 023.)

12. Standard Chartered Bank)
A company incorporated with a)
limited liability under the laws of)
United Kingdom having its Head)
office at United Kingdom and a)
branch office amongst other places)
at, M.G. Road, Fort, Bombay - 400021.)

13. National Housing Bank)
A body corporate a wholly owned)
subsidiary of Reserve Bank of India)
and constituted under National)
Housing Bank, 1987 having its place)
of office at Veer Nariman Road,)
Fort, Bombay - 400 021.)

14. Syndicate Bank)
A company incorporated and/or)
existing under the provisions of)
the Banking Companies (Acquisition)
and Transfer of Undertakings) Act,)
1970, having its Head Office at)
Shaheed Bhagat Singh Road, Bombay -)
400 021.)

15. Mazda Industries & Leasing Ltd.)
A Public Limited company)
incorporated and registered under)
the companies Act, 1956 and having)
its place of office at 410 Maker)
Chambers V, Nariman Point, Bombay -)
400 021.)... Respondents

1. The Applicant No.1 is an Indian Inhabitant and a member of Bombay Stock Exchange. He carries on business in the firm name and style of M/s. Harshad S. Mehta,

Applicant No. 27 herein. Applicant No. 2 is the wife of Applicant No. 1 and also a member of Bombay Stock Exchange. She carries on business in the firm name and style of M/s. Jyoti H. Mehta, Applicant No. 29. Applicant No. 3 is the H.U.F. of which Applicant No. 1 is a Karta. Applicant No. 4 is the member of Bombay Stock Exchange. He carries on business in the firm name and style of M/s. Ashwin S. Mehta, Applicant No. 28 herein. Applicant No. 5 is the wife of Applicant No. 4. Applicant No. 6 is the H.U.F. of which Applicant No. 4 is a Karta. Applicant No. 7 is a Surgeon by profession and is employed with Nair Hospital. Applicant No. 8 is also a doctor by profession and is wife of Applicant No. 7. Applicant No. 9 is the H.U.F. of which Applicant No. 7 is a Karta. Applicant No. 10 is a member of Madras Stock Exchange, Applicants Nos. 11 to 25 are companies in which Applicant No. 1 to 10 have interest as promoters and in which Applicants Nos. 1, 4, 7 and 10 are directors. Applicant No. 26 is a partnership firm in which Applicants Nos. 5, 7 and 8 alongwith one Mrs Rasila S. Mehta are equal partners.

2. Respondent No. 1 is a Custodian appointed under the provision (2) of the Special Court (Trial of Offences Relating to Transactions in Securities) Act, 1992. Respondent No. 2 is a Central Investigating Agency, established under Delhi Special Police Force Establishment Act, 1946, empowered and authorised to investigate into the irregularities in the securities transactions. Respondent No. 3 is a Commissioner of Income Tax appointed under the Income Tax Act, 1961. Respondent No. 4 is a Settlement Commission constituted

under Section 245(A) of the Income Tax Act, 1961 functioning under jurisdiction of Ministry of Law and Justice. Respondents No. 5, 6 and 7 are Stock Exchanges recognised under Securities Contract Regulation Act. Respondent No. 8 is a company incorporated under the Companys Act, 1956 and wholly owned subsidiary of Respondent No. 10. Respondent No. 9 is a body corporate constituted under the State Bank of India (Subsidiary Bank) Act, 1959 and wholly owned subsidiary of Respondent No. 10. Respondent No. 10 is a Banking Company consitituted and incorporated under the State Bank of India Act. Respondent No. 11 is a company incorporated under the Companies Act, 1956 and wholly owned subsidiary of Canara Bank. Respondent No. 12 is a banking Company incorporated with a limited liability under the laws of United Kingdom. Respondent No. 13 is a wholly owned subsidiary of Reserve Bank of India constituted and incorporated under the National Housing Bank Act, 1987. Respondent No. 14 is a company incorporated and/or existing under the provisions of Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. Respondent No. 15 is a public limited company incorporated and registered under the Companies Act, 1956.

3. The Applicants herein are all separate, distinct and independent legal entities in fact and in law. All the Applicants are joining in this application in view of the fact that this Hon'ble Court has on more than one occasion opined that the Applicants are part of the Harshad Mehta group and are responsible for the liabilities of the 1st Applicant and are liable to make

good any short fall in discharge of liabilities by the 1st Applicant herein. The Applicants wish to make it clear that with greatest respect that they do not subscribe to this view of the Hon'ble Court, but in deference to the said views as well as for other reasons more particularly set out hereinafter are joining in this application. Applicant Nos. 3,5 to 9 and 13 to 29 respectfully submit that they were never liable to be notified at all in view of the fact that they are not involved in any offences punishable under the Special Court (Trial of Offences Relating to Transactions in Securities) Act 1992 hereinafter referred to as the said "Act". Similarly Applicant Nos. 2,4 and 10 to 12 respectfully submit that although they are cited as accused persons in one or more FIRs disclosing offences punishable under the said Act, there is no evidence against them whatsoever that could have led or would even today lead the 1st Respondent herein to notify them under the said Act.

4. The Applicants submit that they are making this application without prejudice to the rights and contentions of the Applicants in any matters civil and / or criminal pending before this Hon'ble Court or before any other court or before any other judicial or quasi judicial forum. No statements, submissions or averments made herein should be deemed to have been admitted by them and/or be held against them and neither should it be deemed that they have waived any of their rights or interest in any matter in any manner whatsoever.

5. This application is being made without prejudice to

the rights and contentions as to the validity of the Act as well as without prejudice to the contention that the Special Court Constituted under the Special Court (Trial of Offences Relating to Transactions in Securities) Act, 1992 (hereinafter for the sake of brevity referred to as 'the Act') is bad in law and unconstitutional and without prejudice to their contention that the properities purported to be attached under the Act are not validly or legally attached and in any event are beyond the purview of the provisions of the Act. This application is being made subject to the final determination of various issues as to the validity of the Act, attachment, notification and entitlement of the properties.

6. The 1st Applicant states that as far back as 17th May, 1992 he had addressed a letter to the 2nd Respondent wherein he had unconditionally offered to honour all his financial commitments to all persons. On the same day this intention of the 1st Applicant was disseminated through a press release in view of the wide spread publicity given to the matter of the investigation and also to allay all fears in the market. Correspondence in which the 1st Applicant reiterated his desire to honour all his outstandings was also addressed to Shri R. Janakiraman, Deputy Governor, Reserve Bank of India, the Hon'ble Finance Minister, Dr. Manmohan Singh, the Hon'ble Minister of State Banking, Shri Dalbir Singh, the then Governor, Reserve Bank of India, Shri Venkitaramanan, the Chairman and Managing Director, State Bank of India and the Chief Executive, ANZ Grindlays Bank. All these letters were addressed by the 1st Applicant without any knowledge on his part

regarding the pendency of any First Information Report against him and prior even to the promulgation of any ordinance constituting the Special Court on 6th June 1992 and notification thereunder on 8th June 1992. Copies of all these letters are hereto annexed and marked exhibit A-1 to A-12.

7. The Applicants respectfully submit that the provision of the said Act, by creating a special procedure for both the prosecution of notified persons as well as recovery of monies has hampered recovery of public monies. Quite rightly this Court has been compelled to take the view that "The Special Court Act provides not just for prosecution but also for distribution of assets in the manner laid down under section 11 thereof..... Whilst the property is attached, no payments can be made without permission of Court. The Court cannot distribute unless a person is proved guilty and the Court has a correct and full picture of the assets before it." Hereto annexed and marked as Exhibit A-13 is a copy of the Order passed by this Hon'ble Court in Miscellaneous Application No. 107 of 1993. In other words all the banks/institutions to whom the 1st Applicant owes money may not be able to recover monies due to them for several years.

8. The 1st Applicant states that he has all along been proclaiming that there has never been any intention on his part to wrongfully retain monies belonging to others. His dealings with those banks and institutions to whom he owes monies has been in the nature of ongoing transactions which were abruptly brought to a halt owing

to wide spread press publicity and official panic caused by the suspicion that what had hitherto been accepted as a market practice may constitute the commission of certain offences.

9. The Applicants state that at the time when the 1st Applicant made his unconditional offers to honour all his financial commitments to banks, institutions, etc. in May 1992 his own asset base as well as that of others was substantially stronger than at present. The Applicants, among other assets had a liquid investment portfolio to meet their financial obligations. In May 1992 the BSE index stood at a level of about 3500. The current index is at about 25% lower level i.e. about 2691. It is estimated by the Applicants that since May 1992 they have suffered a considerable erosion in their asset base. In fact the Applicants estimate this erosion since May 1992 to the present date to be about Rs.800 crores. The Applicants state that this erosion in their asset base is on account of the following reasons.

a. Drop in the value of shares and investment.

b. Non/Late recovery / collection of assets paid for.

c. Non/Late recovery of huge receivables together with loss of interest.

d. Non-completion of outstanding transactions.

e. Losses on account of theft, pilferage, misplacement, invalidity of transfer forms of investments.

f. Loss on account of interest, dividend, loss of rights and bonus issues.

g. Interest and penalty obligations to the Income Tax Department.

10. The 1st Applicant in particular is apprehensive that if the said trend of erosion in his asset base for reasons above mentioned continues then his ability to honour his financial commitments will be seriously impaired. In such a situation full recovery of dues by public institutions/banks as well as others will become an impossibility. All the Applicants are anxious that such a situation should not arise.

