

P.C. :-

1. Heard learned counsel appearing for the Custodian, perused the documents produced by him. None appears for the notified parties. Perused the replies given by the notified parties. The Staff of the Harshad Mehta's Group is placed at the disposal of the Custodian's Office. The notified entities are directed not to interfere with this arrangement and with the Staff. The Staff alongwith all the computers are directed to be shifted to the Office of the Chartered Accountant appointed by the Custodian in relation to the accounts of these notified entities.

Parties to act on the copy of this order duly authenticated by the Associate / Personal Secretary as true copy.

Certified copy expedited.

TRUE COPY

AS-1/2012
ASSOCIATE,
Office of the Special Court,
Bombay.

M/s. PRAVIN MEHTA AND MITHI & CO. (REGD.)
ADVOCATES, SOLICITORS & NOTARY

PARTNERS

PRAVIN H. MEHTA
YUSUF H. MITHI ★
SHARAD V. KALYANI
NASEEM PATRAWALA

★ NOTARY

Regd. Office : 7, Hind Rajasthan Chambers,
6, Oak Lane, Fort, Mumbai - 400 023.
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Ref. No.

YHM/O/ 27 (b) 2003

December 18, 2003

To,

- 1) Mrs. Jyoti H. Mehta
(Legal heir of late Mr. Harshad S. Mehta)
- 2) Mr. Ashwin S. Mehta
- ✓ 3) Mr. Shivaaji, Incharge of accounts section
and other staff of Harshad Mehta Group.

Madam/Dear Sir,

Sub: In the matter of Report of the Custodian
dated 18.12.2003 regarding finalisation of
accounts of late Mr. Harshad S. Mehta and
Harshad Mehta Group and non-cooperation
on your part.

We are concerned for the Custodian appointed under
the provisions of Special Court (TORTS) Act, 1992 in the
above matter.

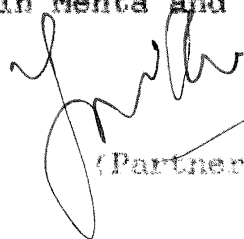
Our client has filed the above report before the
Hon'ble Special Court.

We enclose herewith a copy of the said report as
and by way of service upon you. We are instructed to
state that our client's office has already served upon
you a copy of the report with its annexures.

Please take notice that the said report will be
placed before His Lordship the Hon'ble Mr. Justice D.K.
Deshmukh on Friday the 19th December, 2003 at 2.45 P.M.
for His Lordship's consideration, when you are requested
to remain present.

Please note that if you fail to appear or fail to be represented by an authorized representative/advocate at the appointed date and time the matter will be heard ex-parte against you and our client will seek appropriate orders and directions from the Hon'ble Court.

Yours faithfully,
for Pravin Mehta and Mithi & Co.,



(Partner)

encl: as above.

cc to: Mr. Tajinder Singh,
Dy. Secretary,
Custodian's office at
Mumbai

mn/

18/12/2003 PMS 12/11/03

31/12/03

**REPORT OF THE CUSTODIAN REGARDING FINALISATION
OF REPORT ON THE ACCOUNTS OF (LATE) MR. HARSHAD
S. MEHTA AND M/S. HARSHAD S. MEHTA**

To
The Officer on Special Duty
Office of the Special Court
Mumbai.

Sir,

The Custodian states that the Hon'ble Special Court (TORTS), Mumbai by order dated 16th October 2003 relieved the three firms of the Chartered Accountants - M/s.Kapadia Damania & Co., M/s.Kalyaniwala Mistry & Co. & M/s.Natvarlal Vyapari & Co. from the responsibility of auditing the accounts of (Late) Mr.Harshad S.Mehta and M/s. Harshad S. Mehta and directed the Custodian to take the steps to appoint the Chartered Accountants for auditing the accounts of (Late) Mr.Harshad S.Mehta and M/s. Harshad S. Mehta. Copy of the order dated 16th October 2003 is annexed hereto and marked as Exhibit A.

The Custodian states that in compliance to the aforesaid orders of the Hon'ble Special Court dated 16th October 2003, Custodian appointed M/s.Vyas & Vyas, Chartered Accountants, Mumbai to prepare and audit the accounts of M/s.Harshad S.Mehta & (Late) Mr.Harshad S.Mehta notified entities for the financial year ended 31st March 1991, 31st March 1992 & for the period ending 8th June 1992 vide Custodian's office, Mumbai letter no.8015/CUS/BOM/MA-511/98/1063VIII. Dated 05.11.03. In terms of the said appointment M/s.Vyas & Vyas, Chartered

Accountants were directed to complete audit of the said two notified entities within 3 months and submit the report latest by 15th February 2004. Copy of the order dated 5th November 2003 is annexed hereto and marked as Exhibit B.

