IN THE HIGH COURT OF JUDICATURE AT MADRAS

Dated : 30.11.2020

CORAM:

THE HONOURABLE MR. JUSTICE C.V.KARTHIKEYAN

C.S.No.266 of 2020
and
C.S.No.327 of 2020
and
O.A.Nos.484 & 622 of 2020
and
O.A.No.622 of 2020

1.REDDY VEERANNA INVESTMENTS PRIVATE LIMITED
Having its registered address at
No.109, 10th Main, 7th Cross,
R.M.V Extension, Bengaluru,
Karnataka – 560 080.
represented herein by its authorized signatory
Ms.Sangeetha Reddy

2.Reddy Veeranna

3.Suguna Reddy

.. Plaintiffs
(in both the suits)

/versus/

1.IIFL INCOME OPPORTUNITIES FUND SERIES II
A Fund managed by
IIFL Asset Management Limited

Having its registered office at
6th Floor, IIFL Centre, Kamala City,
Senapati Bapat Marg,
Lower Parel,
Mumbali – 400 013
Also at:
Branch office
5th Floor, Kothari Building,
114, Mahatma Gandhi Road,
Nungambakkam,
Chennai, Tamil Nadu – 600 034.

2.BEACON TRUSTEESHIP LIMITED
Having its registered office at
Opp. MIG Cricket Club, Kala Nagar,
Bandra, Mumbai,
Maharashtra 400 051.

3.Manyata Developers Private Limited,
Having its registered office at
9/1, 2nd Floor, Classic Court,
Richmond Rd, Bengaluru,
Karnataka – 560 025.

.. Defendants
(in both the suits)

Prayer in C.S.No.266 of 2020:

This Civil Suit is filed under and Order IV Rule 1 of the O.S Rules and Order VIII Rule 1 of the Code of Civil Procedure read with Section 7 of the Commercial Courts, Commercial Division of High Court Act, 2015 prayed for a Judgment and Decree:-

a)to declare the Notice dated October 1, 2020 addressed by the Defendant No.1 to the plaintiffs as illegal, null and void;

b)granting a permanent injunction, restraining the defendant Nos.1 & 2, their successors, assigns, agents and other related parties from acting in pursuance to the Notice dated October 1, 2020 addressed by Defendant No.1 to the plaintiff and from in any manner, enforcing the securities given/created under and pursuant to amended and restated debenture Trust Deed dated February 18, 2020.

c).to grant mandatory injunction directing the defendant Nos.1 & 2 to strictly follow the provisions of the Amended and Restated Debenture Trust Deed dated February 18, 2020.

d).directing the defendants to pay to the plaintiffs the costs to the suit.

Prayer in C.S.No.327 of 2020: This Civil Suit is filed under and Order IV Rule 1 of the O.S Rules and Order VII Rule 1 of the Code of Civil Procedure read with Section 7 of the Commercial Courts, Commercial Division and Commercial Appellate prayed for a Judgment and Decree:-

a).to declare the notice dated November 12, 2020 addressed by Defendant No.2 to the Plaintiff as illegal, null and void;

b).to grant a permanent injunction restraining Defendant Nos.1 and 2, their successors, assigns, agents and other related parties from acting in pursuance to the notice dated November 12, 2020 addressed by Defendant No.2 to the Plaintiff and from, in any manner, enforcing the securities given / created under and pursuant to Amended and Restated Debenture Trust Deed dated February 18, 2020.

c).to grant a Mandatory Injunction directing Defendants Nos.1 and 2 to strictly follow the provisions of Amend and Restated Debenture Trust Deed dated February 18, 2020;

d).for costs of the Suit; and

For Plaintiffs	: Mr.S.Mahesh Kumar
For D1	:P.S.Raman, Senior Counsel, for Mr.R.Palaniandavan
For D2	: Mr.P.Giridharan
For D3	: Ms.Sella Visalakshi

COMMON JUDGMENT

Heard, Mr.S.Mahesh Kumar, learned counsel for the Plaintiffs and Mr.P.S.Raman, learned Senior Counsel appearing on behalf of the 1st Defendant, Mr.P.Giridharan, learned counsel for the 2nd Defendant and Ms.Sella Visalakshi, learned counsel for the 3rd Defendant.

2.It is to be appreciated that the Plaintiffs and the 1st and 2nd Defendants have decided to settle the issues raised in the plaint. They have also produced the terms of a Joint Compromise in writing. The Joint Memo of Compromise had been filed before the Registry on 27.11.2020. It is dated 26.11.2020 / 27.11.2020. It has been signed by the Authorized Signatory of the 1st Plaintiff and by the 2nd and 3rd Plaintiffs. It has also been signed by the 1st Defendant and by the 2nd Defendant and also signed by the Authorized Signatory of the 3rd Defendant.

3.The learned counsel for the Plaintiffs, the learned counsel for the 1st, 2nd and 3rd Defendants have also signed the Joint Memo of Compromise.

4.By the settlement reached between the parties, C.S.No.266 of 2020 is unconditionally withdrawn and learned counsel for the Plaintiffs also affirmed the terms of the Joint Compromise and that the said Suit may be dismissed as withdrawn.

5.It had been further provided in the Joint Memo of Compromise that the parties have agreed to certain terms in C.S.No.327 of 2020, which have been reduced in Clause 10.