11. The Applicants accordingly are presenting a scheme for repayment of all their dues by this application. The Applicants wish to emphasize that the said scheme is a conditional one in the following respects :

a) that the Applicants will pay the entire principal amounts due from them to the concerned parties. The Applicants however shall not be responsible for the payment of any interest/compensation on these sums from the 17th of May 1992 or atleast from the 8th of June 1992. The Applicants state that from the 17th of May 1992 they have offered to honour all their financial commitments, which offer has not been accepted or even responded to by any of the Applicants' creditors or any public authority. Instead all the Applicants have been declared as notified parties and their properties attached simultaneously from the date of such notification i.e. 8th June 1992. Since the 8th of June

1992 the Applicants have not utilised or deployed in any manner whatsoever the funds owed by them to third parties and therefore the question of payment of interest does not arise. Not only that, for no fault on their part, the Applicants have suffered huge erosion/losses.

b) The Applicants propose to discharge their liabilities by appropriation of certain specified assets. These assets include considerable receivables from third parties consisting chiefly of banks and institutions. The Applicants scheme of repayment envisages immediate appropriation by their creditors of certain money market assets of large amounts. As regards the remainder of their liabilities the Applicants propose that their creditors be secured by assets till the same are replaced by proceeds arising from the realisation of their receivables with the assistance of this Hon'ble Court.

c) Once the entire extent of the Applicants liabilities are secured all the Applicants save and except the 1st Applicant be denotified by this Hon'ble Court.

d) The Applicants state that such assessments as have been made by the Income Tax Department i.e. Respondent No. 3 are exaggerated in the extreme and are based on a total misconstruction of Income Tax laws. Without admitting their liability towards the 3rd Respondent, the Applicant Nos. 2 to 29 are willing to securitise the 3rd Respondent to extent of the demand made against them. The Applicants are keen to resolve all their outstanding issues with the Income Tax Department by

approaching the Settlement Commission i.e. Respondent No. 4 herein. The Applicants will have the obligation of providing a true and fair picture of income and assets to Respondent No. 4. So as to avoid litigation and keeping in mind the current state of arrears of books of accounts and filing of returns, this appears to be an appropriate solution.

e) The 1st Applicant shall continue to remain notified until such time that he fully discharges his liabilities to all third parties as per this scheme. In respect of the claims of the Income Tax Department, the Applicants propose to resolve all outstanding issues through the Settlement Commission i.e. Respondent No. 4.

f) That securitisation of all their liabilities the 2nd respondent be ordered and directed by this Hon'ble Court to revoke all orders passed u/s. 102 of Cr.p.c. 1973 attaching all the banks accounts of all Applicants herein as well as other family members of the 1st Applicant.

g) That Respondent No. 5 which has suspended the membership of Applicants No. 1, 2 & 4 and Respondent No. 6 which suspended the membership of Applicant No. 10 on the ground that their respective bank accounts have been frozen by the second Respondent u/s. 102 of Cr.p.c. 1973, be directed by an order of this Hon'ble Court to revoke the said suspension and permit the said Applicants to operate their memberships.

12. The Applicants state that the Applicants No. 2 & 3 and 5 to 29 have no financial liabilities to any third

parties whatsoever. No claims have been preferred against the said Applicants either before this Hon'ble Court or in any other Court. The assets of these Applicants have been attached presumably to make-up for any shortfall in discharge of liabilities by 1st Applicant. There is no other ground for involving most of these Applicants as they are not cited as accused in any FIR.

13. That as regards the 1st Applicant the following claims have been preferred against him by creditors.

CLAIMS AGAINST HARSHAD S. MEHTA

CLAIMANT	DETAILS AS TO ORDERS	CLAIM AMOUNT * (Rs.)
STATE BANK OF INDIA	PETITION ADJOURNED FOR 1 YEAR. TO 12/07/94	706,97,73,179.68
SBI CAPITAL MARKETS LTD. (MADRAS)	PETITION ADJOURNED FOR 1 YEAR TO 12/07/94	16,25,00,000.00
STATE BANK OF SAURASHTRA	ADJOURNED SINE DIE S.B.S. & HSM TO INFORM OFFICE OF THE COURT WHEN THE CRIMINAL PROCEEDINGS TERMINATE	67,74,50,000.00 4,54,68,287.67 26,81,80,000.00
T O T A L :-	**Rs.**	**822,33,71,467.35**

* WITHOUT INTEREST/DAMAGES

14. As regards the 4th Applicant the following claims have been preferred against him in this Hon'ble Court.

CLAIMS AGAINST ASHWIN S. MEHTA

CLAIMANT	DETAILS AS TO ORDERS	CLAIM AMOUNT (Rs.)
CANFINA	ADJOURNED SINE-DIE	2,90,00,000.00
CANFINA	MATTER KEPT FOR HEARING ON 05/11/93	25,00,00,000.00
T O T A L	**Rs.**	**27,90,00,000.00**

In other words the total financial claims against all the Applicants herein are those preferred specifically against Applicants No. 1 & 4 amounting to approximately Rs.850 crores.

15. The Applicants No. 1 & 4 state that the claims preferred against them in this Hon'ble Court are slightly exaggerated but are confident that the same will be scaled down after reconciliation of accounts with the parties concerned. Apart from this general statement the Applicants wish to bring to the notice of this Hon'ble Court the following facts regarding each of the claims alleged against them :

A) State Bank of India vs. Harshad S. Mehta

While settling the repayment to State Bank of India i.e. Respondent No. 10, in the month of April 1992 the 1st Applicant had paid an excess amount of about Rs.21.5 crores for which the 1st Applicant is entitled to credit alongwith interest on the said amount. This receivable from the 10th Respondent was communicated by the 1st Applicant to the 1st Respondent by a letter dated 3rd

February 1993, a copy of which is hereto annexed and marked exhibit B. The 1st Applicant computes his receivable on this account as Rs. 30,07,45,677.76 as set out in the statement hereto annexed and marked as Exhibit 'C'.

Secondly the 1st Applicant has a claim against the 10th Respondent arising out of a double ready forward transaction whereby he has lent money against 11.5% Central Loan 2010 of the face value of Rs.349 crores. The 1st Applicant's updated claim arising out of this transaction is Rs.197,64,65,105.77. This claim has been intimated to the 1st Respondent by a letter dated 19th April 1993, copy of which is hereto annexed and marked exhibit 'B-1'.

Thirdly, the 1st Applicant has a claim against the 10th Respondent arising out of double ready forward transaction whereby he lent money against 11.5% Central Loan 2010 of face value of Rs. 275.00 crores. The 1st Applicant's claim arising out of this transaction is Rs. 125,49,27,809.58. This claim has emerged after the 1st Applicant was allowed to attend office recently. Details of the aforesaid claim is more particularly mentioned in Exhibit 'C' hereto. The 1st Applicant submits that transactions in government securities remained outstanding which involved large sums belonging to the 1st Applicant. The 1st Applicant also submits that he does not have access to total records and in fact had requested Respondent No. 10 to furnish the details of banks statement with detailed vouchers. A clear picture can emerge only through reconciliation of transactions and payments. The 1st Applicant has also

given credit of Rs.107,46,75,000/- to Respondent No. 10 on account of Gross Interest on 11.5% Central Loan 2010 for the second and third claim of the 1st Applicant. The 1st Applicant needs to have discussion with Respondent No.10 on the point. Without admitting, but for the purpose of this Scheme, accepting the outstanding claim of the 10th Respondent at Rs.707 crores and taking into account the above counter claims, the balance payable to the 10th Respondent works out to an amount of Rs.461,23,09,586.57, details of which are more particularly mentioned in Exhibit 'D' hereto.

B) State Bank of Saurashtra (SBS) Vs. Harshad S. Mehta
The principal amount claimed by the State Bank of Saurashtra i.e. Respondent No.9, by way of three claims amounting in the sum to Rs.99,10,89,287.60 allegedly arising out of three separate and distinct transactions which were allegedly not honoured by the 1st Applicant. These transactions are as under :

a) Non-delivery of 5 crore units Rs.67,74,50,000/-.

b) Non-delivery of 2 crore units Rs.26,81,80,000/-.

c) Non-delivery of 13% NLC Bonds of face value Rs.5 crores i.e. Rs.4,54,68,287.67.

Without admitting that the sum claimed by the 9th Respondent amounting to Rs. 4,54,68,287.67 is on account of non-delivery by the 1st Applicant of 13% NLC Bonds of face value Rs.5 crores, the 1st Applicant states that the similar 13% NLC bonds of face value Rs.5 crores have been recovered by the 1st Respondent on

behalf of the 1st Applicant from Canbank Financial Services Ltd. i.e. 11th Respondent pursuant to an order of this Court dated 26th July 1992 under Miscellaneous Application No. 53 of 1993 filed by the 1st Respondent against the 11th Respondent and the 1st Applicant herein. The Applicants crave leave to refer to and rely upon a copy of the said order without prejudice. Against the principal sum of Rs.4,54,68,287.67 which according to the 9th Respondent arose from non-delivery of the said bonds, the 1st Applicant herein is agreeable to discharging the said liability by appropriation of the said bonds recovered by the 1st Respondent as aforestated from the 11th Respondent. The balance payable to SBS accordingly works out to an amount of Rs.94,56,30,000/-.

17

C) SBI Capital Markets Ltd., Madras vs. Harshad Mehta. SBI Capital Markets Ltd., i.e. Respondent No. 8 has preferred a claim for Rs. 16,25,00,000.00 against the 1st Applicant. Without admitting the claim preferred by the 8th Respondent in Miscellaneous Application No. 61 of 1992 the 1st Applicant states that he is agreeable to repay this amount without interest as per the repayment scheme more particularly set out hereinafter.

That according to the 1st Applicant, therefore, the net legitimate claims preferred against him in this Hon'ble Court amount in sum to Rs. 572,04,39,586.57.

16. The first Applicant states that he has no other claims preferred against him to the best of his knowledge in this Hon'ble Court. Accordingly, the first Applicant estimates his liability for the purpose of

repayment to be a sum of Rs.572,04,39,586.57. approximately. There are two claims preferred in this Hon'ble Court against the Applicant No. 4. Both these claims have been filed by the 11th Respondent in the Miscellaneous Application No. 22 of 1992 for the sum of Rs. 2.90 crores and in Miscellaneous Application No. 26 of 1992 for the sum of Rs. 25 crores. As against the said claim of the 11th Respondent against the 4th Applicant, the 1st Applicant has huge counter claims against the 11th Respondent and hence these are not included in the net claims.

17. In addition to the above claim, the Income Tax authorities i.e Respondent No. 3 herein, have preferred claims pursuant to the assessment for the assessment years 1987-88, 1988-89, 1990-91. These claims have been preferred against Applicant Nos. 1,2,4,5,7,8,10 to 17. The amount claimed by the Respondent No. 3 as per the said application as also returned income by the concerned Applicant is set out herein.

