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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% *Date of Decision : 21.12.2023*

+ **CO.APP. 31/2023 & CM No.66733/2023, 66732/2023, 66734/2023**

ANIL KUMAR CHANDRA PRAKASH SHAH ..... Appellant

Through: Mr. Sidharth Aggarwal, Sr. Adv with Mr. Sanjay Abbot and Sidhant Kumar, Advs.

versus

SECURITIES AND EXCHANGE BOARD OF INDIA & ORS. ..... Respondents

Through: Mr. Aman Leekha, Adv. for R-2/Spl. Committee

CORAM:
HON'BLE MR. JUSTICE VIBHU BAKHRU
HON'BLE MR. JUSTICE ANOOP KUMAR MENDIRATTA

VIBHU BAKHRU, J.

1. The appellant claims to be a unit holder of the Arihant Mangal Growth Scheme, which was a mutual fund scheme floated by CRB Mutual Fund.

2. The Mutual Fund was directed to be wound up by the Reserve Bank of India (hereafter '**RBI**'). In this respect, the RBI had instituted winding up petition being CP No.191/1997 before the learned Company Court. In the meanwhile, the Securities and Exchange Board of India (SEBI) also filed a trust petition being Trust Petition No.3/1997 before the Bombay High Court and a Provisional Administrator was appointed by the Bombay High Court

by an order dated 03.06.1997. The said petition was transferred by orders of the Supreme Court to the learned Company Court and was numbered as Co. Pet. No.379/2009.

3. The learned Company Court constituted a Special Committee comprising of three members, which was tasked with distribution of the funds to various unit holders. The term of the said Special Committee was extended from time to time. It appears that during the course of proceedings, the Special Committee also sought to recover certain assets (shares in Reliance Industries Limited) which were claimed by respondent No.3 (Rommel Investments Pvt. Ltd.). The dispute whether Rommel Investments Pvt. Ltd. is entitled to shares is the subject matter of proceedings, which have not been concluded as yet.

4. The appellant has filed the present appeal impugning various orders passed by the Company Court on 17.08.2023, 12.09.2023, 13.10.2023, 31.10.2023, 23.11.2023, 30.11.2023 and 07.12.2023 in CA No.737/2021 in Co. Pet. No.379/2009. The appellant also prays that this Court interdict the Company Court from proceeding with CA No.737/2021 in Co. Pet. No.379/2009 filed by Rommel Investments Pvt. Ltd. without first determining the *locus standi* of the said entity.

5. Mr. Sidharth Aggarwal, learned Senior Counsel appearing for the appellant submits that disbursal to various unit holders has, effectively, come to a standstill on account of issues sought to be raised by Rommel Investment Pvt. Ltd. He submits that Rommel Investment Pvt. Ltd. has no *locus standi* to participate in the liquidation of the Mutual Fund and to interfere with the disbursal to the various unit holders. He submits that

Rommel Investment Pvt. Ltd.'s interest is limited to its claim in respect of certain shares of Reliance Industries Limited which, according to the Special Committee, belonged to the Mutual Fund. Notwithstanding the limited scope of Rommel Investment Pvt. Ltd.'s interest in the subject matter, it has effectively sought to interfere with the entire disbursal process.

6. Mr. Aggarwal submits that the learned Company Court had granted special access to the counsel appearing for Rommel Investment Pvt. Ltd. to the records of the Mutual Fund in respect of the disbursal.

7. On pointed query from the Court as to what are the directions in respect of which the appellant is aggrieved, Mr. Aggarwal submits that at the instance of Rommel Investment Pvt. Ltd., the learned Company Court has set down the list of persons alleged to be associated with shri C.R. Bhansali. He drew the attention of this Court to a tabular statement/list as set out in paragraph 20 of the impugned order dated 07.12.2023 and submitted that the name of the appellant's wife is listed at Serial No.36 of the said list. He contends that the appellant's wife is a unit holder in her independent right and has no connection with C.R. Bhansali or its group of companies. He submits that notwithstanding the above, a speculative exercise has been initiated at the instance of an entity (Rommel Investment Pvt. Ltd.) which has no interest or *locus* to interfere with the disbursal proceedings. He also pointed out that certain directions have been issued in paragraph 23 of the impugned order dated 07.12.2023 at the instance of Rommel Investment Pvt. Ltd.

8. A plain reading of the impugned order dated 07.12.2023 indicates that the learned Company Court has not taken any definite view as to whether

any of the unit holders to whom the amounts have been disbursed were not entitled to the same or that certain unit holders are required to be kept out of the disbursal process. It is apparent that the learned Company Court is currently examining the controversy.

9. Insofar as the appellant's grievance regarding directions issued in paragraph 23 of the impugned order dated 07.12.2023 are concerned, the appellant can have no legitimate grievance in regard to the same. It is apposite to refer to paragraph 23 of the impugned order dated 07.12.2023. The same is set out below:

> "**23.** *Therefore, considering the above allegations and counter-allegations, let an affidavit be placed on record by the Special Committee stating:*
>
> *a. The manner, in which the approval for these disbursements were given by the Special Committee, shall also be placed on record by way of an affidavit.*
>
> *b. Whether any of the above persons and entities (as mentioned in paragraph 18 above) are connected to CRB Group of companies as well as Mr. C. R Bhansali and/or his relatives,*
>
> *c. Whether any verification was conducted prior to releasing these amounts to these unit holders mentioned in paragraph 18 above and,*
>
> *d. Whether any leave was sought from the Court prior to release of the said amounts to the unit holders."*

10. It is apparent from the above that the learned Company Court is only examining the matter as to how funds were disbursed by the Special

Committee. There is no ground for this Court to interfere or interdict the said exercise.

11. Insofar as the appellant's grievance regarding association of Rommel Investment Pvt. Ltd. in the entire process is concerned, *prima facie*, there appears to be some merit in the contention that Rommel Investment Pvt. Ltd. is not concerned with the disbursal of funds to various unit holders. The said company's interest is limited to its claim in respect of certain shares of Reliance Industries Limited. This Court is informed that a suit has already been filed in Bombay in respect of the said shares. Further, the said issue is also subject matter of proceedings before this Court.

12. In the aforesaid view, it would be open to the appellant to approach the learned Company Court for contesting the *locus standi* of Rommel Investment Pvt. Ltd. to intervene in the process of the disbursal of the funds to various unit holders. Needless to state that if any application is moved by the appellant, the same would be considered in accordance with law.

13. We do not consider that any further orders are necessary or warranted in this appeal. The same is accordingly disposed of. All pending applications are also disposed of.

VIBHU BAKHRU, J

ANOOP KUMAR MENDIRATTA, J

DECEMBER 21, 2023/dr