

S U P R E M E C O U R T O F I N D I A  
RECORD OF PROCEEDINGS

I.A. NOS. 3-5 In  
Petition(s) for Special Leave to Appeal (Civil) No(s).18035/2000

(From the judgement and order dated 13/10/2000 in CMA No.1923/2000 of The  
HIGH COURT OF A.P. AT HYDERABAD)

DR. (MRS.) RENUKA DATLA Petitioner(s)

VERSUS

SOLVAY PHARMACEUTICAL B.V. & ORS. Respondent(s)

(For Directions)  
WITH  
I.A. Nos.5-6, 7-8, 9-10 in SLP(C) Nos.18041-18042/2000  
(For Directions & Clarifications)

Date: 13/09/2005 This Petition was called on for hearing today.

CORAM :  
HON'BLE MR. JUSTICE ASHOK BHAN  
HON'BLE MR. JUSTICE ARUN KUMAR

For Petitioner(s) Mr. Ram Jethmalani, Sr. Adv.  
Mr. P.S.Mishra, Sr. Adv.  
Dr. Rajeev Dhawan, Sr. Adv.  
Mr. S.Madhusudhan Babu, Mr. Mukesh K. Giri,  
Ms. Lata Krishnamurthy, Mr.Girish Shukla,  
Mr. P.R.Mala, Advs.

For Respondent(s) Mr. Mukul Rohatgi, Sr. Adv.  
Mr. Arun Jaitley, Sr. Adv.  
Mr. Dushyant Dave, Sr. Adv.  
Mr. S.Udaya Kumar Sagar, Adv.  
Ms. Bina Madhavan, Mr. Dhanjoy Reddy,  
Ms. Susan, Adv.,Ms. Pooja Gupta, Adv.  
Mr. Hamail Seth, Advs.

Mr. R.Ayyam Perumal, Adv.

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

The dispute in this case was between the shareholders of two pharmaceutical

companies namely (i) Solvay Pharmaceutical India Limited and (ii) M/s Du phar

Interfran Limited, respondents herein. The shareholders are Dr. Renuka Datla and Dr.

Vijay Kumar Datla, wife and husband, hereinafter referred to as the 'petitioners'.

Petitioners filed Suits in the City Civil Court, Hyderabad impleading the Companies and

the third respondent by the name of Shri D.Vasant Kumar, since deceased and now

represented through his legal representative Krishna Datla. The subject matter of the

suits broadly being the transfer of shareholdings. The suit OS No.551 of 2000 was filed

by Dr. Renuka Datla. Along with the suit the plaintiff-petitioner applied for an interim

injunction restraining the defendants-respondents from transferring/exchanging their

shareholdings pending disposal of the suit. The other two suits of similar nature were

filed by the husband Dr. Vijay Kumar Datla along with the similar applications for

interim injunction. The IA filed in OS No.551 of 2000 under Order 39 Rules 1 and 2

was dismissed by the trial court while vacating the ex parte injunction granted earlier.

However, the ad interim injunction granted in the suits filed by the husband remained in

force.

Aggrieved against the order passed by the trial court, three appeals were filed

in the High Court under Order 43 Rule 1 CPC. The appeal filed by the wife Dr. Renuka

Datla against the refusal of injunction was dismissed by the High Court and the other

two appeals filed by the aggrieved defendants-respondents were allowed and the interim

injunction in both the cases was vacated. Against this common order of the High Court,

the Special Leave Petitions were filed by the plaintiffs-petitioners.

On the initiative taken by this Court while hearing the Special Leave Petitions,

the parties settled the disputes and the terms of mutual settlement were reduced in

writing and they were signed by all the parties. The parties had agreed as per the

settlement to appoint Shri Y.M.Malegam, Chartered Accountant, Mumbai to evaluate

intrinsic worth of both the Companies and the value of the said 4.91% shares held by

the petitioners in those two companies. Shri Malegam, Chartered Accountant submitted

his valuation report with his covering letter dated 28th September, 2002. After assessing

the intrinsic worth of the two companies as going concerns, the value of 4.91% shares

was arrived at Rs. 8.24 crores.

The Petitioners filed I.A. Nos. 2 to 4 of of 2002 objecting to the valuation, inter alia, contending

1.that the control premium has not been added;

2.the value of the brands Vertin and Colospa, which according to the petitioners continued to be the property of DIL, has not been included; and

3.discounted cash-flow method has not been adopted though it is a generally accepted method, even according to the valuer.

