



Press Release

Order by Bombay HC to Expedite Recovery from NSEL Defaulters

The Court has formed a three-member Committee

Mumbai, September 2, 2014:

National Spot Exchange Ltd. (NSEL) welcomes the order pronounced by the Hon'ble Bombay High Court today by appointing a three-member committee to ascertain the dues payable by each of the defaulters and undertake a forensic audit of the defaulters.

The Committee – *consisting of Justice V.C. Daga (Retired Judge of the Bombay High Court), Mr. J Solomon (practicing solicitor) and Yogesh Thar (practicing Chartered Accountant from Bansil Mehta & Company)* – would determine the amount payable by defaulters / third parties, while it is also empowered to ascertain their assets. It will act as a commissioner and receiver to explore and negotiate mutual settlements, and receive amounts from them. It will issue notices to various parties to whom the monies can be traced. It would also record, supervise and implement any settlement that has been arrived at and would prepare and submit a report on the above to the Hon'ble Bombay High Court.

After hearing the affected parties, the Committee will take directions from the court to sell/monetize assets of defaulters and also to hold their assets as interim security, and take steps to recover amounts from them. In case of assets already attached by authorities i.e. EOW, the Income Tax Department, such assets shall not be dealt with without the leave of the Hon'ble High Court. In case the assets presently attached by the Enforcement Directorate (ED) are released, then the ED and the defaulters are required to inform NSEL and the Committee. Post intimation, the Committee shall take such steps to take charge of these assets as interim security as may be directed by the Hon'ble High Court.

Before any settlement is finalized and monies are received, the Forward Markets Commission (FMC) shall be heard by the Court. The Committee and FMC will work in co-ordination to work out such mutual settlements. As and when the Committee realizes funds/assets and finds the matter ripe for distribution of the same, it will prepare and submit a report to the court.

Commenting on the development **Saji Cherian, MD & CEO, NSEL**, said "This is a landmark judgment which will definitely expedite the recovery process. It is in line with our diligent recovery efforts and a great enabler in providing the required relief to the investors. As this is a step in the right direction and the way forward where the thrust is given on recovery, we look forward to increased focus of all related groups to work collectively in achieving the desired objective."

Senior counsel appearing for FTIL said "The order passed by the single judge is a historic and unique. The role of the committee is to act under the supervision of the court to receive and collect assets and monies of the alleged defaulters, their clients and third parties, akin to a court receiver as well as to act like a court commissioner for the purpose of facilitating settlements of claims against alleged defaulters, their clients and third parties who may be owing monies to NSEL. The purpose being to gather in one basket all monies, which were lost by the investors of NSEL."

The Committee is expected to speed up the recovery efforts. By this mechanism, major part of the recovery process is likely to be completed in months which would have taken years otherwise.

Advocate Ameet Naik, Managing Partner Naik & Naik Company said, "After almost a year, the Hon'ble Bombay High Court has passed a historic Order, after considering the objections of all the concerned parties including the FMC and the defaulters. The Court has appointed a 3 member committee, headed by a Retd. High Court judge, Mr. Justice V.C. Daga, a solicitor and chartered accountant. The Committee is empowered to ascertain the liability of the Defaulters and also to realize the assets. It plays the role of a commissioner as well as a receiver. The committee will work under the supervision of the Bombay High Court. Before any settlement is arrived at or finalized, FMC will be heard and the committee and FMC will work in co-ordination. As and when the Committee realizes the funds and assets and finds the matter to be ripe for distribution of amounts, it will prepare a report to the court. Any party affected by any decision of the committee shall be entitled to approach the Court."

NSEL continues to repose its faith in the Indian judicial system, and firmly believes that justice will be done to all concerned.

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