

Gujarat HC stays closure of 6 Franklin MF debt schemes

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In a development that is expected to further delay repayment of money to investors, the Gujarat High Court has stayed the process for the winding up of six debt schemes by Franklin Templeton Mutual Fund.

Hearing a petition filed by a group of investors on Wednesday, Justice Gita Gopi said SEBI has ordered the forensic auditing of the accounts of Franklin Templeton and sought a report.

Considering the facts of the case and by way of ad-interim relief, the court said the operation and implementation of the notice regarding e-voting and unit-holders' meeting, sent through an e-mail, shall remain stayed.

Next hearing on June 12

The next hearing in the case is posted for June 12.

A Franklin Templeton spokesperson said: "We are examining the matter and will take appropriate steps as may be required. We have acted in the best interest of our in-

vestors, and in accordance with all regulations."

Mihir Thakore, Senior Counsel, and Paritosh Gupta, advocate for the petitioners, said two petitioners in the case are about 83 and 75 years old, while the third is a private trust constituted by the two. The petitioners have invested ₹6.55 lakh in the schemes.

When the majority of the trustees decide to wind up or prematurely redeem the units, they have to obtain the consent of the unit holders. However, in this case, no such consent has been obtained, said the order.

It was also submitted that an MF scheme may be wound up only after repayment of the amount due to the unit-holders, which has also not been followed in this case.

Late last month, Franklin Templeton Trustee Services appointed Kotak Mahindra Bank as an independent advisor to monetise the schemes' assets.

The stay order is expected to delay the process of selling the schemes' investments and repayment to investors.