

**IN THE SUPREME COURT OF INDIA  
CIVIL APPELLATE JURISDICTION**

**CIVIL APPEAL NOS. 19631-19632 OF 2017  
(ARISING OUT OF SLP (C) NOS.14214-14215 OF 2014)**

M/S SOUL JEWELS & ORS. ...APPELLANTS

VERSUS

M/S HANJER BIOTECH ENERGIES  
P. LTD. & ORS. ...RESPONDENTS

WITH

**CIVIL APPEAL NO. 1963 OF 2017  
(ARISING OUT OF SLP (C) NO.16420 OF 2015)**

WITH

**CONTEMPT PETITION (CIVIL) NOS.503-504 OF 2015  
IN  
CIVIL APPEAL NOS. 19631-19632 OF 2017  
(ARISING OUT OF SLP (C) NOS.14214-14215 OF 2014)**

**ORDER**

**R.F. Nariman, J.**

1. Leave granted.
2. By our order dated 21.08.2017, we recorded that the arguments have been concluded and liberty granted to the parties to file written submissions. We have perused the written submissions so filed.
3. The order under appeal dated 14.2.2014 notices that by an order dated 29.10.2013, the Company Law Board had rejected the application for appointment of a special auditor. However, despite this order never having been challenged, a second

order of the Company Law Board dated 31.01.2014 granted the interim relief of appointing a special auditor. The learned single Judge went on to find that in point of fact there are already three auditors and the only justification for appointing a special auditor found by the CLB order dated 31.1.2014 is that a contractual right existed under clauses of the SHA. Clause 5.2.3.2 makes it clear that the investor must reasonably believe that there is a material misstatement or irregularity in the financial statements of the Company for the investor to have the right to appoint a special auditor of its choice at the cost of the Company. As correctly stated by the learned single Judge, this contractual right has to be exercised reasonably and could not ever have been intended to reopen closed and settled matters.

4. Apart from this, the learned single Judge held:

“Mr. Chagla’s charge is direct and pointed: this is nothing but an attempt to extract the buy-out price and enforce the SPA. It is an exercise in harassment pure and simple and is no more complicated than that. That there was a proposed buy-out is not in dispute. Hanjer Energies is today unable to fulfill its obligations under the SPA to buy out a part of IIF’s stake. That Hanjer Energies is in financial straits is conceded; hence the CDR and the special investigative audit. IIF took a 26% stake in Hanjer Energies in 2009-2010 for Rs.250 crores. Three years later, in 2012, it agreed to sell 7% of its stake for Rs.157.5 crores. This had to be done because Hanjer Energies’ institutional lenders insisted on a majority stake being with the Furniturewala Group. A further infusion of Rs.57 crores has recently been made. But how does any of this give IIF the right

to a special audit under the SSA, the SHA and the Articles? The impugned order does not say. Before Mr. Dwarkadas can get to his argument that the impugned order does not prejudice Hanjer Energies he must first show IIF has demonstrated an entitlement to such a relief, and that sufficient grounds have been made out. They have not; and the prejudice is certain. A fourth auditor with as sweeping a remit as the impugned order proposes can only hamper and hinder Hanjer Energies and, perhaps more importantly, the CDR itself. An auditor is a watchdog. Hanjer Energies has three. That is more than enough. What IIF wants is a bloodhound. That is uncalled for and unjustified; there are more than enough sentinels on Hanjer Energies' ramparts."

5. Given these findings, we find no reason to exercise our discretionary jurisdiction under Article 136 in favour of the appellants.
6. The appeals stand dismissed accordingly.

**CONTEMPT PETITION (CIVIL) NOS.503-504 OF 2015 IN  
CIVIL APPEAL NOS. 19631-19632 OF 2017  
(ARISING OUT OF SLP (C) NOS.14214-14215 OF 2014)**

7. In view of the dismissal of the civil appeals arising out of S.L.P. (C) Nos. 14214-14215 of 2014 and S.L.P (C) No. 16420 of 2015, nothing survives in these contempt petitions and, hence these are dismissed accordingly.

.....J.  
(R.F. Nariman)

.....J.  
(Sanjay Kishan Kaul)

**New Delhi;  
November 23, 2017.**

ITEM NO.1501  
(For Order)

COURT NO.12

SECTION IX

S U P R E M E C O U R T O F I N D I A  
R E C O R D O F P R O C E E D I N G S

Petition(s) for Special Leave to Appeal (C) No(s).  
14214-14215/2014

M/S SOUL JEWELS & ORS.

Petitioner(s)

VERSUS

M/S HANJER BIOTECH ENERGIES P.LTD. & ORS.

Respondent(s)

WITH

SLP(C) No. 16420/2015 (IX)

CONMT.PET.(C) Nos. 503-504/2015 In SLP(C) Nos. 14214-14215/2014

Date : 23-11-2017 These matters were called on for pronouncement  
of order today.

For Petitioner(s) Mr. Satish Vig, AOR  
Mr. Devendra Singh, AOR

For Respondent(s) Mr. T. V. Ratnam, AOR  
Mr. Devendra Singh, AOR  
Mr. Aldanish Rein, AOR

Mr. Shamik Shirishbhai Sanjanwala, AOR  
Mr. Sunil Kr. Kaundal, Adv.

Mr. Ankur Yadav, AOR  
Mr. Alex Joseph, AOR

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Hon'ble Mr. Justice Rohinton Fali Nariman pronounced the Order  
of the Bench comprising His Lordship and Hon'ble Mr. Justice Sanjay  
Kishan Kaul.

Leave granted.

The Appeals and Contempt Petitions are dismissed in terms of  
the signed Order.

(R. NATARAJAN)  
COURT MASTER (SH)

(SAROJ KUMARI GAUR)  
COURT MASTER

(Signed Order is placed on the file)