Founder, Family, and Future

Succession Planning: The Big Picture

THE SCRT LENS

SOCIAL
The family

Family philosophy, its size and dynamics, and the approach to wealth transfer

COMMERCIAL
The business

Ownership and management clarity for operating businesses; valuation and mode of succession for the rest

REGULATORY
The rulebook

Company law, SEBI, FEMA, Ind AS, and the regulation specific to each sector, succession laws

TAX
The cost

Income tax and stamp duty on every transfer, and the estate duty question in the background

THE TRIGGERS AND THE FACTUAL MATRIX

01	02	03	04	05	06	07	08
Death	**Dispute**	**Disability**	**Divorce**	**Ownership**	**Business**	**Family**	**Assets**
Continuity planning	*Harmony over conflict*	*Capacity and control*	*Ownership ring-fenced*	*Active and passive owners*	*Owner-managers and professionals*	*Members in and out of the business*	*Personal and business pools*

THE RELUCTANCE AND THE RESPONSE

01 — WHY IT IS DEFERRED

Notions of immortality, the fear of confronting complex social issues, and strained relationships keep it off the agenda

02 — WHAT COMPLICATES IT

In-laws, passive members, and wealth spread across personal and business pools multiply the variables

03 — HOW TO APPROACH IT

Head on, and built around the family's own factual matrix; a borrowed template rarely survives contact

THE AIM *An unambiguous allocation of assets among heirs, with ownership and management clarity in the business*

The Promoter Framework

From Family Alignment to Legal Architecture

THREE DOMAINS, THREE GOVERNANCE CONVERSATIONS

BUSINESS
Governing the operating companies

Board composition and family representation, active versus passive members, related party dealings, and management succession.

OWNERSHIP
Governing the holdings

Pre-emption, tag and drag, deadlock and exit, an agreed valuation methodology, dividend policy and the capital allocation framework.

FAMILY
Governing the relationships

Values and conduct, entry and exit of members, employment policy, education, philanthropy and oversight of the family office.

THE MASTER FRAMEWORK AGREEMENT AND ITS INSTRUMENTS

01	**Master Framework Agreement (MFA)**	*The binding umbrella*
02	**Shareholders' Agreement**	*Rights beyond the Articles*
03	**Family Constitution**	*Codifies, does not impose*
04	**Trust Deeds and Wills**	*Holding across generations*
05	**Non-Compete and Non-Solicit**	*Each branch's sphere protected*
06	**New Venture Framework**	*A first look, then a pathway*
07	**Brand Governance**	*One name, central standards*
08	**Dispute Resolution**	*Tiered, with courts avoided*

THREE DESIGN PRINCIPLES

01 — FRAMEOWRK AND CONSTITUTION AS MIRROR

Constitution records what the family already believes – it is not binding; bridge to a binding agreement created through MFA

02 — A PERIMETER WITH A GATE

Non-compete protects each branch; the new venture framework channels ambition Brand agreement preserves continuity, protects reputation and mitigates contamination

03 — COURTS AS THE LAST RESORT

Negotiation, mediation, expert determination, then arbitration: resolution is designed in, not litigated out

THE INTEGRATION *Three conversations, one architecture: the Master Framework Agreement holds them together*

Tools and Family Arrangements

Succession Tools, and where the Family Settles, the Corporate Vehicle Does Not

THE SUCCESSION TOOLKIT

01 Wills
A holding will critical

02 Probate
Optional in law, often needed in practice

03 Nominations
A will overrides a nomination

04 Gifts
Relative read from the recipient's side

05 Settlements
Immediate, and irrevocable

06 Private Trusts
Bespoke; tax is not the driver

07 HUFs
Equal rights; gender agnostic

08 Listed Shares
A SEBI approval if trusts envisaged

THE DOCTRINAL ARC

KALE
The immunity

A bona fide family arrangement reorganizes pre-existing rights rather than transferring them, so no capital gains arise.

MOHOTA
The limitation

Where a holding company is the vehicle, the immunity falls away. The company is a separate person, governed by company and tax law.

NO SAFE HARBOUR
Income-tax Act, 2025

The new Act carries the same architecture forward, without a carve-out for corporate vehicles in family arrangements.

FOUR PATHWAYS FOR THE CORPORATE VEHICLE

01 SCHEME
Composite scheme under sections 230 to 232; neutral if structured correctly

02 INTER SE TRANSFER
The company stays out; Kale operates directly on the shares

03 CAPITAL REDUCTION
With or without consideration, with materially different tax outcomes

04 Rights Issue or Buyback
Commercially intuitive, but the most technically exposed, and tax heavy

THE CAVEAT *Every tool needs customization to the family's facts; none works off the shelf*