SCHEDULE OF INCOME/WEALTH TAX PAID BY THE ASSESSEE & ASSESSMENT MADE BY INCOME TAX DEPARTMENT

ENTITY	INCOME/WEALTH TAX PAID RUPEES	INCOME/WEALTH TAX PAYABLE AS PER INCOME TAX DEPARTMENT RUPEES
Harshad Mehta	45,97,965	209,75,05,146
Jyoti Mehta	7,55,249	42,33,915
Ashwin Mehta	10,48,803	3,27,37,250

.... Contd/-

ENTITY	INCOME/WEALTH TAX PAID RUPEES	INCOME/WEALTH TAX PAYABLE AS PER INCOME TAX DEPARTMENT RUPEES
Deepika Mehta	10,99,916	78,75,078
Hitesh Mehta	1,93,448	37,19,540
Pratima Mehta	96,590	47,03,593
Sudhir Mehta	2,72,977	37,07,615
Growmore Research & Assets Management Ltd.	17,88,296	3,00,27,947
Growmore Exports Ltd.	1,07,923	91,172
Growmore Leasing & Investment Ltd.	40,093	1,45,00,186
Aatur Holdings Pvt. Ltd.	15,660	2,41,373
Harsh Estate Pvt. Ltd.	16,920	3,81,230
Orion Travels Pvt. Ltd.	7,275	62,861
T O T A L	**1,00,41,115**	**219,97,86,906**

The total amount as claimed by the Income Tax Department i.e. Respondent No. 3 against the Applicants therefore works out to Rs.219,97,86,906/- approximately. As is evident from the table above, the sum of Rs. 209,75,05,146/- is claimed from the first Applicant alone while a sum of Rs. 10,22,81,760/- is claimed against the other applicants. The Applicant states that the assessments of the third Respondent herein have no relationship with the actual income as would be obvious from the table described hereinabove. It is reasonable to presume that a fair and just authority could never have made such assessment orders as referred to above.

The concerned Applicants have already preferred appeals against the respective assessment orders passed against them and the same are pending. It is pertinent to note that the Commissioner of Income Tax (Appeals) has by his Order dated 15th September 1993, allowed the appeals and remanded the same to the 3rd Respondent for the purpose of reassessment in case of the Applicant Nos. 2,5,7,8 and 10. The Applicants against whom the above unreasonable assessment orders have been passed have already informed the 3rd Respondent of their intention to approach the Settlement Commission i.e. Respondent No.4 to settle all pending claims. Hereto annexed and marked as Exhibit 'E' is the copy of the letter dated 22nd September 1993, addressed by the 1st Applicant to the 3rd Respondent. The Applicants have decided to embark upon this course of conduct in view of the interminable delays that will otherwise ensue. The Applicants however state that neither are they precluded from discharging other liabilities nor are they liable to be kept notified merely because of liabilities alleged by 3rd Respondent remains outstanding. In the case of Applicant Nos. 1,2,4,5,7,8,10 to 17 against whom the assessment orders have been made to the extent of Rs. 10,22,81,760/-, these Applicants submit that without prejudice and only with a view resolved contentious issues they are willing to securitise the third Respondent to the extent of the claims against them.

18. The Applicants submit that as regards the claim amount of Rs.572,04,39,586.57 approximately which they are willing to repay, they propose to repay the same in the following manner :-

a. The sum of Rs. 79,84,95,000/- represents the amount to be collected/ deposited by the 1st Applicant by way of interest/dividend on bonds and units owned by him and currently lying either with the National Housing Bank or the Standard Chartered Bank or SBI Capital Markets Ltd. Out of these bonds, 9% HUDCO bonds of the face value of RS. 5.00 crores are not traceable. The complete table in respect of this sum of Rs. 79,84,95,000/- is hereto annexed and marked as Exhibit 'F'.

b. The sum of Rs.65,71,08,931.50 represents the value of money market assets owned by the 1st Applicant. These are currently either in the possession of the National Housing Bank/Standard Chartered Bank/Syndicate Bank save and except 9% HUDCO bonds of the face value of Rs. 5.00 crores which are not traceable. Details of the 1st Applicant offering these Assets for sale at negotiated price either to creditors or others is hereto annexed and marked as Exhibit 'G'.

c. Other money market assets paid for by the 1st Applicant and deliverable under ready forward transactions to the 11th Respondent. The total recovery amount in this category from the 11th Respondent is Rs.256,03,00,807.97. A table disclosing details of these Assets deliverable to the Respondent No. 11 and amount recoverable against each of them is hereto annexed and marked as Exhibit 'H'. The Assets indicated in the chart are proposed to be lodged and earmarked in the hands of the 1st Respondent as security held for

creditors. The 1st Respondent should initiate lodging of recovery claims and appropriate the proceeds to the creditors on realisation.

d. Other Money Market Assets amounting to Rs.96,53,00,000/- and which are currently either in the possession of the 1st Respondent and/or Respondent No.13 i.e. NHB and/or Respondent No.8 i.e. SBI Caps, a list of which is hereto annexed and marked as Exhibit 'I'. The 1st Applicant states and proposes to offer the aforesaid Money Market Assets as securities till his receivables are realised.

e. Receivables of the first Applicant from various banks/institutions amounting to Rs.252,69,10,165.47 Till such time as receivables of the 1st Applicant are realised and appropriated by the creditor-banks. The 1st Applicant will offer security to the concerned creditor-banks either in the form of money market assets or shares. A table of receivables of the 1st Applicant amounting to Rs. 252,69,10,165.47 hereto annexed and marked as Exhibit 'J'.

f. The rest of the claims are proposed to securitised by shares and other movable assets of the Applicants, which as per the repayment plan amounts to Rs.73,92,34,847.10.

Detailed statement of repayment plan proposed by the Applicant No.1 is more particularly described in the schedule hereto annexed and marked as Exhibit 'K' hereto.

19. The Applicants submit, they have been facing hardships in as much as their books of accounts are incomplete and most of records have been seized. As such this application is drawn without having complete access to the records, data and other details. The Applicants are confident that on records being made available to them several large claims would emerge which would enhance the asset base/receivables. The process of reconciliation of accounts with every client is imperative and for the purpose the Applicants would like to rely on the assistance of the office of the Custodian to expedite the process.

20. The Applicants crave leave to, add, alter, amend and modify this application, as the facts emerge and developments necessitate.

21. In view of the provisions of the said Act, this Hob'ble Court has got jurisdiction to try and entertain this Application.

22. This Application is signed and verified by Ashwin S. Mehta, the 4th Applicant herein who is a aware of the facts of the case and able to depose for the same.

23. The Applicants therefore pray :-

A. that the repayment scheme of the Applicants be accepted and implemented by this Hon'ble Court.

B. that Respondent Nos. 2,3,5,7,11 to 15, be ordered

and directed by this Hon'ble Court to deliver the assets belonging to the Applicants to the 1st Respondent.

C. that the 1st Respondent be directed to commence the process of recovery of all the outstanding claims for the 1st Applicant including those referred to in Exhibits 'J' & 'H'.

D. that on securitization of the claims agreed to as per this scheme Applicant No. 2 to 29 be forthwith denotified by this Hon'ble Court.

E. that on repayment of all claims agreed to be paid by the Applicants, the first Applicant also be denotified by this Hon'ble Court.

F. that on securitization of all claims agreed as per this scheme the 2nd Respondent be directed to revoke all orders passed by them under Section 102 of the Criminal Procedure Code, 1973 against the Applicants and Smt. Rasila S. Mehta and Smt. Rina S. Mehta.

G. that on securitization as above the 5th Respondent be ordered and directed by this Hon'ble Court to forthwith revoke the suspension order passed by it suspending the membership of Applicant Nos.1,2 and 4 permit them to excercise all rights as members of the 5th Respondent.

H. that on securitization as above the 6th Respondent be directed by this Hon'ble Court to revoke suspension of membership of the tenth Applicant and to permit him to excercise all his rights as a member of the 6th Respondent.

I. that the 3rd Respondent be directed by this Hon'ble Court to resolve the claims against the Applicants through the procedure of the Settlement Commission.

J. that pending the hearing and final disposal of this application, the Respondent No. 3 be directed to keep all the proceedings against the Applicants under the Income Tax Act in abeyance to enable the Applicants to submit their application before the Settlement Commission.

K. that pending the hearing and final disposal of this application the first Respondent be directed by this Hon'ble Court to assist the Applicants in every conceivable way to determine and secure their assets/claims and receivables.

L. that pending the hearing and final disposal of this application, the Respondent Nos. 2,3,5,7,11 to 15 be directed to handover the assets seized by them belonging to any of the Applicants to the 1st Respondent herein.

M. for such further and other reliefs as this Hon'ble Court may deem fit and proper as the case may be.

ADVOCATES FOR THE APPLICANTS

1. HARSHAD SHANTILAL MEHTA
2. JYOTI H. MEHTA
3. HARSHAD S. MEHTA (H.U.F.)
4. ASHWIN S. MEHTA
5. DEEPIKA A. MEHTA
6. ASHWIN S. MEHTA (H.U.F.)
7. HITESH S. MEHTA
8. PRATIMA H. MEHTA
9. HITESH S. MEHTA (H.U.F.)
10. SUDHIR S. MEHTA
11. GROWMORE RESEARCH & ASSETS MANAGEMENT LTD.
12. GROWMORE LEASING & INVESTMENTS LTD.
13. GROWMORE EXPORTS LTD.
14. AATUR HOLDINGS PVT. LTD.
15. HARSH ESTATES PVT. LTD.
16. CASCADE HOLDINGS PVT. LTD.

17. ORION TRAVELS PVT. LTD.

27

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26. M/s. SUNRISE ENTERPRISES

27. M/s. HARSHAD S. MEHTA

28. M/s. ASHWIN S. MEHTA

29. M/s. JYOTI H. MEHTA

.... Applicants

V E R I F I C A T I O N

I, ASHWIN SHANTILAL MEHTA, of Bombay, Indian Inhabitant, residing at 32, Madhuli, Dr. Annie Beasant Road, Worli, Bombay - 400 018, do hereby solemnly delcare that what

is stated hereinabove in Paragraph Nos. _____ is true to my knowledge and what is stated in the remaining Paragraph Nos. _____ is on information and belief and I believe the same to be true.

