

HIGH COURT, BOMBAY

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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

INTERIM APPLICATION NO.1 OF 2020
IN
COMMERCIAL SUIT (L) 307 OF 2020

Rural Fairprice Wholesale Limited
and Anr.

.. Applicants /
Plaintiffs

vs.

IDBI Trusteeship Services Limited
and Ors.

.. Respondents

Mr.Vikram Nankani, Senior Advocate, Mr.Vineet Naik,
Senior Advocate a/w, Mr.Som Sekhar, Mr.Abhishek Kale,
Mr.Sumeet Nankani i/b M/s.Naik Naik and Co. for the
plaintiff

Mr.Anirudh Hariani, Mr.Varghese Thomas, Mr.Hormaz
Mehta, Mr.Yahaan Limathwala i/b M/s.J.Sagar Associates
for the defendant no.2

CORAM: K.K.TATED, J.
DATED : MARCH 30, 2020

P.C.

Heard. Affidavit of Service is taken on record.

2 By this Interim Application, Applicants are seeking
injunction against the Respondent from acting on their
notice dated 17.03.2020 and notice of sale dated 18.03.2020
in respect of shares pledged by them with the defendant
no.1 by Debenture Trust Deed dated 12.01.2018 and
10.04.2019.

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3 The learned Senior counsel for the plaintiffs submits that as on today, outstanding loan payable to the defendant no.2 is near about Rs.610 crores. He submits that as per the Debenture Trust Deed dated 12.01.2018 and 10.04.2019, they pledged 8% of their equity shares with the defendants. He submits that on the date of Debenture Trust Deed, market value of the share was Rs.350/- per share. Because of present situation of COVID-19, market has collapsed and on 01.03.2020, market value per share quoted in share market was below Rs.303. He further submits that as per Debenture Trust Deed, the defendants are fully secured. He relies on clause no.6 i.e. Security and Security Providers of the said Trust Deed. He submits that till next date, this Hon'ble Court be pleased to restrain defendant no.2 from taking any steps for selling these shares in the market. He submits that if shares are sold in this situation, irreparable loss will be caused to the plaintiffs.

4 On the other hand, the learned counsel for the defendant no.2 vehemently opposed the grant of ad-interim relief in favour of plaintiffs. The learned counsel for the defendant no.2 filed his written submission. Same is taken on record. He submits that as on today, they have to recover more than Rs.610 crores and as per the present market value, valuation of shares are not more than Rs.350 crores. Therefore, there is no question of granting any ad-interim relief at present.

5 Heard.

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6 It is to be noted that when Debenture Trust Deed was executed, market value of the shares were Rs.350 per share and because of COVID-19, share market has collapsed and per share comes below Rs.100.

7 Considering the present situation of market and COVID-19, I am of the opinion that plaintiffs are required ad-interim protection till next date. In view of these facts, following order is passed:

A. Ad-interim relief in terms of prayer clause (a) and (b) till next date which reads thus:

"a) Declare that the Mandatory Redemption Event Notices dated 11 March 2020 and 13 March 2020 (Exhibits D-1 and D-2 hereto), and the Event of Default Notices dated 17 March 2020 (Exhibits E-1 and E-2 hereto) and Notices of Sale dated 18 March 2020 (Exhibits F-1 and F-2 hereto), are all illegal and/or invalid and/or improper;"

"b) Order and grant a permanent injunction restraining the Defendants from acting upon and/or giving effect to and/or implementing, directly or indirectly, in any manner whatsoever, the Mandatory Redemption Event Notices dated 11 March 2020 and 13 March 2020 (Exhibits D-1 and D-2 hereto), the Event of Default Notices dated 17 March 2020 (Exhibits E-1 and E-2 hereto) as well as the Notices for Sale and/or Invocation dated 18 March 2020 respectively (Exhibits F-1 and F-2 hereto), including issuing any Orders for sale of the shares pledged under the two Debenture Trust Deeds (Exhibits- A and B hereto) and the Pledge Agreements (Exhibits C-1 and C-2 hereto), as amended from time to time and in force

HIGH COURT, BOMBAY

37528

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till date, and nullifying the sale, if any, of the pledged shares prior to the filing of this Suit, and consequentially, re-crediting Plaintiff No. 2's dematerialised account."

3. Matter to appear on board on 04.05.2020.

(K.K.TATED, J.)

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[Signature]
30/3/2020

Section Officer
High Court, Appellate Side
Bombay 400 032

AUTHENTICATED COPY

