The Hindu Business Line Pg 1 and 6, 10th June 2020

Pg 1

Franklin Templeton suspends e-vote to close schemes

SURESH P IYENGAR

Mumbai, June 9

Franklin Templeton has suspended the e-voting process seeking unit-holders' approval to wind up the six debt schemes that had recently faced heavy redemption.

The development follows the Gujarat High Court refusing to provide any relief on its *ad interim* stay order issued in a case filed by a group of investors. The next hearing in the case is scheduled for June 12.

In a statement on Tuesday, Franklin Templeton said that pursuant to the June 8 order issued by the High Court, the e-voting scheduled between June 9 and 11 and the unit-holders' meeting on June 12, related to the winding up of the schemes, stand suspended until further notice. Many investors have filed a series of cases against the troubled fund house for abruptly suspending redemption and purchase in the six debt schemes. On Monday, an investor moved the Delhi High Court, while a PIL was filed by the Chennai Financial Markets Accountability in the Madras HC.

Details p6

Pg 6

Franklin Templeton suspends e-voting to close 6 debt schemes

SURESH P IYENGAR

Mumbai, June 9

Franklin Templeton has suspended the e-voting process seeking unit-holders' approval to wind up the six debt schemes which had recently faced heavy redemption.

The development follows the Gujarat High Court refusing to provide any relief on its *ad interim* stay order issued in a case filed by a group of investors. The next hearing in the case is scheduled for June 12.

In a statement on Tuesday, Franklin Templeton said pursuant to the order on June 8 issued by the High Court, the e-voting scheduled for between June 9 and 11 and the unit-holders' meeting on June 12, related to the schemes under winding up, stand suspended till further notice.

In fact, many investors have filed a series of cases against the troubled fund house.

The suspension of the e-voting process will further delay the sale of investments and the repayment process BLOOMBERG

On Monday, an investor moved the Delhi High Court seeking relief, while a public interest litigation was filed by the Chennai Financial Markets Accountability in the Madras High Court. So far, three cases have been filed against the fund house in different courts. The Delhi High Court has issued notices to the trustees of Franklin Templeton and market regulator SEBI. The US-based parent of Franklin Templeton and Union Government have also been added as parties in the case.

"The trustees have failed to make prudent investments and faulted in proper administration of the fund. Franklin Templeton has been falling short in following SEBI circulars on increasing transparency of investments. The fund invested in securities which were of low credit rating," said the petition filed in the Delhi High Court.

'Covid-19 not the reason'

The petitioner has also refuted the fund house's claim of the Covid-19 pandemic being the reason for the sudden suspension of redemption in the six schemes, and the move being the only option to preserve the value of investments.

SEBI has already initiated a forensic audit of the fund house's accounts, and the outcome of this audit will lead to further action in winding up of the schemes.

The suspension of the e-voting process will further delay the sale of investments made by the six debt schemes and the repayment process.