Solemnly declared at Bombay)
aforesaid this 26th day of)
October 1993)

Before me,

Advocates for the Applicant.

BEFORE THE SPECIAL COURT CONSTITUTED UNDER THE SPECIAL COURT (TRIAL OF OFFENCES RELATING TO TRANSACTIONS IN SECURITIES) ACT 1992

29

MISC. PETITION NO. OF 1993

1. HARSHAD SHANTILAL MEHTA,)
2. JYOTI H. MEHTA,)
3. HARSHAD S. MEHTA (H.U.F.),)
4. ASHWIN S. MEHTA,)
5. DEEPIKA A. MEHTA,)
6. ASHWIN S. MEHTA (H.U.F.),)
7. HITESH S. MEHTA,)
8. PRATIMA H. MEHTA,)
9. HITESH S. MEHTA (H.U.F.),)
10. SUDHIR S. MEHTA, all of Bombay,)
Indian Inhabitants, residing at 3rd,)
floor, Madhuli, Dr.Annie Beasant Road,)
Worli, Bombay - 400 018 ;)

11. GROWMORE RESEARCH & ASSETS)
MANAGEMENT LTD.,)
12. GROWMORE LEASING & INVESTMENTS LTD.,)
13. GROWMORE EXPORTS PVT. LTD.,)
14. AATUR HOLDINGS PVT. LTD.,)
15. HARSH ESTATES PVT. LTD.,)
16. CASCADE HOLDINGS PVT. LTD.,)
17. ORION TRAVELS PVT. LTD.,)
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22. PALLAVI HOLDINGS PVT. LTD.,)
23. ZEST HOLDINGS PVT. LTD.,)
24. TOPAZ HOLDINGS PVT. LTD.,)
25. DIVINE HOLDINGS PVT. LTD.,)
26. M/s. SUNRISE ENTERPRISES,)
27. M/s. HARSHAD S. MEHTA,)
28. M/s. ASHWIN S. MEHTA,)
29. M/s. JYOTI H. MEHTA, all)
having their registered offices at)
Maker Chambers V, 221 Nariman Point,)
Bombay - 400 021.)

.... Applicants

Versus

1. Shri A.K. Menon, The Custodian)
appointed under Sec.3(2) of the)
Special Court (Trial of Offences)
relating to Transactions in)
Securities) Act, 1992 having his)
place of office at Nariman Bhavan,)
Nariman Point, Bombay - 400 021.)

2. Central Bureau of Investigation)
A central investigating agency)
incorporated and constituted under)
the Delhi Special Police Force)
Establishment Act, 1946 having its)
office at Jolly Maker Chamber II,)
Nariman Point, Bombay - 400 021.)

3. Assistant Commissioner of Income Tax)
Central Circle, 31, Old CGO Building)
Annexe, 7th Floor, Maharishi Karve)
Road, Bombay - 400 020.)

4. Settlement Commission)
Constituted and established under)
Sec.245 A of the Income Tax Act,)
1961 and under the jurisdiction of)
Ministry of Law & Justice.)

5. The Bombay Stock Exchange)
Established under the Securities)
Contract Regulations Act, having its)
office at Jeejeebhoy Towers, Dalal)
Street, Fort, Bombay - 400 023.)

6. The Madras Stock Exchange)
Is also constituted under the)
Securities Contract Regulations Act,)
having its office at Exchange)
Building, P.B. No. 183, 11 2nd Line)
Beach, Madras - 600 001.)

7. The Calcutta Stock Exchange)
Is also constituted under the)
Securities Contract Regulations Act,)
having its office at 7, Lyons Range)
Calcutta - 700 001.)

8. S.B.I. Capital Markets Ltd.)
Is a company incorporated under the)
Companies Act, 1956 and wholly owned)
subsidiary of State Bank of India)
having its registered office at)
202 Maker Tower "E", Cuffe Parade,)
Bombay - 400 005.)

9. State Bank of Saurashtra)
Is a body corporate constituted)
under the State Bank of India)
(Subsidiary Banks) Act, 1959 and)
wholly owned Subsidiary of State)
Bank of India having its head office)
at Nilambang Chowk, Bhavnagar,)
Gujarat State and a branch at 11,)
S.A. Brelvi Road, Fort, Bombay -)
400001.)

10. State Bank of India)
A Corporation incorporated and)
registered under the State Bank of)
India Act, 1955, having its Head)
office at State Bank Bhawan, Madame)
Cama Road, Bomaby - 400 021 and a)
branch office at Bombay Samachar)
Marg., Bombay - 400 023.)

11. Canbank Financial Services Ltd.
A Limited company under the companies Act, 1956 and wholly owned subsidiary of Canara Bank having its registered office at 19/5 & 19/6, Cunningham Road, Bangalore and a branch amongst other places at Raja Bahadur Mansion, 32, B.S. Marg., Bombay - 400 023.

12. Standard Chartered Bank
A company incorporated with a limited liability under the laws of United Kingdom having its Head office at United Kingdom and a branch office amongst other places at, M.G. Road, Fort, Bombay - 400021.

13. National Housing Bank
A body corporate a wholly owned subsidiary of Reserve Bank of India and constituted under National Housing Bank, 1987 having its place of office at Veer Nariman Road, Fort, Bombay - 400 021.

14. Citibank N.A.
A banking company incorporated with limitedliability under the laws of the United States of America and having its Bombay branch office at Sakhar Bhavan, Nariman Point, Bombay - 400 021.

15. Mazda Industries & Leasing Ltd.
A Public Limited company incorporated and registered under the companies Act, 1956 and having its place of office at 410 Maker Chambers V, Nariman Point, Bombay - 400 021. ... Respondents

To,

The Officer on Special Duty,
The Special Court,
Bombay.

Madam,

We, Harshad Shantilal Mehta, Jyoti H. Mehta, Harshad S. Mehta(H.U.F.), Ashwin S. Mehta, Deepika A. Mehta, Ashwin S. Mehta (H.U.F.), Hitesh S. Mehta, Pratima H. Mehta, Hitesh S. Mehta (H.U.F.), Sudhir S. Mehta, Growmore Research & Assets Management Ltd., Growmore Leasing & Investments Ltd., Growmore Exports Pvt. Ltd., Aatur Holdings Pvt. Ltd., Harsh Estates Pvt. Ltd., Cascade Holdings Pvt. Ltd., Orion Travels Pvt. Ltd., Fortune Holdings Pvt. Ltd., Treasure Holdings Pvt. Ltd., Velvet Holdings Pvt. Ltd., Eminent Holdings Pvt. Ltd., Pallavi Holdings Pvt. Ltd., Zest Holdings Pvt. Ltd., Topaz Holdings Pvt. Ltd., Divine Holdings Pvt. Ltd., M/s. Sunrise Enterprises, M/s. Harshad S. Mehta, M/s. Ashwin S. Mehta, M/s. Jyoti H. Mehta, the Applicants abovenamed, do hereby appoint Messrs. Kanga & Company, Advocates & Solicitors, having their office at Ready Money Mansion, Veer Nariman Road, Fort, Bombay - 400 023, to act, appear and plead for and on our behalf in the above matter.

IN WITNESS WHEREOF, We the abovenamed Applicants have set our hands and signed this writing at Bombay this 26 day of 10 1993.

Accepted;

ADVOCATES FOR THE APPLICANTS.

1. HARSHAD SHANTILAL MEHTA

2. JYOTI H. MEHTA

3. HARSHAD S. MEHTA (H.U.F.)

4. ASHWIN S. MEHTA

5. DEEPIKA A. MEHTA

6. ASHWIN S. MEHTA (H.U.F.)

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28. M/s. ASHWIN S. MEHTA

29. M/s. JYOTI H. MEHTA

.... Applicants

HARSHAD S. MEHTA
(MEMBER: THE STOCK EXCHANGE BOMBAY)

STOCK SECURITIES & FINANCE BROKERS

MAIN OFFICE: 1205-6 & 1518 MAKER CHAMBERS V, 221 NARIMAN POINT, BOMBAY 400 021 INDIA
TELEPHONES: 202 4099, 202 4123, 287 1151, 223633, 223752, 240672, 245304, 245330
TELEX 11 86763 GROW II

STOCK MARKET OFFICE: CAMA BUILDING, 4TH FLOOR, DALAL STREET, FORT, BOMBAY-400 023, INDIA TEL: 271790, 27129
DELHI OFFICE: NO. 201-202 ARUNACHAL, 19 BARAKHAMBA ROAD, NEW DELHI-110 001. Tel : 371-2994, 371-3034/35, 371-6123, 371-612

A.3 35

May 25, 1992.

Mr. R. Jankiraman
Deputy Governor,
The Reserve Bank of India,
Bombay - 400 038.

Sir,

According to several newspaper reports, a Committee headed by you has been appointed by the Government of India to look into Security transactions of various banks and the Committee proposes to submit an interim report shortly.

I am taking this opportunity of approaching the Members of this Committee through you with the following proposal :

Certain amounts were credited to my Bank Accounts, by way of loans / advances which I intend to repay. In view of a series of transactions over a period of time, the exact amount outstanding is not readily available with me particularly in view of the fact that all my books of account and the computers are not available to me at this time.

I reiterate the statement which I have publicly made that I intend to stand-by and honour every commitment that I have. My offer to the Committee is that I am willing to provide security by way of bonds / debentures / equity shares of reputed companies and other money market assets and work out the further course of action in detail. I submit to the Members of the Committee that I have not done anything illegal and this offer to provide security should not be deemed or construed to be an admission on my part of being involved in any illegal act.

I would be obliged if the Member of the Committee grant me and / or my representatives an opportunity of appearing before them in order to furnish the details of my proposal and whatever clarifications that may be required.

