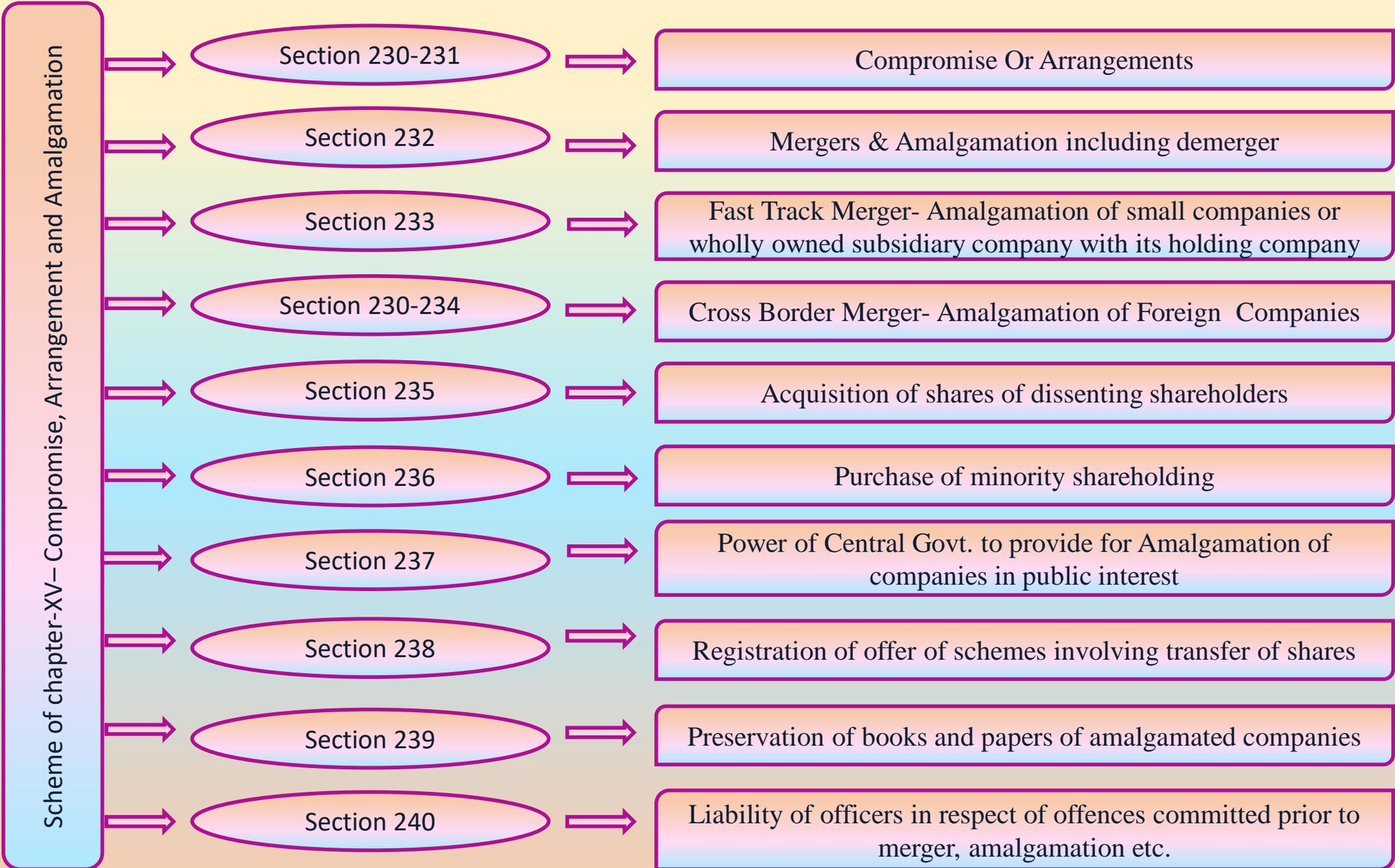


THE COMPANIES ACT, 2013

4.1.2 CHAPTER XV– (Compromises, Arrangements and Amalgamation) Rules, 2016

Compromise, Arrangement, and Amalgamations are tools of financial restructuring for which Companies Act, 2013 lays down specific provisions in section 230-240 notified on 7th December, 2016. These sections are accompanied by the Companies (Compromises, Arrangements, and Amalgamations) Rules, 2016 which came into effect from 15th December, 2016.



