

E-VOTING may be held in a week's time

SC Lets Franklin Call a Meet to Get Unitholder Nod to Wind Up 6 Plans

Our Bureau

Mumbai: The Supreme Court on Thursday allowed Franklin Templeton Mutual Fund to call for a meeting of unitholders to take consent to wind up the six debt schemes. The apex court, in its interim order, said the redemption requests from investors will remain suspended. Franklin Templeton Mutual Fund said it would approach the unitholders shortly for their approval to close down the schemes.

Investment advisors said unitholders' permission will be crucial for an orderly unwinding of the six products. The fund house is likely to proceed to seek investor consent through e-voting in a week's time.

Last month, Franklin had approached the Supreme Court seeking clarity on certain aspects of the Karnataka High Court's order that directed the fund house to obtain the consent of the unitholders before winding them up.

The voting activity will be conducted separately for each of the six schemes and the whole process could take about a month. An investor

holding units in one or more schemes out of the six will be required to vote separately for each scheme and each unitholder will have one vote, irrespective of the number of units they hold in a scheme.

If a majority of the unitholders vote in favour of winding up of the scheme, Franklin Templeton can disburse the cash lying in the existing schemes to them immediately and look at monetising or selling the balance assets, said analysts.



"Cash lying in the books of the scheme cannot be reinvested without unitholder consent and hence the fund house would be eager to return this money at the earliest, subject to a successful vote," said Amol Joshi, founder, Plan Rupee.

If unitholders vote against winding up of the schemes, Franklin may have to open up the schemes and there could be a rush for redemption. "Opening up would lead to a fire sale of securities, which could suppress the NAV and eventually unitholders could be losers," says Kirtan Shah, chief financial planner, Sykes and Rays Equities.