

Franklin barred from shutting funds

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The Gujarat High Court has barred Franklin Templeton from liquidating the debt funds it abruptly shut in April, until it disclosed the findings of its forensic audit amid allegations of fraud, prolonging the unitholders' wait to recoup Rs 20,000 crore (\$2.6 bn) invested in the plans.

The High Court on Monday restricted Franklin from conducting e-voting seeking approval

from investors to wind up the six shuttered funds, according to the court documents. After the order, the asset manager suspended the voting that was scheduled to begin on Tuesday.

"It has been rightly submitted" to the court that "amid the allegation of mismanagement of funds and fraud, unitholders would not be having the opportunity of informed decision making while casting the e-votes for the option given by the applicants," the order said.

The hurdles facing the country's biggest-ever forced fund closure means about 300,000 unitholders may have to wait longer to recoup the money invested in the six frozen funds. The Securities and Exchange Board of India asked Franklin Templeton last month to focus on returning investors their money as soon as possible.

The markets regulator had also asked Franklin for the forensic audit report, according to the court order.

A Franklin Templeton statement said, "Pursuant to the order dated 8th June 2020 issued by the Honourable High Court of Gujarat, the e-voting scheduled for 9-11 June 2020 and unitholders meeting on June 12, 2020, related to the schemes under winding up, stands suspended till further communication."

During the e-voting, unitholders had to either vote in support or against the options offered by the fund house.

—Bloomberg