

Templeton move to wind up 6 debt funds wrong: SC

The Supreme Court has disapproved of Franklin Templeton's move to wind up six debt funds during the Covid crisis, spooking lakhs of investors. The asset management company assured the SC that "all investors will get back their money", but sought a consolidation of petitions filed across courts. The SC chose Karnataka HC, where no case on the issue is on, for round 1 of the litigation. **P 15**

SC to FT: Wrong to wind up 6 debt funds in pandemic

All Investors Will Get Back Money, Assures Fund House

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New Delhi: The Supreme Court on Friday disapproved of Franklin Templeton's April 23 announcement to wind up six debt funds, which spooked lakhs of investors, but the asset management company assured the SC that "all investors will get back their money".

Hearing Franklin Templeton's plea for consolidation of several petitions filed by investors before the high courts of Madras, Delhi and Gujarat, a bench of Justices Arun Mishra and S Abdul Nazeer told senior advocate Harish Salve, who appeared for the company, that it was wrong to wind up funds during the pandemic.

"If as you (Salve) say the operations were going on for years, why was the winding-up decision announced now? It was not proper to announce it during the pandemic when everyone is coming with a helping hand," the bench said. However, Salve was quick to respond, "People will get back their money. But adjudication by multiple high courts could lead to conflicting decisions and resultant confusion. So, let the petitions across high courts be consolidated before one HC."

Nearly three lakh investors will be affected by Franklin Templeton's decision to wind up six of its debt mutual fund schemes, citing lack of liquidity in the bond market due to Covid-19. "Crashing of values during the pandemic is the main reason behind winding up," Salve said.

Senior advocate Mukul Rohatgi, appearing for an investor who had put in Rs 6.5 crore in the

se debt schemes, termed the decision as nothing short of a scam. "They say we will get back our money after five years," he said. Supported by senior advocate CA Sundaram, Salve said Franklin Templeton was ready to answer all questions to the satisfaction of the HC but the multiplicity of litigation was posing a problem.

CLUBBING PLEAs

► The Supreme Court has ordered that the pending petitions against Franklin Templeton before the HCs of Chennai, Delhi and Gujarat be transferred with all corresponding documents to the Karnataka high court

► SC has requested Karnataka HC's Chief Justice to set up a bench headed by him or any other Judge nominated by him to hear all petitioners and Franklin Templeton and decide the issue as early as possible, preferably in three months

► SC said, in the meantime, no other HC would entertain any fresh petition on this score



The bench said, "If you close schemes in such a hurry, worried investors will move court. There will be multiple litigation." However, it saw reason in Salve's plea for consolidation of litigation before one HC for a clear verdict on refund of investors' money. It chose Karnataka HC, where no litigation against Franklin Templeton over closure of debt funds is pending, to be the umpire for the first round of litigation.