The Custodian states that M/s.Vyas & Vyas,Chartered Accountants met Custodian on 18th December 2003 and informed him (Custodian) that M/s.Vyas & Vyas, Chartered Accountants have not been handed over complete records by out going Chartered Accountants. Mrs.Jyoti H.Mehta, legal heir of Harshad S.Mehta and also the staff working for Harshad S.Mehta Group headed by one Mr.Shivaji are also not co-operating and explaining the transactions recorded in the accounts book. M/s.Vyas & Vyas, Chartered Accountants have also submitted detailed report on 18th December 2003 pointing out records and documents not submitted to the Chartered Accountants so far. M/s.Vyas & Vyas, Chartered Accountant's letter dated 18th December 2003 is annexed hereto and marked Exhibit C.

The Custodian states that the accounts, accounts books, details of supporting documents of all notified entities of Harshad Mehta Group including M/s.Harshad S.Mehta & (Late) Mr.Harshad S.Mehta are completely computerized and the computers are under the control of notified entities and staff working for Harshad Mehta Group.

The Custodian states that the Hon'ble Special Court by order dated.31st October 2003 while sanctioning upward revision in the emoluments of the employees of Harshad Mehta Group mentioned that

staff of Harshad Mehta Group would be under the over all supervision of the Custodian. The copy of the Hon'ble Special Court orders dated 31st October 2003 is annexed hereto and marked as Exhibit D.

The Custodian states that the staff of Harshad Mehta Group do not listen to the directions given by the officers of the office of the Custodian and whenever the staff is asked to give some information or records to the Chartered Accountants or to the Office of the Custodian Mr.Shivaji In-Charge of the accounts section says that he is not in a position to respond to the request of the officers of the Custodian or the Chartered Accountants unless he is authorized by Mr.Ashwin S.Mehta. Mr.Ashwin S.Mehta also mentioned over telephone to Shri.N.K.Srivastava, Officer on Special Duty, Custodian office, Mumbai that he should not directly contact their staff and if something was required he should talk to Mr.Ashwin S.Mehta. Mr.Ashwin S.Mehta further mentioned that he did not know anything about the accounts of M/s.Harshad S.Mehta & (Late) Mr.Harshad S.Mehta.

The Custodian states that Mr.Ashwin S.Mehta neither gives any information or documents relating to the accounts of M/s.Harshad S.Mehta & (Late) Mr.Harshad S.Mehta nor allows the staff working for Harshad Mehta Group to co-operate with the Chartered Accountants. The staff of the Harshad Mehta Group have been appointed by the Hon'ble Special Court for all the 29 entities of Harshad Mehta Group by order dated.1st July 1996 in M.A.No.573 to 577 of 1995. The copy of the Hon'ble Special Court's order dated.1st July 1996 is annexed hereto and marked as Exhibit E.

The Custodian respectfully submits that in the prevailing circumstances the staff of Harshad Mehta Group may be directed to be placed at the disposal of Custodian's office, Mumbai and the notified entities may be directed not to interfere in this arrangement. The staff alongwith all the computers shall be directed to shift in the Office of the Custodian for close supervision and control.

The Custodian further respectfully submits that all the computers used in the office of Harshad Mehta Group may be handed over to the Custodian's office, Mumbai and no notified entity should be allowed to work on these computers.

The Custodian further respectfully submits that unless the aforesaid arrangement is ordered by the Hon'ble Special Court, it would not be possible for M/s.Vyas & Vyas, Chartered Accountants to submit any fruitful report to the Special Court as the accounts of M/s.Harshad S.Mehta and (Late) Mr.Harshad S.Mehta are very crucial and important to arrive at the position of assets and liabilities of Harshad Mehta Group as a whole.

BE PLEASED to produce this report before His Lordship Hon'ble Shri Justice D.K.Deshmukh, Judge Special Court (Torts), Mumbai at **2.45 PM on 19th December 2003** for appropriate orders.


(N.K.SRIVASTAVA)
Officer on Special Duty

Copy to :

Pravin Mehta & Mithi & Co,
Advocates, Solicitors & Notary,
4th Floor, Oricon House,
12/14 K.Dubhash Marg,
Mumbai 22,

With a request to take out necessary service on the following :

1. Mrs.Jyoti H.Mehta legal heir of Harshad S.Mehta
2. Mr.Ashwin S.Mehta
3. Mr.Shivaji, Incharge of accounts section and other staff of Harshad Mehta Group.