Yours faithfully,

(Harshad S. Mehta)

Recd cover for Shri Janaki raman DY Govr
25/5
PS To HGJ

A-7

37

HARSHAD S. MEHTA
(MEMBER: THE STOCK EXCHANGE BOMBAY)

STOCK SECURITIES & FINANCE BROKERS

MAIN OFFICE: 1205-6 & 1518 MAKER CHAMBERS V, 221 NARIMAN POINT, BOMBAY 400 021 INDIA
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TELEX: 11 86763 GROW IN

STOCK MARKET OFFICE: CAMA BUILDING, 4TH FLOOR, DALAL STREET, FORT, BOMBAY-400 023, INDIA
TEL: 271790, 271294
DELHI OFFICE: NO. 201-202 ARUNACHAL, 19 BARAKHAMBA ROAD, NEW DELHI-110 001
Tel: 371-2994, 371-3034/35, 371-6123, 371-6128

June 2, 1992.

Mr. S. Venkitaramanan,
Governor,
Reserve Bank of India,
Shahid Bhagatsingh Road,
Bombay - 400 038.

Sir,

In an effort to square up and settle all the outstanding transactions, I have written a letter to the Hon'ble the Finance Minister of India today. I am enclosing a copy thereof, for your information.

Sincerely,

(HARSHAD S. MEHTA)

भा. रि. बैं. के. का. भवन, बंबई
R.B.I. BOMBAY
RECEIVED
CONTENTS NOT KNOWN

HARSHAD S. MEHTA
(MEMBER: THE STOCK EXCHANGE BOMBAY)

STOCK SECURITIES & FINANCE BROKERS

MAIN OFFICE: 1205-6 & 1518 MAKER CHAMBERS V, 221 NARIMAN POINT, BOMBAY 400 021 INDIA
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DELHI OFFICE: NO. 201-202 ARUNACHAL, 19 BARAKHAMBA ROAD, NEW DELHI-110 001 Tel 371-2994, 371-3034/35, 371-6123, 371-6128

A-8

36

June 2, 1992.

Mr. R. Jankiraman,
Dy. Governor,
Reserve Bank of India,
Shahid Bhagatsingh Road,
Bombay - 400 038.

Sir,

In an effort to square up and settle all the outstanding transactions, I have written a letter to the Hon'ble the Finance Minister of India today. I am enclosing a copy thereof, for your information.

Sincerely,

(HARSHAD S. MEHTA)

भा. रि. बैं. के का भवन, बंबई
प्राप्त हुआ
भीतर सामग्री ज्ञात नहीं
R.B.I. CDR BOMBAY
RECEIVED
CONTENTS NOT KNOWN

A-4 38

भारतीय रिज़र्व बैंक
केंद्रीय कार्यालय
बैंकिंग परिचालन और विकास विभाग
केन्द्र - 1, विश्व व्यापार केन्द्र,
कफ परेड, कोलाबा, बम्बई 400 005.

तार : "BANKCHALAN" बम्बई
TELEGRAMS : BOMBAY

टेलेक्स सं. 011-6135
TELEX No.

टेलीफोन सं. 219131-
Telephone Nos. 219131-39

पोस्ट बॉक्स सं. 6089
Post Box No.

RESERVE BANK OF INDIA
CENTRAL OFFICE
DEPARTMENT OF BANKING OPERATIONS AND DEVELOPMENT
CENTRE - 1, WORLD TRADE CENTRE,
CUFFE PARADE, COLABA, BOMBAY 400 005.

कृपया उत्तर में लिखें
Please quote in reply
संदर्भ डीबीओडी सं.
Ref. DBOD No. .....

बैंक हिन्दी में भी पत्राचार का स्वागत करता है।

COMMITTEE TO ENQUIRE INTO
SECURITIES TRANSACTIONS OF
BANKS AND FINANCIAL INSTITUTIONS

26th May 1992

Shri Harshad S. Mehta,
1205-6 & 1518 Maker Chambers V,
221, Nariman Point,
BOMBAY - 400 021.

Dear Sir,

The Secretariat of the Committee to enquire into Securities transactions of banks and financial institutions has received your letter dated 25th May 1992 addressed to the Chairman. While we note that you intend to stand by and honour every one of your commitments, it is not the function of theCommittee to deal with matters connected with your proposal to secure repayment of your dues to the banks. It is for you to take up such matters with the banks concerned.

In case, however, you desire to submit any information which may have a bearing on the terms of reference of the Committee which may be of assistance to the Committee in its deliberations, we would request you to send us the information in writing which will be placed before the Committee for its consideration.

Yours faithfully,

(N.D. Parameswaran)
For Member Secretary.

A-6

39

June 2, 1992.

Mr. Dalbir Singh,
The Hon'ble Minister of Banking,
North Block,
New Delhi - 110 001.

Sir,

In an effort to square up and settle all the outstanding transactions, I have written a letter to the Hon'ble the Finance Minister of India today. I am enclosing a copy thereof, for your information.

Sincerely,

Sd/-

(HARSHAD S. MEHTA)

A11 COPY

HARSHAD S. MEHTA
(MEMBER: THE STOCK EXCHANGE BOMBAY)

STOCK SECURITIES & FINANCE BROKERS

MAIN OFFICE: 1205-6 & 1518 MAKER CHAMBERS V, 221 NARIMAN POINT, BOMBAY 400 021 INDIA. TELE
TELEPHONES: 202 4099, 202 4123, 287 1151, 223633, 223752, 240672, 245304, 245330. 11 86763 GROW

STOCK MARKET OFFICE: CAMA BUILDING, 4TH FLOOR, DALAL STREET, FORT, BOMBAY-400 023, INDIA TEL: 271790, 27129
DELHI OFFICE: NO. 201-202 ARUNACHAL, 19 BARAKHAMBA ROAD, NEW DELHI-110 001. Tel : 371-2994, 371-3034/35, 371-6123, 371-612

June 2, 1992.

The Investigating Officer,
Central Bureau of Investigation,
Tanna House,
Bombay - 400 038.

Sir,

In an effort to square up and settle all the outstanding transactions, I have written a letter to the Hon'ble the Finance Minister of India today. I am enclosing a copy thereof, for your information.

Sincerely,

(HARSHAD S. MEHTA)

CENTRAL BUREAU OF INVESTIGATION
SPECIAL POLICE ESTABLISHMENT

Certified Copy Charges Rs.....

IN THE SPECIAL COURT (TRIAL OF OFFENCES RELATING TO TRANSACTIONS IN SECURITIES) AT BOMBAY

MISCELLANEOUS APPLICATION NO. 107 OF 1993

Assistant Commissioner of Income Tax. ... Applicant

Versus

1. Mr. A.K. Menon, Custodian and Others. ... Respondents

Mr. Balasubramanian with Mr.L.K. Chatterjee, Advocates for the Applicant;

Mr. Setalwad with Mr. G.R.Joshi i/by M/s. Pravin Mehta & Mithi & Co., Advocates for Respondent No.1;

Mr. J.D. Mistry with Mr.Bharat Damodar i/b. M/s.Kanga & Co., Advocates for Respondent Nos. 2 to 14.

CORAM: S.N. VARIAVA J.

DATE: 2ND JULY 1993.

P.C.:

By this Application, the Income Tax Department asks for release of over Rs.200 crores towards alleged tax claims for the Assessment Year 1990-91. As against this demend, all the Assessees have filed Appeals. All the Appeals are pending. The Assessing Officer has refused stay and is now demanding the amount.

In my view, at this stage, it is not possible to release such a large amount. Mr. Balasubramanian submits that the amount must be released as the period of 30 days expires on 4th July 1993 and then the Assessees will become liable to pay interest/penalty on the amount.

This Court has been established due to certain unfortunate events that have taken place. The Special Court Act provides not just for prosecution but also for distribution of Assets in the manner laid down under Section 11 thereof. Under Section 11, the Income Tax Department has first priority. For purposes of

Contd...2/-

SPECIAL COURT ... BOMBAY

ultimate distribution the properties of all Notified persons stand attached. Whilst the property is attached, no payments can be made without permission of Court. The Court cannot distribute unless a person is proved guilty and the Court has a correct and full picture of the assets before it. In the meantime the Income Tax Department by continuing to Act, as if it is not concerned with what has happened, is creating innumerable problems. The Government must now consider restraining the Income Tax Department from levying interest and penalties on notified parties at this stage. This so that the collection & distribution is in an orderly fashion. I clarify that the Court is not suggesting that the rights and powers of the Department be curtailed or abrogated in any manner. But it would be better, if they wait patiently like others. If a notified party gets de-notified by Court or is ultimately not found guilty, then the question of penalty or interest may arise & could be enforced. Otherwise the Department should consider awaiting distribution under Section 11. This is merely a suggestion. It is for the Department and the Central Government to resolve this.

So far as this Application is concerned, I direct the Appellate Authority to dispose off the pending Appeals of Respondents 2 to 14 within 3 months from today. However, the date for hearing to be fixed after 16th August 1993. This period of 1½ months being to enable Respondents 2 to 14 to get ready for the Appeal. The Appellate Authority, as far as possible, not to adjourn the hearing on the date fixed. In the meantime

Contd...3/-

SPECIAL COURT ... BOMBAY

43

the Applicant not to levy interest or penalty on their demands.

The Application is adjourned to 11th October 1993.

Sd/-A.M.Trivedi.
ASSOCIATE

SPECIAL COURT
Constituted under (Transactions in Securities) Ordinance 1991
BOMBAY

Applied on 9.7.1993
Pages (3)
Examined by R.M. Kubal
Compared with B.S. Kadam
Ready on 15.7-93
Delivered on 16.7-93

Certified to be a true copy
J. Rodrigues 15.7-93
OFFICER ON SPECIAL DUTY
Office of the Special Court
Bombay.