The provisions in Chapter XV cover comprise or arrangements, merger and amalgamations, Corporate Debt Restructuring, demergers, fast track mergers for small companies/100% Wholly Owned Subsidiary companies with Holding Company, cross border mergers, takeovers, amalgamation of companies in public interest etc.. The rules provides for procedural aspect of these schemes like Form of Application to the Tribunal and/or the Central Government (Powers delegated to the Regional Director for Fast Track Merger. It is complete code for the merger and amalgamation under the Companies Act, 2013 as such.

In case of Government Company, or the small Companies or Merger of the Wholly Owned Subsidiary company with the holding company it is Central Government which is appropriate authority in place of the Tribunal [Companies (Amendment) Act, 2017]. However, for the Fast Track Merger the powers were delegated to the Regional Director having jurisdiction over the Registered Office of the applicant companies.

1. COMPROMISE OR ARRANGEMENT WITH MEMBERS OR CREDITORS (SECTION 230)

Brief overview of sections and the corresponding rules:

Provisions of the Act

1. Application to the Tribunal (First Stage)

- (i) For approval of the scheme of compromise or arrangement proposed between company and its members or company or its creditors.
 - (ii) Company or members or creditor or liquidator appointed under the 2013 Act or the Insolvency and Bankruptcy Code, 2016
 - (iii) Make an application to the Tribunal to order for dispensing off the requirement meeting of the creditors or class of creditors, or of the members or class of members, or seeking directions to hold the meetings as aforesaid as the case may be, to be called, held and conducted in such manner as the Tribunal directs.
- Arrangement includes, re-construction, demerger, or reorganization of the company's share capital by the consolidation of shares of different classes, or by both of those methods.

2. Affidavit

- (i) The application shall file an affidavit with the Tribunal disclosing prescribed contents e.g. all material facts including its latest financial position, scheme of reduction, corporate debt restructuring etc.
- If proposal involves scheme of debt restructuring it shall be consented to by $\geq 75\%$ of the secured creditors in value and affidavit shall be accompanied with creditor's responsibility statement in the prescribed form;
However, for the merger and amalgamation consent of not less than 90% of the secured and/or unsecured creditors needs to be obtained and valuation report in respect of the shares exchange ratio and property and all assets, tangible and intangible, movable and immovable, of the company by a registered valuer as per the companies (Registered Valuers and Valuation) Rules 2017 is required.

3. Notice of meeting

- (i) Such notice of meeting proposed to be called in pursuance of Tribunal order shall be accompanied with- a copy of the valuation report as per section 247 read with the Companies (Registered Valuers and Valuation) Rules, 2017 along with other disclosures.... Form No. CAA.2
- A great transparency has been provided by the Companies Act 2013 by making mandatory annexing valuation report along with notice of meeting so that shareholders and creditors could take well informed decision at the meeting.
The persons to whom the notice is sent may vote in the meeting either themselves or through proxies or by Poll/Postal Ballot to the adoption of the compromise or arrangement within one month from the date of receipt of such notice.

