

Petition(s) for Special Leave to Appeal (Civil) No(s).2 8 1 6 / 2 0 0 6  
(From the judgement and order dated 1 6 / 1 2 / 2 0 0 5 in WA No. 8 9 9 / 2 0 0 2 & W P  
No. 2 6 4 6 7 / 2 0 0 1 & W P No. 2 6 4 6 8 / 2 0 0 1 of The HIGH COUR T OF MAD R A S)

SURACH A N CHAN S R I C H A W A L A Petitioner(s)

V E R S U S

U.O.I. & ORS. Respondent(s)  
(With appln(s) for directions and prayer for interim relief )  
(for final disposal)

Date: 0 2 / 0 5 / 2 0 0 8 This Petition was called on for hearing today.

C O R A M :

HON' B L E MR. J U S T I C E A L T A M A S K A B I R  
HON' B L E MR. J U S T I C E H A R J I T S I N G H B E D I

For Petitioner(s) Mr. Mu kul Rohtsagi, S r. Adv.  
Mr. Gopal J ain, Adv.  
Mr. R. N. K a r a n j a w a l a , Adv.  
Mrs Manik K a r a n j a w a l a , Adv.  
Ms. Pr agya Singh Baghel, Adv.  
Ms. Diya K apoor, Adv.

For Respondent(s) Mr. K. N. Bhat, S r. Adv.  
Mrs. Kuldeep S. P a r i h a r, Adv.  
Mr. H. S. P a r i h a r , Adv  
Mr. Mohan P a r a s a r a n , A S G  
Mr. P. S. P a t w a l i a , S r . Adv.  
Mr. P. P a r m e s w a r a n , Adv.  
Mr. V. K. Verma, Adv.  
Ms. Alka Shar m a , Adv.  
Mr. B. Krishn a P r a s a d , Adv  
Mr. Sridhar Pota r a ju , Adv  
Mr. Julius Ria mei, Adv.

UPON hearing counsel the Court made the following  
O R D E R

Leave granted. The appeal is disposed of in terms of the signed  
order.

(Ganga Tha ku r) (Radha R. Bhatia)  
P. S. to Registra r Court Master  
(Signed order is placed on the file)

I N T H E S U P R E M E C O U R T O F I N D I A  
C I V I L A P P E L L A T E J U R I S D I C T I O N

C I V I L A P P E A L N O . 3 4 6 9 O F 2 0 0 8  
(Arising out of S L P (C) No. 2 8 1 6 / 0 6 )

SUR AC H A N CHAN S R I C H A W A L A ...A P P E L L A N T (S)

Versus

## O R D E R

Leave granted.

The appellant is the Chair m a n of a Non- Resident Indian Family Group known as Sia m Vidhya Group, purportedly engaged in the business of banking, insurance, finance and allied activities outside India.

In 1 9 9 4 , on invitation from the Management of the Catholic Syrian Ban k, the respondent No.5 herein the appellant Group wanted to bring in foreign exchange in the form of capital investment into the Ban k.

The above- mentioned NR I Group had applied to the Foreign Investment P ro motion Board for permission to acquire some shares of the Ban k. On 1 8 th Februa ry, 1 9 9 7 , requisite

permission was granted by the Foreign Investment P ro motion Board to acquire shares of the Catholic Syrian Ban k on terms and conditions set out

in the order granting permission. The said permission

-2-

was granted for two years and required the appellant to obtain necessary permission both from S E B I as well as the Reserve Ban k of India having particular regard to the provisions of the Foreign Exchange Regulation Act, 1 9 7 3 . Admittedly, after permission was granted by the Foreign Investment Pro motion Board, the appellant started purchasing shares of the Ban k and also applied to the Reserve Ban k of India for necessary permission under Section 2 9 of the Foreign Exchange Regulation Act, which permission was refused by the Reserve Ban k of India. The appellant was, thereafter, prosecuted for violation of the aforesaid Act. The said prosecution is the subject matter of challenge in the appeal.

During the pendency of the proceedings, upon considering the submissions made by the learned counsel appearing for the respective parties, this Court directed the Reserve Ban k of India to consider the application of the appellant and to pass appropriate orders under Section 2 9 of the Foreign Exchange Regulation Act, 1 9 7 3 , after considering all relevant

aspects of the matter. The appellant was given leave to make a comprehensive representation before the Reserve Ban k of India in support of his claim.

The matter was thereafter considered by the Reserve Ban k of India which has submitted its Report

-3-

dated 2 7 th November, 2 0 0 7 , which has been annexed to the application, being I.A. No.4, which is being heard by us.

Fro m the said Report, it appears that the Reserve Ban k of India has considered the application made by the appellant and has agreed to the transfer of 2 1, 4 2 , 7 3 6 shares of the Catholic Syrian Ban k Ltd. in favour of 1 1 persons forming the Sia m Vidhya Group, subject to the following conditions:

"a) The Siam Vidhya Group may hold up to 1 0% of the total paid up capital of the Catholic Syrian Ban k Limited on a long term basis.

b) The shares in excess of 1 0% of the paid up capital shall be divested by the Sia m Vidhya Group within a period of six months from the date of transfer.

c) Each sale of shares made by Sia m Vidhya Group and registration of the transfer in the books of Catholic Syrian Ban k Limited resulting in acquisition of 1% or more of the paid- up capital of the bank by a person or persons acting in concert directly or indirectly shall be with the prior approval of Reserve Ban k of India from the 'fit & proper' angle.

d) The Siam Vidhya Group shall not have any representation on the Board of the Catholic Syrian Ban k Limited."

During the hearing of the application, it has been brought to our notice that pursuant to the conditions suggested by the Reserve Ban k of India and agreed to

by the appellant and the NRI Group represented by him, the  
aforesaid shares have been transferred to

-4-

the said persons representing the Siam Vidhya Group. In that  
view of the matter all that remains is to dispose of the application  
and the prayers made therein.

As far as prayer 'A' is concerned, the same is allowed and  
the order of the Reserve Bank of India dated 28 th

November, 2007, is taken on record. Prayer 'B' is not pressed.

As far as prayer 'C' is concerned, having regard to the settlement  
arrived at on the recommendation made by the Reserve Bank of  
India, the same has to be allowed. It is also submitted on behalf  
of the Reserve Bank of India that it does not wish to proceed any  
further with the various proceedings which were pending before  
it.

In view of the approval granted by the Reserve Bank of  
India and the Report submitted by it, the Reserve Bank of India  
is no longer interested in the pending proceedings and the same  
may be dropped along  
with the show cause notice. Such prayer is accordingly allowed.

Prayers 'D & F' are also not pressed, but it will be open  
to the appellant to make such further requests as may be  
permissible in law, having regard to the fact that steps have  
already been taken pursuant to the recommendations of the  
Reserve Bank of India.

-5-

As far as prayer 'E' is concerned, we are told that a  
representation has been made in this behalf and the same is  
under consideration.

I.A. No.4 is accordingly disposed of.

Having regard to the Order passed by this Court and the

Report submitted by the Reserve Bank of India, time for  
divesting shares in excess of 10% is extended by a further period  
of three months from today.

In view of this Order which is passed on I.A. No.4, the  
judgment of the Madras High Court in connection with writ  
petitions Nos. 26467 & 26468 of 2001 and writ appeal No. 899  
of 2002 are hereby set aside.

The Appeal is disposed of accordingly.

( ALT A M A S K A B I R ) .....J .

.....j.  
( HAR J I T S I N G H B E D I )

New Delhi,  
May 2, 2008 .