6.Clause 10 (a) to (h) of the Joint Compromise Memo are extracted below:

"10.After elaborate deliberations between the parties, the following terms of settlement have been arrived at:

a.Plaintiff Nos. 2 & 3 permit defendant No.2 to sell 1,25,00,000 (One Crore and Twenty Five Lakh) REIT Units pledged by them under DTD-3 and related transaction documents (including Unit Pledge Agreement – 1 and Unit Pledge Agreement – 2), on the date of signing this Joint Compromise Memo or thereafter at the discretion of Defendant No.2 (at prevailing market rates). The monetary proceeds from the sale of the aforesaid REIT Units shall be credited to the account of Defendant No.2 and retained in the said account as liquid cash until

25th December, 2020, which in turn will ensure that the Security Cover under DTD-3 is restored to 1.8x (Minimum Security Cover).

b.Furthermore, Defendant No.1 (acting for and on behalf of its above named Affiliate funds – all of which are managed by IIFL Asset Management Limited) undertakes not to proceed against Defendant No.3 and its promoters (including Plaintiff Nos.2 & 3) upto 25th December 2020 in respect of the outstanding dues to Defendant No.1's above named Affiliates under DTD-1 and does not constitute any part of the amounts payable to any of the other Debenture Holders under DTD-1.

c.In case of the Defendant No.3's failure to make repayment of outstanding dues in full to Defendant No.1's above names Affiliate funds under DTD-1 on or before 25th December 2020, Plaintiff Nos.2 & 3 permit Defendant No.2 to sell further 2,00,00,000 (Two Crore) REIT Units pledged by them under DTD-3 and related transaction documents (including Unit Pledge Agreement

– 1 and Unit Pledge Agreement – 2), on 26th December 2020 or thereafter at the discretion of Defendant No.2 (at prevailing market rates) without requirement of any further notice to the plaintiffs Nos.1 to 3. The monetary proceeds from the sale of the aforementioned 2,00,00,000 (Two Crore) REIT Units shall be credited to the account of Defendant No.2 and such portion of the monetary proceeds in excess of the stipulated security cover under DTD-3 shall not be used towards redemption of debentures under DTD-3. It is clarified that such further sale of 2,00,00,000 (Two Crore) REIT units under DTD-3 will not limit or impede the rights of Defendant No.1's above named Affiliates to take any other actions for enforcement of securities under DTD-1 after 25.12.2020.

d.Plaintiffs further agree that at no point of time shall the standalone REIT security cover under DTD-3 fall below the 1.4x level while the overall Minimum Security Cover shall at no point of time fall below the 1.8x level.

e.On the basis of the understanding set out in the *aforesaid sub-clauses, the parties agree that the present Joint Compromise Memo will be placed on record in C.S.(Comm) No.327 of 2020, and further that C.S.(Comm) No.327 of 2020 may be decreed in terms of this Joint Compromise Memo.*

f.Plaintiffs further undertake to conditionally withdraw C.S.(Comm) No.266 of 2020 on the same date as the filing of this Joint Compromise Memo in C.S.(Comm) No.327/2020.

g.Plaintiffs and Defendant No.3 also undertake to unconditionally withdraw forthwith any other proceedings that they and/or their Affiliates may have initiated before any Court(s) of law/Tribunal (s)/statutory authority(ies) against Defendant Nos.1 & 2 and their related parties in respect of DTD-1, DTD-3 and related transaction documents. Accordingly, the notices dated 1st October, 2020 and 12th November, 2020 shall stand withdrawn.

h.Plaintiffs and Defendant No.3 also undertake not to *institute any other proceedings before any Court(s) of law /Tribunal(s)/statutory authority(ies), whether by themselves and/or through their Affiliates, against Defendant Nos.1 & 2 and their Affiliates in respect of the afore said cause of action under DTD-1, DTD-3 and related transaction documents.*

Signed by:

1st Plaintiff	*1st Defendant*
2nd Plaintiff	*2nd Defendant*
3rd Plaintiff	*3rd Defendant*

Counsel for the Plaintiff

Counsel for the Defendant Nos.1 to 3"

7.It is seen that the 2nd and 3rd Plaintiffs have agreed to permit the 2nd Defendant to sell the 1,25,00,000 (One Crore and Twenty Five Lakh) REIT Units pledged by them under DTD-3 and related transaction documents. The monetary proceeds of the sale shall be credited to the account of the 2nd Defendant and retained as liquid cash till 25.12.2020. It has also been further provided that the 1st Defendant would not proceed against the 3rd Defendant and its promoters including the 2nd and 3rd

Plaintiffs till 25.12.2020 in respect of the outstanding dues to the 1st Defendant. If the 3rd Defendant fails to make repayment of the outstanding dues in full on or before 25.12.2020, the 2nd Defendant may further sell 2,00,00,000/- (Two Crore) REIT Units pledged under DTD-3 on 26.12.2020 or thereafter without any further notice to the Plaintiffs.

8.It is hoped and trusted that the Terms of the Joint Compromise shall be abided by the parties and the issues raised in both the Suits would be given a complete quietus and there would be no cause for further action to be initiated or *lis* instituted between the parties.

9.The Joint Compromise Memo as presented is recorded.

10.In the result:

i).C.S.No.266 of 2020 is dismissed as withdrawn. No order as to costs. Consequently, connected Applications are closed.

ii).C.S.No.327 of 2020 is decreed in terms of the Joint Memo of Compromise. No order as to costs. Consequently, connected Application is closed. The Joint Compromise Memo shall form part of the decree in C.S.No.327 of 2020.

30.11.2020

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Internet : Yes / No
Index : Yes / No

C.V.KARTHIKEYAN,J.

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C.S.Nos.266 & 327 of 2020

30.11.2020