Provisions of the Act

4. Notice on the website	<p>(i) Notice and other documents shall be placed on the website of the company, if any, at least 30 days before the date of the meeting.</p> <p>In case of a listed company, these documents shall be sent to the SEB1 and the Stock Exchanges, where securities of the companies are listed, for placing on their website.</p>
5. Who can object to the scheme?	<p>As per the latest audited financial statement, within a month from the date of the receipt of the notice, following can object:</p> <p>members holding a $\geq 10\%$ of the shareholding or</p> <p>Creditors having outstanding debt amounting to $\geq 5\%$ of the total outstanding, debt</p>
6. Notice to be sent to the regulators	<p>It is for the first time provided in 2013 Act that notice of the meeting shall be sent to income tax authorities, Central Government, through the Regional Director concerned and RoC in all cases, and to the Reserve Bank of India, the Securities and Exchange Board of India, the competition commission of India, and the stock exchanges, as may be applicable as well as other sectoral regulators or authorities, as required by Tribunal.</p> <p>RBI, Central Electricity Regulatory Commission (CERC), IRDA etc</p>
Representation by statutory authorities	<p>The notice is sent to give an opportunity to the regulators to make representation, if they desire, to the Tribunal within a period of 30 days from the date of receipt of such notice.</p> <p>If no representation is received within the stated period of thirty days by the Tribunal, it shall be presumed that the authorities have no representation to make on the proposed_ scheme of compromise or arrangement.</p>
7. Advertisement of notice	<ul style="list-style-type: none">• The notice shall be advertised in;<ul style="list-style-type: none">i. At least one English Newspaperii. At least one vernacular newspaper having wide circulation in the State in which the registered office of the company is situated.

Provisions of the Act

8. Approval of the scheme	<ul style="list-style-type: none">• Majority of persons (i.e. $\geq 50\%$ by number) representing $3/4^{\text{th}}$ in value of the creditors, or class or class of creditors or members or class of members (i.e. $\geq 75\%$ in value), as the case may be, voting in person or by proxy or by postal ballot agree to any compromise or arrangement .• +Sanctioning of scheme by Tribunal <p>It is now obligatory for the Tribunal to sanction the scheme only after a certificate by the company's auditor has been filed with the Tribunal to the effect that the accounting treatment, if any, proposed in the scheme of compromise or arrangement is in conformity with the Accounting Standards/ 1ND-ASAs prescribed under section 133 in case of both listed and unlisted companies. Section 133 says CG to prescribe AS in consultation with NFRA.</p>
9. Exit Offer	<p>An order made by the Tribunal shall provide for exit offer to dissenting shareholders, if any, as are in the opinion of the Tribunal necessary to effectively implement the terms of the compromise or arrangement.</p>
10. Tribunal may dispense with calling of meeting of creditors	<p>Where such creditors or class of creditors, having at least 90% value, agree and confirm, by way of affidavit, to the scheme of compromise or arrangement</p>
11. If scheme involves	<p>Buy Back: Mandatory compliance of sec 68, CA, 2013 Takeover: Mandatory compliance of SEBI Takeover Code.</p>

Reporting requirement under the rules

1.Application to the Tribunal (First Stage)	<ul style="list-style-type: none">• Application in Form NCLT-1 ((National Company Law Tribunal Rules; 2016)• Notice of Admission in Form NCLT-2• An affidavit in Form NCLT-6• A copy of the scheme of compromise or arrangement• Creditor's Responsibility Statement in Form CAA-1• Report by the auditor that the fund requirements of the company after the Corporate Debt Restructuring as approved shall conform to the quality test based upon estimates provided to them by the Board.• A valuation report in respect of shares and the property and all assets, tangible & intangible, moveable & immoveable, of the company by a registered valuer.
2.Notice of the meeting and it's Advertisement	Form No. CAA.2
3.Notice to statutory authorities	Form No. CAA-3
4.Affidavit of service to Tribunal	At least 7 days before the date fixed for the meeting, an affidavit shall be filed by the chairman stating that the directions regarding issue of notice and advertisements have been duly complied with.
5.Reporting result of the meeting to the Tribunal	<ul style="list-style-type: none">• FORM NO. CAA-4 to be submitted by chairman within 3 days of conclusion of each meeting, if no time is specified by Tribunal.• The report shall state accurately the number of creditors or class of creditors or the number of members or class of members, who were present and who voted at the meeting either in person or by proxy or by electronic voting, their individual values and the way they voted.

