

# Reserve Bank Of India vs Crb Capital Markets Ltd. & Ors on 14 May, 2020

**Author: Prateek Jalan**

**Bench: Prateek Jalan**

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\* IN THE HIGH COURT OF DELHI AT NEW DELHI

+ CO.PET.191/1997

RESERVE BANK OF INDIA

..... Petitioner

versus

CRB CAPITAL MARKETS LTD. & ORS.

..... Respondents

Present: Mr.Ramesh Babu, Ms.Manisha Singh & Ms.Sanya  
Panjwani, Advocates for Reserve Bank of India.  
Mr.Sudhanshu Batra, Sr. Advocate with Mr.Bhuvan  
Gugnani, Advocate for the Ex-Management of CRB Capital  
Markets Ltd.  
Ms.Ruchi Sindhvani, Sr.Standing Counsel for the Official  
Liquidator.  
Mr.Rajat Bhalla, Advocate for the applicant in  
C.A.No.242/2020.

CORAM:

HON'BLE MR. JUSTICE PRATEEK JALAN

ORDER

% 14.05.2020 C.A. No. 243/2020 (exemption) Exemption allowed, subject to the learned counsel for the petitioner undertaking to make good the defects within two weeks after resumption of the regular functioning of the Court.

The application stands disposed of.

1. This application has been filed by the applicant M/s Kuber Securities Limited for the following reliefs:

"(a) direct the Official Liquidator to deliver to the Applicant, the Offer of Rights shares that it may receive from or on behalf of M/S Reliance Industries Ltd. or download the same from the website of the Company, as the case may be, after putting its signatures in the appropriate column in the presence of the Authorised Signatory of the Applicant immediately upon its receipt since time is the essence in the matter; and/or

(b) direct the Liquidator to get the signatures of the signatory to the Offer of Rights Shares registered with the Company so that renunciation of Rights shares gets accepted by the Company; and/or

(c) direct that the order dated 22.5.1997 appointing provisional liquidator of the Respondent shall not come in the way of the Applicant getting 8450 shares registered in its name and obtaining accumulated benefits thereon; and/or

(d) Alternatively, if the Official Liquidator has obtained duplicate shares in lieu of 8,450 shares belonging to the Applicant, direct the Official Liquidator to deliver 8,450 shares of the Company along with upto date Bonus Shares and Dividend thereon and also the shares allotted by the Company to M/S CRB Capital Markets Ltd. Along with Bonus Shares and Dividend thereon; and/or

(e) dispose off CA No.491 of 2019 as nothing would survive after the Applicant is granted reliefs prayed herein; and/or

(f) Pass such other further order(s) as this Hon'ble Court may deem fit and proper in the facts and circumstances of the case."

2. The contention of Mr. Rajat Bhalla, learned counsel appearing for the applicant, is that the applicant has purchased the shares of M/s Reliance Industries Limited, held by the company in liquidation, prior to the appointment of the Official Liquidator. Although this contention is disputed by learned counsel for the other parties, in my view it is not necessary to enter into that dispute, in view of an order dated 13.05.2020, passed by a coordinate bench of this Court in various applications for similar relief, filed by other applicants. Those applications were disposed of with the following directions:

"xxxx xxxx xxxx

4. The urgency expressed by the applicants is on account of the rights issue announced by Reliance Industries Ltd (RIL). The applicants claim that certain shares of RIL, which are registered in the name of CRB Capital Markets Limited (hereafter 'CCML') belong to them and their applications for transferring the said shares are pending. They claim that they should also be entitled to subscribe the rights shares of RIL based on their claim to shares of RIL registered in the name of CCML.

5. RIL has announced a rights issue of equity shares of RIL entitling the shareholders of RIL to subscribe one share for every fifteen shares by them. RIL has also fixed 14.05.2020 as Record Date and all registered shareholders of RIL shall entitle to subscribe to the right shares in the aforesaid ratio.

6. Ms Sindhvani, learned counsel appearing for the Official Liquidator states that Official Liquidator is not in a position to subscribe to the right shares of RIL. She also opposes the request of the applicant that the rights entitlement be renounced to them.

7. This Court is not persuaded to accept that the rights entitlement of CCML to subscribe to the shares of RIL ought to be renounced in favour of the applicants. However, it the duty of the Official Liquidator to ensure that maximum value is realised for the assets of the CCML. If the shares of RIL are not subscribed or renounced, the entitlement would lapse and the same would be of no benefit to CCML or the applicants. In the circumstances, this Court considers it apposite to direct that its rights entitlement of CCML to subscribe to RIL's shares be sold at the maximum value as available.

8. For the aforesaid purpose, this Court appoints M/s Karvy Stock Broking Limited ('Karvy') as a Court Commissioner to sell the right entitlement of RIL shares as available to CCML. Karvy shall ascertain the number of RIL shares registered in the name of CCML and obtain the necessary form(s) for renouncing the right entitlement, from the Registrar of the Rights Issue. Karvy shall invite an offer for sale of the right entitlement of CCML and renounce the rights entitlement in favour of the person who offers the maximum price. The applicants would also be entitled to submit their offers.

9. On the strength of this order, Karvy would be entitled to sign all documents to complete the transactions on behalf of the CCML/Official Liquidator. All concerned entities including the Managers and Registrars to Rights Issue as well as RIL are directed to cooperate with Karvy for completing the said transaction. Karvy would be entitled to receive the consideration for sale of the right entitlement in its own name. After completion of the transaction, Karvy would send the details of the same to the Official Liquidator and remit the sale consideration to the Official Liquidator who shall maintain the same to the credit of the CCML.

10. Karvy's remuneration for the aforesaid purpose is fixed at 2% of the transaction value or 50,000/-, whichever is less.

11. It is clarified that the aforesaid order is not limited only to the rights entitlement pertaining to the shares claimed by the applicant but would extend to rights entitlement pertaining to all shares of RIL that are registered in favour of the CCML.

XXXX XXXX XXXX"

3. In view of the aforesaid order, the principal relief sought by the applicant in the present application cannot be granted. The applicant is left to its rights and remedies in CA.491/2019, which remains pending before this Court.

4. The application stands disposed of in terms of the directions of this Court in the aforesaid order dated 13.05.2020.

PRATEEK JALAN, J MAY 14, 2020 'hkaur'