

“Custodian filed Report 14 of 2011 before Hon’ble Special Court to seek relief of distribution of amounts realized by sale of shares belonging to Smt Rasila Mehta and Smt Rina Mehta and prayed that these amounts may be used to meet the claims of banks on HSM.”



सत्यमेव जयते

Office of the Custodian

The Special Court (TORTS) Act, 1992

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REPORT NO. 14 OF 2011 OF THE CUSTODIAN WITH REGARD TO ASSET - LIABILITY POSITION OF HARSHAD MEHTA GROUP INCLUDING SMT. RASILA S. MEHTA AND SMT. RINA S. MEHTA, NOTIFIED PARTIES FOR THE PURPOSE OF DISTRIBUTION.

No. 2896/CUS/BOM/Report for distribution/HMG/2195 - VI

September 7, 2011

To
The Officer on Special Duty
Special Court (TORTS) Act 1992,
Mumbai

Sir,

The Hon’ble Supreme Court by its Judgment and order dated 06/05/2011 in Civil Appeal No. 2924 of 2008 and No. 2915 of 2008 filed by Mrs. Rasila S. Mehta and Mrs. Rina S. Mehta by dismissing the said appeals filed by them challenging the Hon’ble Special Court order dated 26/02/2008, which upheld their notification issued by the Custodian on 04/01/2007. The relevant paras from the said orders are reproduced below:

(i) “Para 55. In view of the same, we are in entire agreement with the conclusion arrived at by the Special Court and unable to accept any of the contentions raised by Counsel for the appellants.”

(ii) “Para 63: In the light of the above discussion, we do not find any merit in CA No.2924 of 2008 and 2915 of 2008 and accordingly they are dismissed.

(iii) The Hon’ble Special Court in the para - 15 of its said order dated 26/02/2008 held that Mrs. Rasila S. Mehta and Mrs. Rina S. Mehta are nothing but front benamidars of Harshad S. Mehta and their assets should be used to discharge his liabilities.

2. **Consequent upon the Apex Court judgment dated 06/05/2011 the Custodian filed Report No.11 of 2011 for the order for sale of shares of the said**

notified parties and for sale of flat No.31 belonging to Mrs. Rasila S. Mehta. The Hon'ble Special Court by its order dated 10/06/2011 in the Custodian's Report No. 11 of 2011, permitted the Custodian to sell the attached shares worth Rs 319.60 and Rs 286.56 belonging to Mrs. Rasila S. Mehta and Mrs. Rina S. Mehta respectively along with flat No.31 owned by Mrs. Rasila S. Mehta in Madhuli CHS, Worli, Mumbai.

3. Pursuant to the Hon'ble Special Court's aforesaid order, the Custodian initiated process of sale of shares and realized Rs.411.30 crores which is now available for distribution alongwith the balance, which is available in the attached accounts of the Harshad Mehta Group.

4. The Custodian states that earlier on 11/08/2010 the Report No. 9 of 2010 has been filed on the distribution of assets and liabilities of HMG. A copy of the said report alongwith asset-liability of HMG is annexed hereto and marked as **Exhibit "A"**.

5. The updated position of asset-liability and amount available for distribution is shown in the **Exhibit "B"**.

6. The Custodian therefore prays that this Hon'ble Court may be pleased to:

(a) consider the hearing of this report alongwith Report No. 9 of 2010.

(b) consider passing orders directing distribution of the available assets of late Shri Harshad S. Mehta including the assets of Mrs. Rasila S. Mehta and Mrs. Rina S. Mehta to meet the liability of Mrs. Rasila S. Mehta and Mrs. Rina S. Mehta as well as of those of late Shri Harshad S. Mehta and M/s. Harshad S. Mehta u/s 11 (2) of the Special Court Act 1992, having regard to the orders of Hon'ble Supreme Court and Hon'ble Special Court quoted in Para I above.

BE PLEASED TO PLACE THIS REPORT BEFORE HIS LORDSHIP HON'BLE SHRI JUSTICE D.K. DESHMUKH AT 11.00 A.M. ON 09 SEPTEMBER 2011 FOR CONSIDERATION AND APPROPRIATE ORDERS.

Dated this 7th September 2011.



(N.P. Suvarna)

Officer on Special Duty

Authorized Representative of the Custodian.