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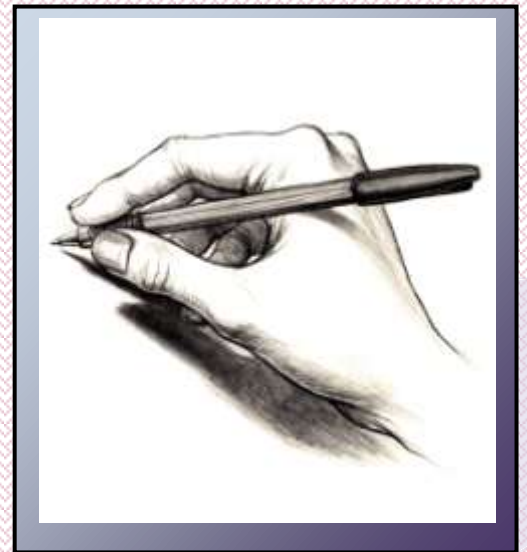
SPARSH.....

Touches

December, 2014

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Mr. Vinod Kothari &
Associates**
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Editorial

T: Together
E: Everyone
A: Achieves
M: More



In order to excel, you must be completely dedicated.

-Willie Mays

We, at VKCPL & VK & Co., believe in hard work, determination and perfection. We put in our best into each and every act done by us which results into success and appreciation by all.

With this thought of dedication and hard work, we come again with “Sparsh”.

Stay in touch with us through SPARSH!!

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Articles Published

- ▶ Transfer of Voting Rights, without Transfer of Shares, by CS Aditi Jhunjhunwala, published in The Corporate Lender.
- ▶ Retention of standard assets as standard: New framework confuses all by Abhirup Ghosh, published in MoneyLife.

For More Articles, Click [here](#).



Sessions/Lectures taken

- *Full Day seminar on The Companies Act, 2013- covering "Accounting Implications " by Mr. Vinod Kothari , on 6th December at National Library.*
- *Accounting Implications under Companies Act, 2013 on 23rd December 2014 at ICAI by Mr. Vinod Kothari.*
- *Companies Amendment Bill, 2014 on 20th December at ICAI by Mr. Vinod Kothari.*
- *Revised regulatory framework for NBFCs on 20th December 2014 at ICAI by Mr. Vinod Kothari.*
- *Understanding of KMPs under Companies Act, 2013 by Nidhi Bothra at ICSI on 27th December 2014.*



Our Corner

- *New Year Celebration.*
- *Christmas Celebration.*
- *Happy Birthday Munmi Phukon*
- *Happy Birthday Shruti Agarwal*



Our Forthcoming Workshops:

1 Day Workshop on Real Estate Investments Trusts on 6th February, 2015, Mumbai

Company Law Classes – “Rounding up Company Law in 6 Sessions”, being conducted at Kolkata, second batch to be announced soon.

Workshop on Factoring, Mumbai/Kolkata

Workshop on Basle III, Mumbai

Workshop on Securitisation and Covered Bonds, Mumbai

Articles Published

Transfer of Voting Rights, without Transfer of Shares By CS Aditi Jhunjunwala Published in The Corporate Lender

Transfer of voting rights, without transfer of shares

Aditi Jhunjunwala - Senior Associate Corporate Law Division aditi@vinodkothari.com Vinod Kothari & Company

The moment one possesses a share of a company, alongwith also comes a bundle of rights with such shares to him such as right to vote, receive dividend, transfer, bonus, entitlement for rights issue, to share in the surplus, if any, on liquidation, to elect directors etc. These rights then become the property of the shareholder and what he does with these rights is upto him. Once the share is transferred, all the rights and obligations attached to it also get transferred. A share in a partnership reflects the partner's proprietary interest in the partnership assets; the assets are jointly owned by the partners. In the case of a company, it is not the shareholders but the company that owns the corporate assets, and the concept of a share serves somewhat different functions. In the first place, it is a fraction of the capital, denoting the holder's proportionate financial stake in the company. Secondly, it is a measure of the holder's interest in the company as an association and the basis of his right to become a member and to enjoy the rights of voting, etc. so conferred. And, thirdly, it is a species of property in its own right, a rather complex form of choses in action, which the holder can buy, sell, charge, etc., and in which there can be both legal and beneficial interests.

In this article we discuss and analyse that what can a shareholder unpack from this these bundle of rights and thereafter deal with any of the element in a manner suitable to him, i.e. can he transfer any one of the rights and still retain the beneficial interest in those shares, or that can he can transfer any part of such rights without parting with the shares. In this write up we specifically

deal with transfer of voting rights without any transfer of shares.

Ways of transfer of voting rights

Concept of Voting Trust

Voting Trust is whereby that by which persons owning shares with voting powers retain ownership while transferring the voting rights to the trustees. The Voting Trust Agreement is an agreement whereby a voting trust is created and the shares in a company of one or more shareholders are legally transferred to a trustee for a certain period of time. In the Voting Trust Agreement, the trustee appointed is granted additional powers such as the ability to sell the shares. At the termination of the term of the trust, the shares held by the trustee would be transferred back to the shareholders. The concept is usually prevalent in US and offshore jurisdictions.

Section 153A of the Companies Act, 1956 (the Act) provided that the Central Government may, appoint a person as public trustee to discharge the functions and to exercise the rights and powers conferred on him by or under this Act. This provision however was withdrawn and the trustees were now to directly exercise voting rights.

However, there is no provision within the Companies Act, 2013 corresponding to Section 153A but it does not preclude appointing a trustee.

Therefore, the provisions of law also had a concept and permitted separation of the voting element from the



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“Retention of standard assets as standard: New framework confuses all”

**By Abhirup Ghosh
Published in MoneyLife**

Provisions of the revised framework and the Guidelines on Restructuring of Advances by NBFCs, have left ambiguity in the provisioning of assets that may be considered standard, after change in repayment schedule and/or restructuring

Non-Banking Financial Companies (NBFC) have been an important segment of the financial services sector, progressively contributing to the financial inclusion agenda and bringing about credit growth. The ever growing significance of NBFCs also demanded revision in the regulatory framework. The Usha Thorat Committee’s report on growing significance of NBFCs and the recommendations to streamline the regulations applicable to NBFCs with that of banks was largely adopted in the revised regulatory framework (“Regulations”) that RBI released on 10th November, 2014.

While the fine prints of the revised framework are yet to be released, what has intrigued the NBFC sector already is a small insertion in Para 8.13 of the revised framework.

To view full article click [here](#)



Our Corner

Happy Birthday Munmi Phukon &
Shruti Agarwal



Team Vinod Kothari & Company
wishing you MERRY CHRISTMAS...



We wish you a very Happy &
Prosperous New Year



Contact Us



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