

IN THE SPECIAL COURT AT BOMBAY
Constituted under the Special Court [Trial of Offences
Relating to Transactions in Securities] Act, 1992

LD-VC-SPMA-6-2020

Jyoti H. Mehta and Ors. Applicants
V/s.
Custodian and Ors. Respondents

Mr. Ashwin Mehta for the Applicants.

Mr. Gandhar Raikar, with Ms. Shilpa Bhate, i/by Leena Adhvaryu, for Respondent No.1.

Dr. Milind Sathe, Senior Advocate, with Mr. Vipul Shukla, for Respondent Nos.1 and 2.

Mr. Ashwin Dave, Representative from Reliance Industries Ltd.

Ms. Pushpa Iyer, Representative from Kfin Technology Pvt. Ltd.

CORAM : A.K. MENON, J.
JUDGE, SPECIAL COURT

DATED : 10TH JULY, 2020.

(THROUGH VIDEO CONFERENCE)

P.C. :

1. By this application, Mr. Mehta submits in support that the Custodian is required to apply for rights shares of respondent no.1 arising out of 22,65,000

shares, forming subject matter of folios at items 7 to 17 Exhibit-AA to this application.

2. Dr. Sathe on behalf of the company confirms that out of 17,33,344 shares under folio at item 7 of Exhibit AA, 32,000 shares have already been applied for pursuant to an earlier order, leaving a balance of 83,556 shares. These shares along with the entitlement on the remaining folios 8 to 17 give rise to a total of 1,18,996 shares. Dr. Sathe submits that if an application is received the company will issue the shares, if applied for in the respective folios.

3. Mr. Raikar on behalf of the Custodian confirms that sufficient funds are available in the Custodian Government of India Account – RIL Dividend and that these amounts are lying invested in fixed deposits, which can be prematurely encashed. He further submits and as submitted by Dr. Sathe, there is considerable value addition that can be gained from the subscription and as already per opinion of SBICAP Securities Limited dated 26th May 2020. In view thereof, this application to the extent the applicant seeks subscription of shares can be allowed in the above terms.

4. Mr. Mehta submits that he has no objection to this course of action. He, however, says that the Custodian has not yet disclosed why he is objecting to the ownership claim of the applicants as in respect of which he has sought some

directions. This aspect will be considered in the report, which is required to be filed by the Custodian pursuant to an earlier order passed by this court.

5. In view of the above, I pass the following order :-

- (i) The Custodian is permitted to subscribe for 1,18,996 shares under the RIL rights issue dated 20th May 2020, which is already kept in abeyance vide order dated 2nd June 2020 (*passed in Custodian's Report No.2 of 2020*) to consider these claims. Since time is set to expire on 14th July 2020, the application will be made expeditiously and without any further delay.
- (ii) The Custodian is at liberty to encash fixed deposits in the name, Custodian Government of India Account – RIL Dividend if so required, for the purposes of making the application. The subscription shall be without prejudice to the Custodians' contention that the shares do not belong to the Mehta Group or these notified parties and therefore the company has retained it in the specially titled accounts. No special equities shall arise in favour of the applicants by virtue of this order and the proposed subscription.

- (iii) Custodian shall take into account the other relief sought in the present application and deal with the contentions in this application at the time of filing its report, directed earlier.
- (iv) Miscellaneous application is disposed in the above terms.
- (v) No costs.

[A.K. MENON, J.]