Reporting requirement under the rules

6. Petition for confirming compromise or arrangement-2nd motion of application

- A petition in FORM CAA-5 shall be filed by the company or its liquidators to Tribunal for sanction of the scheme of compromise or arrangement.
- Time period for filing petition: within 7 days of filing of report by chairman.
- The petition shall pray for appropriate orders and instructions under section 230 (reconstruction) read with section 232 (amalgamation).

Hearing

- The Tribunal shall fix the date of hearing.
- Notice of hearing to be published in newspaper at least 10 days before the final hearing.
- Tribunal shall give notice of hearing to
 - i. Members and Creditors who objected the scheme
 - ii. CG & other statutory authorities who made the representation

7. Order on petition

- i. Approval of scheme
 - After hearing the petition, the Tribunal, where confirm or sanction the scheme, shall make an order in FORM No. CAA 6.
 - A certified copy of the same shall be filed for registration with the RoC within 30 days from the date of the receipt of copy of the order, or such other as may be fixed by the tribunal.
- ii. Rejection of Scheme
 - In case where the petition is rejected, the company may file an appeal to National Company Law Appellate Tribunal within 45 days of the -date of the Orders received from the Tribunal.

"Power of Tribunal to enforce compromise or arrangement" (Sec 231)

1. Where the Tribunal makes an order under section 230 sanctioning a compromise or an arrangement in respect of a company, it –
 - a. shall have power to supervise the implementation of the compromise or arrangement; and
 - b. may, at the time of making such order or at any time thereafter, give such directions in regard to any matter or make such modifications in the compromise or arrangement as it may consider necessary for the proper implementation of the compromise or arrangement.
2. If the Tribunal is satisfied that the compromise or arrangement sanctioned under section 230 cannot be implemented satisfactorily with or without modifications, and the company is unable to pay its debts as per the scheme, it may make an order for winding up the company and such an order shall be deemed to be an order made under section 273.
3. The provisions of this section shall, so far as may be, also apply to a company in respect of which an order has been made before the commencement of this Act sanctioning a compromise or an arrangement.

Section 232 of Indian Companies Act 2013 "Merger and amalgamation of companies"

1. Where an application is made to the Tribunal under section 230 for the sanctioning of a compromise or an arrangement proposed between a company and any such persons as are mentioned in that section, and it is shown to the Tribunal –
 - a. that the compromise or arrangement has been proposed for the purposes of, or in connection with, a scheme for the reconstruction of the company or companies involving merger or the amalgamation of any two or more companies; and
 - b. that under the scheme, the whole or any part of the undertaking, property or liabilities of any company (hereinafter referred to as the transferor company) is required to be transferred to another company (hereinafter referred to as the transferee company), or is proposed to be divided among and transferred to two or more companies, the Tribunal may on such application, order a meeting of the creditors or class of creditors or the members or class of members, as the case may be, to be called, held and conducted in such manner as the Tribunal may direct and the provisions of sub-sections (3) to (6) of section 230 shall apply mutatis mutandis.
2. Where an order has been made by the Tribunal under sub-section (1), merging companies or the companies in respect of which a division is proposed, shall also be required to circulate the following for the meeting so ordered by the Tribunal, namely: -
 - a. the draft of the proposed terms of the scheme drawn up and adopted by the directors of the merging company;
 - b. confirmation that a copy of the draft scheme has been filed with the Registrar;
 - c. a report adopted by the directors of the merging companies explaining effect of compromise on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share exchange ratio, specifying any special valuation difficulties;
 - d. the report of the expert with regard to valuation, if any;
 - e. a supplementary accounting statement if the last annual accounts of any of the merging company relate to a financial year ending more than six months before the first meeting of the company summoned for the purposes of approving the scheme.