This Court by its judgment dated October 30, 2003 reported in (2004) 1 SCC 149 rejected I.A. Nos. 2 to 4 of 2002 after elaborate discussion and gave the following direction in para 19:

"19 . In the result, IAs Nos. 2 to 4 of 2002 are liable to

be rejected. However, there is one direction concerning interest which we consider appropriate to give in t

he given facts and circumstances of the case. Though the grant of interest, as prayed for by the petitioners, from 31-5-2002 - the stipulated date of submission of valuation report - is not called for, we feel that the ends of justice would be adequately met if the respondents concerned are directed to pay the interest at the rate of 9 per cent on Rs.8.24 crores, which is the value of shares fixed by the valuer, for a period of twelve months.

True, the petitioners contested the valuation and thereby delayed the implementation of settlement. However, having regard to the bona fide nature of the dispute and the fact that the respondents have retained the money otherwise payable to the petitioners during this period of twelve months and could have profitably utilized the same, we have given this direction taking an overall view."

In spite of the respondents approaching the petitioners to comply with the directions issued by this Court, the petitioners did not do so impelling the respondents to file I.A. Nos. 3 & 4 of 2004 in SLP(C) Nos.18035/2000 and I.A. Nos.5-6, 7-8 of 2004 in SLP(C) Nos.18041-18042/2000 seeking the following reliefs:

"Appoint the Registrar General of this Court to supervise the exchange of the Share Certificates along with the necessary transfer deeds etc. and the demand drafts between the respondents and the petitioners in terms of the directions of this Court in its judgment dated October 30, 2003."

Petitioner has also filed I.A. No.5 of 2004 in SLP © Nos.18035/2000 and I.A. Nos.9-10 in SLP(C) Nos.18041-18042/2000 for clarification of judgment dated October 30, 2003 seeking the same reliefs which they had claimed in theirs I.As 2 to 4 of 2002 which were specifically rejected by this Court in its judgment dated October 30, 2003. During the course of arguments, learned senior counsel appearing for the petitioners sought permission of the Court to withdraw the aforementioned IAs. Permission is granted and I.A. No.5 of 2004 in SLP © Nos.18035/2000 and I.A. Nos.9-10 in SLP(C) Nos.18041-18042/2000 are dismissed as withdrawn. Mr. Ram Jethmalani, learned senior counsel appearing for the petitioners fairly concedes that petitioners are prepared to comply with the directions issued by this Court

provided the petitioners are allowed to pursue any other remedy available to them in accordance

with law to recover the value of the control premium and the compliance of this order will not

be treated as a bar to avail such remedy. Learned senior counsel appearing for the respondents

disputes the statement made by the learned counsel appearing for the petitioners and reserves the

right to respond to it as and when any proceedings are taken by the petitioners.

We record that compliance with the directions of this Court by the petitioners shall

not be treated as a bar to avail any other remedy, if available, in accordance with law but this

shall not be taken as an expression of opinion on the same.

Accordingly, I.As 3 & 4 of 2004 in SLP(C) Nos. 18035/2000 and I.A. Nos. 5-6, 7-8 of 2004 in SLP(C) Nos.18041-18042/2000 are allowed. Registrar General of this Court is appointed to supervise the exchange of the Share certificates along with the necessary transfers

deeds etc. and the demand drafts between the respondents and the petitioners in terms of the directions of this Court dated October 30, 2003. Parties have agreed to co-operate with the

Registrar General to dispose of the proceedings within a period of four weeks from today.

Accordingly we direct the Registrar General to dispose of the proceedings within the said period

of four weeks. Parties are directed to appear before the Registrar General on 27th September, 2005.

I.A. Nos. 3 & 4 of 2004 in SLP(C) Nos.18035/2000 and I.A. Nos.5-6, 7-8 of 2004 in SLP(C) Nos.18041-18042/2000 are allowed. I.A. No.5 of 2004 in SLP © Nos.18035/2000 and I.A. Nos.9-10 in SLP(C) Nos.18041-18042/2000 are dismissed as withdrawn.

(Parveen Kr. Chawla)  
Court Master

(Kanwal Singh)  
Court Master