TRUE COPY

HARSHAD S. MEHTA
MEMBER (THE STOCK EXCHANGE BOMBAY)
STOCK SECURITIES & FINANCE BROKERS

MAIN OFFICE E: 1205-6 & 1518 MAKER CHAMBERS V, 221 NARIMAN POINT, BOMBAY 400 021 INDIA TELEX
TELEPHONE NO. 202 4039, 202 4123, 287 1151, 223633, 223752, 240672, 245304, 245330 1186763 GROW IN

STOCK MARKET OFFICE: CAMA BUILDING, 4TH FLOOR, DALAL STREET, FORT, BOMBAY 400 023, INDIA
DELHI OFFICE: NO. 201-202, ARUNACHAL, 18 BARAKHAMBA ROAD, NEW DELHI 110 001. Tel: 371-2994, 371 3034/35, 371-6123, 371 6128

February 3, 1993

To,
Office of the Custodian,
9th Floor, Nariman Bhavan,
Nariman Point,
BOMBAY – 400 021

Dear Sir,

Re : Outstanding receivable from State Bank of India

I wish to inform you that in the fourth week of April, 199_ the outstanding account with the State Bank of India was set as per claims raised by the bank and without reconciling the same with my books of accounts as they were under seizure by the Income Tax Department.

The State Bank of India requested for a letter to crystalising the arrangement made with them. While settling the account an amount of approximately Rs.21.5 crores was payable by the State Bank of India to me. The above amount has not been paid by the bank despite my honouring commitment to the bank as per their claim.

You are requested to raise an appropriate claim for the said amount from the bank. For details, you may request the bank to furnish you their working sheet for arriving at the settlement and also a copy of my letter addressed to them as mentioned above. Unfortunately copy of this letter is not traceable at my end.

Kindly also keep me informed of the progress in the matter.

Thanking you

Yours faithfully,

Sd/-

(HARSHAD S. MEHTA)

TRUE COPY

HARSHAD S. MEHTA
MEMBER (THE STOCK EXCHANGE BOMBAY)
STOCK SECURITIES & FINANCE BROKERS

MAIN OFFICE E: 1205-6 & 1518 MAKER CHAMBERS V, 221 NARIMAN POINT, BOMBAY 400 021 INDIA TELEX
TELEPHONE NO. 202 4039, 202 4123, 287 1151, 223633, 223752, 240672, 245304, 245330 1186763 GROW IN

STOCK MARKET OFFICE: CAMA BUILDING, 4TH FLOOR, DALAL STREET, FORT, BOMBAY 400 023, INDIA
DELHI OFFICE: NO. 201-202, ARUNACHAL, 18 BARAKHAMBA ROAD, NEW DELHI 110 001. Tel: 371-2994, 371 3034/35, 371-6123, 371 6128

April 19, 1993

To,
Office of the Custodian,
9th Floor, Nariman Bhavan,
Nariman Point,
BOMBAY – 400 021

Dear Sir,

Re : Claim on State Bank of India (SBI)
Double Ready Forward Transaction in Govt. Securities

This is to inform you that on 7th March, 1992 SBI entered into a double ready forward transaction with my firm having the following particulars:

NAME OF THE SECURITY	SBI	FACE VALUE In Crores	RATE Rs.	AMOUNT Rs.
11.5% GOI CL 2010	Borrowed	348	98.25	349,10,65,409.33
Treasury Bills (24/07/92)	Lent	300	96.30	288,90,00,000.00
Treasury Bills (21/08/92)	Lent	40	95.70	38,28,00,000.00
11.5% GOI CL 2015	Lent	10	95.00	9,75,48,895.11
11.5% S/L 2011	Lent	10	94.00	9,54,18,724.22

Total Amount Lent by SBI : 346,47,67,619.33
Total Amount borrowed by SBI : 349,10,65,409.33
The above transaction was initially entered for a period of 42 days with a differential interest rate of 2.75% in favour of SBI.

On 18th April 1992 the transaction fell due for reversal but a roll over of the same was agreed to by the bank. It should be noted that the SBI offered the security of 11.5% GOI 2010 at a higher rate of Rs.98.25 against the then market rate which was substantially lower and in effect the difference on that account has been funded by me. It should also be noted that the amount lent by SBI against security of

Treasury Bills as mentioned above would stand repaid to SBI on the date of maturity of Treasury Bills i.e. an amount of Rs.300 crores on 24th July, 1992 and an amount of Rs.40 crores on 21st August, 1992. In effect, the amount lent by SBI stands repaid to the above extent whereas the amount borrowed by SBI remains outstanding till date.

I request your office to raise a claim on SBI for its borrowing transaction. I am enclosing a computation sheet for raising the above claim as per which the SBI is required to repay an amount of Rs.447,21,52,249.88 if it settles the outstanding as on 30th April, 1993, and charging interest @ 24% p.a. from the date of default. I may also point out that the market value of 11.5% GOI C/L 2010 has fallen down to a level of Rs.89/- whereas SBI is required to purchase the same at Rs.125.17 on 30.04.1993. The difference in SBI's reversal rate and the current market rate works out to Rs.125,86,36,065.21. The reversal details of the rest of above transaction can be settled separately.

Please note that in April, 1992, when I made the repayment to SBI, it was as per the claims arrived at by the SBI and without reconciling it with my books of accounts. It was agreed that it would be subject to reconciliation. While settling the account the above set of outstanding transaction were not taken into account.

Please do the needful urgently and oblige.

Thanking you
Yours faithfully,

Sd/-

(Harshad S. Mehta)

encl: Annexure CLAIM COMPUTATION.

HARSHAD S. MEHTA
MEMBER (STOCK EXCHANGE BOMBAY)
STOCK SECURITIES & FINANCE BROKERS

MAIN OFFICE E: 1205-6 & 1518 MAKER CHAMBERS V, 221 NARIMAN POINT, BOMBAY 400 021 INDIA TELEX
TELEPHONE NO. 202 4039, 202 4123, 287 1151, 223633, 223752, 240672, 245304, 245330 1186763 GROW IN

STOCK MARKET OFFICE: CAMA BUILDING, 4TH FLOOR, DALAL STREET, FORT, BOMBAY 400 023, INDIA
DELHI OFFICE: NO. 201-202, ARUNACHAL, 18 BARAKHAMBA ROAD, NEW DELHI 110 001. Tel: 371-2994, 371 3034/35, 371-6123, 371 6128

ANNEXURE

CLAIM COMPUTATION

PARTICULARS	Rupees
AMOUNT LENT ON 07/03/92	349,10,65,409.33
(*) INTEREST @ 11.50% p.a. UPTO 18/04/92 (42 DAYS)	4,61,96,838.16
AMOUNT RECEIVABLE ON 18/04/92	353,72,62,247.49
INTEREST @ 24% p.a. UPTO 18/10/92 (183 DAYS)	42,56,34,405.22
AMOUNT RECEIVABLE ON 18/10/92	396,28,96,652.71
INTEREST @ 24% p.a. UPTO 18/04/93 (182 DAYS)	47,42,44,728.19
AMOUNT RECEIVABLE ON 18/04/93	443,71,41,380.90
INTEREST @ 24% p.a. UPTO 30/04/93 (12 DAYS)	3,50,10,868.98
AMOUNT RECCEIVABLE ON 30/04/93 i.e. FOR FACE VALUE OF RS.348 CR @ Rs.125.1677, SAY Rs.125.17 (A)	447,21,52,249.88
CURRENT PURCAHSE COST OF THE SAME SECURITY @ Rs.89 FOR DELIVERY ON 30/04/93 (B)	321,35,16,184.67
DIFFERENCE BETWEEN SBI's REVERSAL VALUE AND CURRENT PURCHASE COST (A – B)	**125,86,36,065.21**

(*) The Base rate of Interest has been assumed at 11.5% for this transaction and 2.75% benefit to SBI can be reflected in the other claim.

EXHIBIT - C

CHART OF RECEIVABLES OF HARSHAD S. MEHTA

STATE BANK OF INDIA

DATE OF CLAIMTO CUSTODIAN	CLAIM DETAILS	REVERSAL AMOUNT	CLAIM AMOUNT	VALUE DATE	REVISED REVERSAL AMOUNT	REVISED CLAIM AMOUNT	VALUE DATE
03/02/93	EXCESS PAYMENT TO SBI		21,50,00,000.00	22/04/92		30,07,45,677.76	01/11/93
19/04/93	REVERSAL OF 348 CRORE 11.5% C.L. 2010	447,21,52,249.88	125,86,36,065.21	30/04/93	501,68,18,097.10	197,64,65,105.77	01/11/93
12/10/93	REVERSAL OF 275 CRORE 11.5% C.L. 2010				365,75,05,604.69	125,49,27,809.58	01/11/93
S U B T O T A L		447,21,52,249.88	147,36,36,065.21		867,43,23,701.79	353,21,38,593.11	
L E S S : CREDIT FOR GROSS INTEREST ON 2ND & 3RD CLAIM						107,46,75,000.00	
N E T R E C E I V A B L E		447,21,52,249.88	147,36,36,065.21		867,43,23,701.79	245,74,63,593.11	

EXHIBIT - D

CLAIM DETAILS - S.B.I.

Claim of S.B.I.	706,97,73,179.68
LESS : N E T R E C E I V A B L E :	
As per chart of Net Receivables from S.B.I., seperately attached	245,74,63,593.11
BALANCE PAYABLE TO S.B.I,	461,23,09,586.57

NOTE :

(a) The 1st Applicant has had very large dealings with / through S.B.I. The 1st Applicant has not been furnished with vouchers / bank account for the transactions carried out by the bank. The S.B.I. used to receive and tender physical deliveries / B.R.s on behalf of the 1st Applicant. There are strong possibilities of S.B.I. having surplus B.R.s / physical assets remaining uncollectd by the 1st Applicant. It is imperative to obtain the details of transactions to reconcile and whet the S.B.I. claims. Earlier, in April 1992 the 1st Applicant repaid to S.B.I. a sum of Rs. 622 crores without reconciling the outstanding and subject to final settlement of the claim.

(b) The claim arising out of outstanding transactions is subject to reconciliation.

HARSHAD S. MEHTA
(MEMBER: THE STOCK EXCHANGE BOMBAY)

STOCK SECURITIES & FINANCE BROKERS

MAIN OFFICE: 1205-8 & 1518 MAKER CHAMBERS V, 221 NARIMAN POINT, BOMBAY 400 021 INDIA. TELE)
TELEPHONES: 202 4099, 202 4123, 287 1151, 223833, 223752, 240672, 245304, 245330. 11 86763 GROW I

STOCK MARKET OFFICE: CAMA BUILDING, 4TH FLOOR, DALAL STREET, FORT, BOMBAY-400 023, INDIA TEL: 271790, 27129
DELHI OFFICE: NO. 201-202 ARUNACHAL, 19 BARAKHAMBA ROAD, NEW DELHI-110 001. Tel : 371-2994, 371-3034/35, 371-6123, 371-612

E 50

22nd September, 1993.

