

“Even before any FIR was lodged, HSM addressed a letter to CBI to seek meeting and narrate the truth and informed that he was in a position to secure the amounts so that no losses are caused to any banks because of him.”

TRUE COPY

HARSHAD S. MEHTA

17th May, 1992

The Investigating Officer,
Central Bureau of Investigation,
Tanna House,
Bomay.

Sir,

The newspaper reports indicate that you have been put in charge of investigations relating to the recent alleged Stock Exchange scam. I sincerely hope that you will not take any precipitate action which will only complicate matters and cause serious injury to the national interest.

I have no intention of avoiding either you or any of your officers. In fact, I am anxious to meet your officers which would give me an opportunity of completely exonerating myself from all allegations. You will have full cooperation from me in unearthing the truth. A section of the press has been insinuating that I am likely to abscond. This letter should help to scotch these rumours.

Neither I nor any of my companies have done anything in violation of any law. All our transactions have been in accordance with prevailing practice – a practice which is by no means secret or clandestine. All banks have been consistently making profits by following the practice for several years and the Reserve Bank of India has been fully cognizant of these practices. I am not aware whether the RBI has ever tried to stop these practices, or ever publicly declared them to be irregular or prohibited.

The State Bank of India transactions have been fully reconciled, and, in fact, now I have to recover a substantial amount from SBI.

Without going into the merits and legal issues, I am in a position to secure the amounts. At no stage has there been any intention to cause loss to anybody or not to honour my commitments and in fact at no time, has there been any loss to any bank over a period of several years, which has resulted in altering their balance sheets positively.

The immediate purpose of writing this letter to you is to seek an appointment with you so that you should be assured of my cooperation and that nobody is going to suffer any loss, and to work out with the Banks concerned the modalities for securing our commitments.

The CBI has proceeded to seize some assets belonging to me and my family members. This action was totally irregular and in any case unnecessary as I had or have no intention of screening any of my assets or evading my business obligations. It is these very assets which constitute by means of honouring the commitments. It is for you to consider whether the act of seizure and the publicity given will not impair and has not impaired the value of these assets, and thereby jeopardise the very object of the seizure. Unless as a result of any precipitate action the security is devalued, my assets are more than adequate to meet my commitments.

I am not asking for any favour nor am I seeking to interfere with your investigations but I presume that you too also want stability and all market commitments to be fully normalised.

In view of the wholly avoidable adverse publicity that has been unleashed in the last few days, I am taking the liberty of releasing this letter to the press.

Thanking you,

Yours faithfully

(HARSHAD MEHTA)