Section 232 of Indian Companies Act 2013 "Merger and amalgamation of companies"

3. The Tribunal, after satisfying itself that the procedure specified in sub-sections (1) and (2) has been complied with, may, by order, sanction the compromise or arrangement or by a subsequent order, make provision for the following matters, namely: -
- a. the transfer to the transferee company of the whole or any part of the undertaking, property or liabilities of the transferor company from a date to be determined by the parties unless the Tribunal, for reasons to be recorded by it in writing, decides otherwise;
 - b. the allotment or appropriation by the transferee company of any shares, debentures, policies or other like instruments in the company which, under the compromise or arrangement, are to be allotted or appropriated by that company to or for any person: Provided that a transferee company shall not, as a result of the compromise or arrangement, hold any shares in its own name or in the name of any trust whether on its behalf or on behalf of any of its subsidiary or associate companies and any such shares shall be cancelled or extinguished;
 - c. the continuation by or against the transferee company of any legal proceedings pending by or against any transferor company on the date of transfer;
 - d. dissolution, without winding-up, of any transferor company;
 - e. the provision to be made for any persons who, within such time and in such manner as the Tribunal directs, dissent from the compromise or arrangement;
 - f. where share capital is held by any non-resident shareholder under the foreign direct investment norms or guidelines specified by the Central Government or in accordance with any law for the time being in force, the allotment of shares of the transferee company to such shareholder shall be in the manner specified in the order;

To be continued

Section 232 of Indian Companies Act 2013 "Merger and amalgamation of companies"

- g. the transfer of the employees of the transferor company to the transferee company;
- h. where the transferor company is a listed company and the transferee company is an unlisted company,
 - A. the transferee company shall remain an unlisted company until it becomes a listed company;
 - B. if shareholders of the transferor company decide to opt out of the transferee company, provision shall be made for payment of the value of shares held by them and other benefits in accordance with a pre-determined price formula or after a valuation is made, and the arrangements under this provision may be made by the Tribunal:
Provided that the amount of payment or valuation under this clause for any share shall not be less than what has been specified by the Securities and Exchange Board under any regulations framed by it;
- i. where the transferor company is dissolved, the fee, if any, paid by the transferor company on its authorised capital shall be set-off against any fees payable by the transferee company on its authorised capital subsequent to the amalgamation; and
- j. such incidental, consequential and supplemental matters as are deemed necessary to secure that the merger or amalgamation is fully and effectively carried out:
Provided that no compromise or arrangement shall be sanctioned by the Tribunal unless a certificate by the companies auditor has been filed with the Tribunal to the effect that the accounting treatment, if any, proposed in the scheme of compromise or arrangement is in conformity with the accounting standards prescribed under section 133.

To be continued

Section 232 of Indian Companies Act 2013 "Merger and amalgamation of companies"

4. Where an order under this section provides for the transfer of any property or liabilities, then, by virtue of the order, that property shall be transferred to the transferee company and the liabilities shall be transferred to and become the liabilities of the transferee company and any property may, if the order so directs, be freed from any charge which shall by virtue of the compromise or arrangement, cease to have effect.
5. Every company in relation to which the order is made shall cause a certified copy of the order to be filed with the Registrar for registration within thirty days of the receipt of certified copy of the order.
6. The scheme under this section shall clearly indicate an appointed date from which it shall be effective and the scheme shall be deemed to be effective from such date and not at a date subsequent to the appointed date.
7. Every company in relation to which the order is made shall, until the completion of the scheme, file a statement in such form and within such time as may be prescribed with the Registrar every year duly certified by a chartered accountant or a cost accountant or a company secretary in practice indicating whether the scheme is being complied with in accordance with the orders of the Tribunal or not.



To be continued

Merger and Amalgamation of companies
(Section 232)

Salient feature of section 232: Section 232 deals with Merger and Amalgamation (M&A) as well as demerger of companies which is a special type of Compromise & Arrangement so, M&A scheme has to pass through the test of both section 230 and 230 of “2013 Act.”