Mr. Sunil Gupta,
Assistant Commissioner of
Income Tax,
Central Circle 23,
7th Floor, CGO Building,
M. K. Road,
BOMBAY - 400 020.

Dear Sir,

With reference to our personal meeting in the morning today in the presence of Shri K. V. M. Pai, Commissioner of Income Tax, and as discussed, I wish to convey the following to you :

a) I and my other family members and the companies in which we have interest, intend moving an application before the Settlement Commission to quickly resolve all the pending issues.

b) Our Counsel has conveyed to the Hon'ble Special Court our intention to submit an application proposing a **plan of repayment** of outstanding claims including the claims of taxes. This plan is under preparation with our Counsels and would be submitted before the Hon'ble Special Court latest by early next week. We are proposing to the Hon'ble Court about our intentions to move the application before the Settlement Commission. Your department is proposed to be made a party and the detailed application will be furnished to you soon. In this application to the Hon'ble Court we shall pray for seeking an interim relief of creating condition to be able to draw our books of accounts and/or asset liability picture so as to determine our income for submission before the Settlement Commission.

c) In my statement recorded before you u/s. 131 on 10th September 1993 I have already committed that I would like to disclose a true and fair picture of the asset and liability of the group to the Settlement Commission.

d) I am thankful to your department for granting me an audience and wish to convey at the cost of repitition that me and my other family members are desirous of resolving every pending issue before your department at the earliest. I humbly request your department to help me in this process by not taking any precipitatory steps particularly in view of my plans of meeting all my obligations to your department as well as repayment of public money. It would be prayed before the Hon'ble Court to grant a stay on our assessment and appeal proceedings so as to enable us to provide the picture to the Settlement Commission.

Thanking you,

Yours faithfully,

(HARSHAD S. MEHTA)

Copy to : 1) Commissioner of Income Tax,
Central II,
10th Floor,
C.G.O. Building,
M. K. Road,
Bombay - 400 020.

2) Deputy Commissioner of Income Tax,
Central Range 7,
7th Floor,
C.G.O. Building,
M. K. Road,
Bombay - 400 020.

52

EXHIBIT - F

INTERESTS/DIVIDEND TO BE COLLECTED/DEPOSITED BY HARSHAD S MEHTA

Sr. No.	Particulars of Security	Face Value (Rs. in Crores)	I/P Date	Due On	Interest Amount	Assets Currently in Possession of	Remaks
1	9 % HUDCO Bonds	15.00	27/03	27/03/92	67,50,000	10 Cr. with NHB	5 Cr. Bonds not tracable
		15.00	27/03	27/03/92	67,50,000	——"——	
		15.00	27/03	27/09/92	67,50,000	——"——	
		15.00	27/03	27/03/93	67,50,000	——"——	
		15.00	27/03	27/09/93	67,50,000	——"——	
	SUB TOTAL				**3,37,50,000**		
2.	17 % NTPC Bonds	81.00	22/01	22/07/92	6,88,50,000	National Housing Bank	
		81.00	22/01	22/01/93	6,88,50,000	——"——	
		81.00	22/01	22/07/93	6,88,50,000	——"——	
	SUB TOTAL				**20,65,50,000**		
3.	UNITS	1.12	01/06	01/06/92	2,80,00,000	National Housing Bank	@ Rs.2.50 per Unit
		1.12	01/06	01/06/93	2,91,20,000	——"——	@ Rs.2.60 per Unit
	SUB TOTAL				**5,71,20,000**		
4.	13% RIN Bonds	6.00	10/03	10/09/91	39,00,000	National Housing Bank	
		6.00	10/03	10/03/92	39,00,000	——"——	
		6.00	10/03	10/09/92	39,00,000	——"——	
		6.00	10/03	10/03/93	39,00,000	——"——	
		6.00	10/03	10/09/93	39,00,000	——"——	
	SUB TOTAL				**1,95,00,000**		
5.	13% RIN Bonds	5.00	27/03	10/09/91	32,50,000	National Housing Bank	
		5.00	27/03	10/03/92	32,50,000	——"——	
		5.00	27/03	10/09/92	32,50,000	——"——	
		5.00	27/03	10/03/93	32,50,000	——"——	
		5.00	27/03	10/09/93	32,50,000	——"——	
	SUB TOTAL				**1,62,50,000**		
6.	9% IRFC Bonds	31.00	01/04	01/04/92	1,39,50,000	National Housing Bank	
		31.00	01/04	01/10/92	1,39,50,000	——"——	
		31.00	01/04	01/04/93	1,39,50,000	——"——	
		31.00	01/04	01/10/93	1,39,50,000	——"——	
	SUB TOTAL				**5,58,00,000**		
	SUB TOTAL OF NATIONAL HOUSING BANK				**38,89,70,000**		

INTERESTS/DIVIDEND TO BE COLLECTED/DEPOSITED BY HARSHAD S MEHTA

Sr. No.	Particuiars of Security	Face Value (Rs. in Crores)	I/P Date	Due On	Interest Amount	Assets Currently in Possession	Remarks
7	9 % PFC Bonds	30.00	27/06	27/06/92	1,35,00,000	Standard Chartered	
		30.00	27/06	27/12/92	1,35,00,000	——"——	
		30.00	27/06	27/06/93	1,35,00,000	——"——	
	SUB TOTAL				**4,05,00,000**		
8.	9 % IRFC Bonds	24.50	01/01	01/07/92	1,10,25,000	Standard Chartered	
		24.50	01/01	01/01/93	1,10,25,000	——"——	
		24.50	01/01	01/07/93	1,10,25,000	——"——	
	SUB TOTAL				**3,30,75,000**		
9.	13% NPC Bonds	13.00	23/02	23/08/91	84,50,000	Standard Chartered	
		13.00	23/02	23/02/92	84,50,000	——"——	
		13.00	23/02	23/08/92	84,50,000	——"——	
		13.00	23/02	23/02/93	84,50,000	——"——	
		13.00	23/02	23/08/93	84,50,000	——"——	
	SUB TOTAL				**4,22,50,000**		
	SUB TOTAL OF STANDARD CHARTERED				**11,58,25,000**		
10.	9% IRFC Bonds	30.00	01/04	01/04/92	1,35,00,000	Syndicate Bank	
		30.00	01/04	01/10/92	1,35,00,000	——"——	
		30.00	01/04	01/04/93	1,35,00,000	——"——	
		30.00	01/04	01/10/93	1,35,00,000	——"——	
	SUB TOTAL				**5,40,00,000**		
11.	17% NTPC Bonds	20.00	22/01	22/07/92	1,70,00,000	Syndicate Bank	
		20.00	22/01	22/01/93	1,70,00,000	——"——	
		20.00	22/01	22/07/93	1,70,00,000	——"——	
	SUB TOTAL				**5,10,00,000**		
	SUB TOTAL OF SYNDICATE BANK				**10,50,00,000**		
12.	UNITS	3.70	01/06	01/06/92	9,25,00,000	SBI CAP.	@ Rs.2.50 per Unit
		3.70	01/06	01/06/93	9,62,00,000	——"——	@ Rs.2.60 per Unit
	SUB TOTAL OF SBI. CAP.				**18,87,00,000**		
	TOTAL				**79,84,95,000**		

NOTE :-

(1) The Warrants are attached with Bonds and the same have to encashed.
(2) Whereever encashment has taken place the claim will have to be drawn together with interest on encashed amount.

I/P DATE = Interest Payment Date.

54

EXHIBIT - G
MONEY MARKET ASSETS PROPOSED FOR SALE

SR. NO.	PARTICULARS	FACE VALUE (Rs.IN CRORES)	I/P DATE	BOOK COST Rs.		PURCHASE DATE	CURRENTLY IN POSSESSION OF	REMARKS
				RATE	AMOUNT			
1	9 % HUDCO BONDS	10.00	27/03	98.30	9,83,73,972.60	30/03/91	N.H.B.	
2	9 % HUDCO BONDS	5.00	27/03	98.30	4,91,86,986.30	30/03/91	NOT TRACEABLE	TO OBTAIN DUPLICATE CERTIFICATE
3	9 % PFC BONDS	21.00	27/06	101.64	21,89,32,767.12	11/10/91	STANDARD CHARTERED	
4	9 % PFC BONDS	9.00	27/06	99.50	9,06,15,205.48	13/02/91	STANDARD CHARTERED	
5	CANTRIPLE	10.00		20.00	20,00,00,000.00	10/04/92	CUSTODIAN	
	T O T A L				65,71,08,931.50			

NOTE :-

1) The above Assets have been paid for by HSM.
2) The selling price of above assets have to be determined / negotiated.

I/P DATE = Interest Payment Date

55

EXHIBIT - H

ASSETS PAID FOR BY HSM PROPOSED TO BE LODGED WITH CUSTODIAN FOR RECOVERY OF HSM RECEIVABLES

SR. NO.	PARTICULARS OF SECURITY	FACE VALUE (CRORES)	I/P DATE	ASSETS LYING AT	DELIVERABLE TO	RECOVERABLE AMOUNT	COUPON INTEREST	NET RECOVERABLE AMOUNT
1	17% NTPC BONDS	81.00	22/01	N.H.B.	CANFINA	120,83,76,742.68	20,65,50,000.00	100,18,26,742.68
2	13% RIN BONDS	6.00	10/03	N.H.B.	CANFINA	9,49,73,847.03	1,95,00,000.00	7,54,73,847.03
3	9% IRFC BONDS	31.00	01/04	N.H.B.	CANFINA	45,89,69,101.87	5,58,00,000.00	40,31,69,101.87
4	13% RIN BONDS	5.00	27/03	N.H.B.	CANFINA	8,17,36,825.29	1,62,50,000.00	6,54,86,825.29
5	13% NPC BONDS	13.00	23/02	STANDARD CHARTERED	CANFINA	21,51,47,393.12	4,22,50,000.00	17,28,97,393.12
6	9% IRFC BONDS	24.50	01/01	STANDARD CHARTERED	CANFINA	33,79,21,655.21	3,30,75,000.00	30,48,46,655.21
7	9% IRFC BONDS	30.00	01/04	SYNDICATE BANK	CANFINA	44,42,75,510.23	5,40,00,000.00	39,02,75,510.23
8	17% NTPC BONDS	20.00	22/01	SYNDICATE BANK	CANFINA	19,73,24,732.54	5,10,00,000.00	14,63,24,732.54
						303,87,25,807.97	47,84,25,000.00	256,03,00,807.97

NOTE :-

(1) The above Assets have been placed by Canfina as Security with HSM under ready forward mechanism.

(2) Canfina has not honoured the reversal transactions.

(3) The recoverable amount is arrived at by calculating interest on principal sum lent by HSM.

(4) The interest on Bonds fell due every six months at the coupon rate. This amount is seperately indicated in the Coupon Interest Column. Wherever Coupon Interest is received there would be only Net Recoverable Amount as indicated above.

(5) A seperate claim of Interest will emerge on interest encashed by either Canfina or presently holding institution.

(6) The distinction between the above receivabless and those mentioned in Exhibit - "J" is that assets are in hand / possession in above cases to effect the reversal.

I/P DATE = Interest Payment Date

56

EXHIBIT - I

A LIST OF ASSETS OFFERED AS SECURITY

SR. NO.	PARTICULARS OF ASSETS	FACE VALUE (IN CRORES)	MARKET VALUE Rs.	ASSET CURRENTLY IN POSSESSION	REMARKS
1	UNITS	3.70	61,05,00,000	SBI CAP.	
2	UNITS	1.12	18,48,00,000	N.H.B.	
3	BOINANZA FESTIVAL	10.00	13,00,00,000	N.H.B.	
4	M.T.N.L. SHARES	2.50	4,00,00,000	CUSTODIAN	PURCHASED BY M/s.J.H. MEHTA
	T O T A L		96,53,00,000		

it is proposed to offer above assets as security to be released on collection of receivables.

57

EXHIBIT - J

CHART OF RECEIVABLES OF HARSHAD S. MEHTA

STANDARD CHARTERED BANK

DATE OF CLAIMTO CUSTODIAN	CLAIM DETAILS	REVERSAL AMOUNT	CLAIM AMOUNT	VALUE DATE	REVISED REVERSAL AMOUNT	REVISED CLAIM AMOUNT	VALUE DATE
05/03/93	REVERSAL OF 50 LACS UNITS	7,38,21,500.00	2,24,28,500.00	05/03/93	7,38,21,500.00	4,18,28,500.00	01/11/93

CITIBANK

DATE OF CLAIMTO CUSTODIAN	CLAIM DETAILS	REVERSAL AMOUNT	CLAIM AMOUNT	VALUE DATE	REVISED REVERSAL AMOUNT	REVISED CLAIM AMOUNT	VALUE DATE
04/03/93	REVERSAL OF 3.50 CRORE UNITS	51,97,50,000.00	15,40,00,000.00	04/03/93	51,97,50,000.00	28,98,00,000.00	01/11/93

D.B. FINANCE INDIA LTD.

DATE OF CLAIMTO CUSTODIAN	CLAIM DETAILS	REVERSAL AMOUNT	CLAIM AMOUNT	VALUE DATE	REVISED REVERSAL AMOUNT	REVISED CLAIM AMOUNT	VALUE DATE
04/03/93	REVERSAL OF 3 CRORE UNITS	45,15,00,000.00	12,60,00,000.00	04/03/93	45,15,00,000.00	24,24,00,000.00	01/11/93

BANK OF AMERICA

DATE OF CLAIMTO CUSTODIAN	CLAIM DETAILS	REVERSAL AMOUNT	CLAIM AMOUNT	VALUE DATE	REVISED REVERSAL AMOUNT	REVISED CLAIM AMOUNT	VALUE DATE
04/03/93	REVERSAL OF 2 CRORE UNITS	30,72,82,000.00	7,77,18,000.00	04/03/93	30,72,82,000.00	15,53,18,000.00	01/11/93
04/03/93	REVERSAL OF 1.70 CRORE UNITS	26,17,06,500.00	6,55,43,500.00	04/03/93	26,17,06,500.00	13,15,03,500.00	01/11/93
10/03/93	REVERSAL OF 35 CRORE 11.5% C.L. 2009	43,70,36,769.06	11,19,37,373.39	15/03/93	50,63,93,283.01	19,84,22,451.79	01/11/93
10/03/93	REVERSAL OF 15 CRORE 11.5% C.L. 2010	18,50,44,693.06	4,66,54,181.39	15/03/93	21,40,60,056.51	8,30,10,358.18	01/11/93
S U B T O T A L		119,10,69,962.12	30,18,53,054.78		128,94,41,839.52	56,82,54,309.97	

CHART OF RECEIVABLES OF HARSHAD S. MEHTA

SBI CAPITAL MARKETS LTD.

DATE OF CLAIMTO CUSTODIAN	CLAIM DETAILS	REVERSAL AMOUNT	CLAIM AMOUNT	VALUE DATE	REVISED REVERSAL AMOUNT	REVISED CLAIM AMOUNT	VALUE DATE
05/03/93	REVERSAL OF 1 CRORE UNITS	15,55,16,000.00	3,69,84,000.00	05/03/93	15,55,16,000.00	7,57,84,000.00	01/11/93

CANFINA

DATE OF CLAIMTO CUSTODIAN	CLAIM DETAILS	REVERSAL AMOUNT	CLAIM AMOUNT	VALUE DATE	REVISED REVERSAL AMOUNT	REVISED CLAIM AMOUNT	VALUE DATE
10/02/93	13% RIN BONDS FACE VALUE 40 CRORES.	54,84,60,460.70	22,63,78,268.92	01/03/93	57,21,57,777.04	29,47,94,763.34	01/11/93 (a)
17/02/93	9% IRFC BONDS FACE VALUE 50 CRORES.	60,13,75,652.33	19,41,01,679.73	01/03/93	70,21,55,921.59	27,19,91,538.03	01/11/93
24/02/93	13% NPC BONDS FACE VALUE 14.00 CRORES.	19,86,44,327.23	9,33,45,149.15	01/03/93	1,65,49,799.47	85,00,484.40	01/11/93 (b)
26/02/93	13% NPC BONDS - FACE VALUE Rs.65 CRS.	73,26,01,953.52	34,37,12,912.42	01/03/93	85,44,80,866.83	33,12,75,387.38	01/11/93
26/02/93	13% DVC BONDS FACE VALUE 34.50 CRORES.	37,03,75,044.40	10,78,15,866.32	01/03/93	43,23,22,824.78	15,15,49,537.11	01/11/93
26/02/93	9% IRFC BONDS FACE VALUE 70 CRORES.	88,84,79,478.02	30,24,16,464.32	01/03/93	57,74,12,741.07	25,07,31,645.18	01/11/93 (c)
	SUB TOTAL	333,99,36,916.20	126,77,70,340.86		315,50,79,930.78	130,88,43,355.44	
	GRAND TOTAL	573,15,94,378.32	190,90,35,895.64		564,51,09,270.30	252,69,10,165.41	

NOTE :-

(1) **Reversal Amount represents full value of Security together with interest added.**

(2) **Claim amount represents the net realisable sum available as credit in the 1st Applicants hand on completion of transaction at current market value of the asset and as on the value dates suggested above.**

(a) Bonds of Rs.5 crore face value are held and credit to that extent is taken in Chart of Receivables with Custodian.

(b) Bonds of Rs.13 crore face value are held and credit to that extent is taken in Chart of Receivables with Custodian.

(c) Bonds of Rs.31 crore face value are held and credit to that extent is taken in Chart of Receivables with Custodian.

EXHIBIT – K

59

REPAYMENT PLAN

NET CLAIMS	
(1) S.B.I.	461,23,09,586.57
(2) S.B.S.	94,56,30,000.00
(3) SBI CAP (MADRAS)	16,25,00,000.00
	572,04,39,586.57

A S S E T S	
(1) INTEREST / DIVIDEND TO BE COLLECTED / DEPOSITED	79,84,95,000.00
(2) MONEY MARKET ASSETS PROPOSED FOR SALE	65,71,08,931.50
(3) ASSETS PROPOSED TO BE LODGED WITH CUSTODIAN FOR RECOVERY	256,03,00,807.97
(4) MONEY MARKET ASSETS OFFERED AS SECURITY	96,53,00,000.00
(5) SHORTFALL TO BE SECURITISED WITH SHARES / OTHER ASSETS	73,92,34,847.10
	572,04,39,586.57

R E C E I V A B L E S	
RECEIVABLES AS PER CHART	252,69,10,165.41

Note :-

(a) Under the Plan the Security is created almost instantly.

(b) The first cash of Rs.79,84,95,000.00 is generated in a few days by depositing Interest / Dividend Warrants.

(c) If the sale of Securities is negotiated than cash to the extent of proceeds thereof will be generated and repaid instantaneously.

(d) The balance repayment will be determined by the speed of recoveries of receivables. On realisation, the repayment can be completed.

(e) The Assets offered as Security under 5 above should be released matching with collection of receivables.

(f) In the above Plan Reveivables stand Securitised.

BEFORE THE SPECIAL COURT CONSTITUED UNDER THE SPECIAL COURT (TRIAL OF OFFENCES RELATING TO TRANSACTIONS IN SECURITIES) ACT 1992.

MISC. APPLICATION NO. OF 1993

MR. HARSHAD S. MEHTA & ORS.
.... APPLICANTS

VERSUS

MR. A.K. MENON & ORS.
.. RESPONDENTS

A P P L I C A T I O N

DATED THIS DAY OF OCTOBER 1993

KANGA & CO.,
ADVOCATES FOR THE APPLICANTS,
READYMONEY MANSION,
FORT,
BOMBAY - 400 023.