Scheme of reconstruction of the company
or companies involves

Amalgamation/Merger

The whole or any part of the undertaking, property or liabilities of any company (hereinafter referred to as the transferred to another company

OR

De-Merger

A scheme involves a division, where under the scheme the undertaking, property and liabilities of the company in respect of which the compromise or arrangement is proposed are to be divided among and transferred to two or more companies each of which is either an existing company or a new company.

Merger by absorption

Where under the scheme the undertaking, property and liabilities of one or more companies, including the company in respect of which the compromise or arrangement is proposed, are to be transferred to another existing company

Merger by formation of a new company

Where the undertaking, property and liabilities of two or more companies, including the company in respect of which the compromise or arrangement is proposed, are to be transferred to a new company, whether or not a public company

Compliance

Every company shall file with the registrar of companies, an annual statement of compliance of scheme in Form No.CAA.8 certified by practicing CA/CS/CMA within 210 days of from the end of each financial year until completion of the scheme.

Particular Restriction

1. A transferee company shall not, as a result of the compromise or arrangement, hold any shares in its own name or in the name of any trust whether on its behalf or on behalf of any of its subsidiary or associate companies and any such shares shall be cancelled or extinguished;
2. Where the transferor company is a listed company and the transferee company;
 - A. the transferee company shall remain an unlisted company until it becomes a listed company;
 - B. if shareholders of the transferor company decide to opt out of the transferee company, provision shall be made for payment of the value of shares held by there and other benefits in accordance with a pre-determined price formula Of after a valuation is made, and the arrangements under this provision may be made by the Tribunal:

Provided that the amount of payment under this clause for any share shall not be less than what has been specified by the securities and Exchange Board under any regulations framed by it;

Particular characteristics of FTM

1. Notice of the proposed scheme	<ul style="list-style-type: none">• To be sent to<ol style="list-style-type: none">i. RoCii. Official Liquidatoriii. Persons affected by the scheme• Notice to be sent in Form NO. CAA-9 within 30 days of approval of scheme by Board.
2. Filing Declaration of Solvency Statement	<ul style="list-style-type: none">• In Form CAA-10<ol style="list-style-type: none">i. To RoCii. By transferor & transferee companies
3. Convening meeting of members & creditors, if any	<ul style="list-style-type: none">• 21 clear days' notice of meeting of members and creditors along with explanatory statement shall be accompanied by Copy of the declaration of solvency and copy of scheme.
4. Approval of Scheme	<ul style="list-style-type: none">• Approved by the respective members or class of members at a general meeting of both transferor and transferee company holding at least 90% of the total number of shares.• Approved by majority representing nine-tenths in value of the creditors or class of creditors of respective companies indicated in a meeting convened by the company.
5. Filing of report of result of the meeting	<p>By transferee company within 7 days after the conclusion of the meeting of members or class of members or creditors, in Form no. CAA.11 along with copy of approved scheme with</p> <ol style="list-style-type: none">i. the Central Governmentii. The RoC in Form no. GNL-1iii. the Official Liquidator

To be continued

Particular characteristics of FTM

Confirmation of the scheme

- RoC & OL may give objections or suggestions, if any, to the RD within 30 days,
- If no objections or suggestions received from RoC and OL, it shall be presumed that they have no objections.
- If Regional Director is of opinion that the scheme is in public interest or in interest of creditors, the scheme will be confirmed in Form CAA-12.
- File the copy of order with RoC in e-Form INC 28 within 30 days.

Referring scheme to NCLT for consideration u/s232

- If RoC or OL submit objections to the scheme and RD is of opinion that the scheme is not in public interest, it may file an application with jurisdictional Tribunal in Form CAA-13 within 60 days requesting the Tribunal to consider the scheme under Section 232.
- Even it is also discretionary for the company to go b section 230-232 instead of FTM from initial stage.

Cross Border Mergers (Section 234)

Merger or Amalgamation of an Indian Company with a foreign company and vice-versa

The Expression “foreign company” means any company or body corporate incorporated outside India in whether having a place of business in India or not.

Rule 25 A inserted by the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2017.

To be continued

Cross Border Mergers

To the new provisions for merger of Indian company with foreign company incorporated outside India was not there in Companies Act, 1956.

- Cross Border Mergers were restricted under previous law due to the provisions of Sec.394(4)(b) of Companies Act, 1956, wherein it was provided that Transferee company has to be a company registered under Indian Companies Act and the Transferor company included anybody corporate whether incorporated under Indian Companies Act or not. Therefore, under the previous companies Act, 1956, it was possible for a foreign company to merge with an Indian Company but not vice-versa.

Now, the Companies Act, 2013 allows both ways cross-border mergers and amalgamations between Indian and foreign companies.

Applicable provisions: Section 230 to 232 CA,2013 + Section 234 CA,2013 + Rule 25A- Merger or amalgamation of a foreign company with a Company registered under this Act and vice versa.

1. Prior approval of the RBI for merger

2. Foreign company should be incorporated in jurisdiction specified.

3. Forms of payment of consideration to the shareholders of the merging company in

- i. cash, or
- ii. Depository Receipts, or
- iii. in cash and partly in Depository Receipts

4. No amendment shall be made in this rule without consultation of the Reserve Bank of India.

5. Valuation of transferee company:

The transferee company shall ensure that valuation is conducted by valuers who are members of a recognized professional body in the jurisdiction of the transferee company and further that such valuation is in accordance with internationally accepted principles on accounting and valuation.

A declaration to this effect shall be attached with the application made to Reserve Bank of India for obtaining its approval.

Though the decisions are taken by majority under the Companies Act, 2013 but simultaneously provisions have been made to protect the interest of the minority shareholders. Following provisions substantiate the rights of minority shareholders as follows:

- i. Power to Acquire Shares of Shareholders Dissenting from Scheme or Contract Approved by Majority — Section 235
- ii. Purchase of Minority Shareholding- Section 236

A. Brief overview of provisions of section 235:

1. Applicable to a scheme or contract involving the transfer of shares or any class of shares in a company (the transferor company) to another company (the transferee company).
2. Transferee Company makes an offer for acquisition of shares and it is approved by holders of at least nine-tenths in value of the shares of Transferor Company within four months of offer made by Transferee Company.
3. These 9/10th shareholding shall exclude shares already held at the date of the offer by, or by a nominee of the transferee company or its subsidiary companies.
4. After expiry of four months, the transferee company may give notice in Form No.CAA.14 to any dissenting shareholder that it desires to acquire his shares.
5. The shares of dissenting shareholders shall be entitled and bound to be acquired by the transferee company at same price at which majority shareholders are acquired by it, if no application is filed by dissenting shareholders within one month of the notice.
6. The transferee company shall send a copy of the notice to the transferor company together with an instrument of transfer, to be executed on behalf of the shareholder by any person appointed by the transferor company and on its own behalf by the transferee company:
 - i. On the expiry of one month from the date on which the notice has been given, if application has been made to the Tribunal but no contrary order has been made by it.
 - ii. If an application to the Tribunal by the dissenting shareholder is then pending, after that application has been disposed of.

To be continued

7. Together with the instrument of transfer, the transferee company shall pay the consideration for acquisition of shares of dissenting shareholders which shall be paid into a separate bank account by the transferor company.
8. Duties of the transferor company on receipt of instrument of transfer and consideration:
 - i. register the transferee company as the holder of those shares; and
 - ii. Within one month of the date of such registration, inform the dissenting shareholders of the fact of such registration and of the receipt of the amount or other consideration representing the price payable to them by the transferee company.
 - iii. Any such sum and any other consideration so received shall be held by that company in trust for the several persons entitled to the shares in respect of which the said sum or other consideration were respectively received and shall be disbursed to the entitled shareholders within sixty days.
9. Explanation to the section gives an inclusive definition of "dissenting shareholder" as to include
 - i. a shareholder who has not assented to the scheme or contract and
 - ii. Any shareholder who has failed or refused to transfer his shares to the transferee company in accordance with the scheme or contract.

A Brief overview of provisions of section 236:

1. Applicable to two situations:
 - i. In the event of an acquirer, or a person acting in concert with such acquirer, becoming registered holder of ninety per cent or more of the issued equity share capital of a company, or
 - ii. in the event of any person or group of persons becoming ninety per cent, majority or holding ninety per cent of the issued equity share capital of a company
2. The acquisition of 90% or more shareholding ads due to
 - i. Amalgamation,
 - ii. Share exchange,
 - iii. conversion of securities or
 - iv. for any other reason

3. Mandatory notification:

The acquirer/a person acting in concert with such acquirer/ such person/group of persons shall notify the company of their intention to buy the remaining equity shares known as "minority shareholding".

The minority shareholders of the company may offer to the majority shareholders to purchase the minority equity shareholding of the company at the price determined in accordance with the rules.

4. Offer price for purchase of minority shareholding:

Price determined on the basis of valuation by a registered value which according to the rule is as follows:

Particular	In case of listed company	In case of unlisted company and private company
Offer Price	<ul style="list-style-type: none">Shall be determined in accordance with SEBI regulations	Shall be determined after taking into account the following factors: the highest price by the acquirer/person/group of people for acquisition during last 12 months; the fair price of shares of the company to be determined by the registered valuer after taking into account valuation parameters including return on net worth, book value of shares, earnings per share, price earning multiple vis-à-vis the industry average, and such other parameters as are customary for valuation of shares of such companies;
Valuation Report	The registered valuer shall also provide a valuation report on the basis of valuation addressed to the board of directors of the company giving justification for such valuation.	

5. Deposit of consideration of minority shareholding:

In a separate bank account by majority shareholders

- bank account to be operated by company whose shares are being transferred for at least one year for payment to the minority shareholders
- Such amount shall be disbursed to the entitled shareholders within 60 days.
- A period of one year has been given for disbursement to those minority shareholders who couldn't take consideration in 60 days.

6. Share Transfer Agent

Company whose shares are being transferred shall act as a transfer agent for receiving and paying the price to the minority shareholders and for taking delivery of the shares and delivering such shares to the majority.

7. Failure of Delivery of physical share certificates by minority shareholders in specified time

The share certificates shall be deemed to be cancelled and company whose shares are being transferred shall be authorized to

- I. Issue shares in lieu of the cancelled shares and complete the transfer in accordance with law and
- II. Make payment of the price out of deposit made by the majority in advance to the minority by dispatch of such payment.

8. Death of majority shareholder

In the event of a majority shareholder or shareholders requiring a full purchase and making payment of price by deposit with the company for any shareholder or shareholders who have died or ceased to exist, or whose heirs, successors, administrators or assignees have not been brought on record by transmission, the right of such shareholders to make an offer for sale of minority equity shareholding shall continue and be available for a period of three years from the date of majority acquisition or majority shareholding.

9. When the majority shareholder fails to acquire full purchase of the shares of the minority equity shareholders, the provisions of section 236 will still apply to the residual minorities, although;

- i. The shares of the company of the residual equity shareholders have been delisted and
- ii. The period of one year or the period specified in the **SEBI** regulations have lapsed.

10. Once the shares of the minority shareholders have been acquired 75% of the minority shareholders may negotiate a higher price for the members and the additional compensation shall be shared with balance minority shareholders

**Section 237 of 2013 Act entrust power in the Central Government to
Provide for Amalgamation of Companies in Public Interest**

Thank
you!