

Corporate Restructuring



By

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Why ?

- Streamlines operations and reduces costs.
- Improves shareholder wealth and market value.
- supports growth and **diversification** into new markets or products..
- Creates synergies and economies of scale for **better resource utilization**.
- Provides **regulatory and tax advantages** through better compliance and planning.
- **Revives distressed** or underperforming companies and **restores financial stability**.
- **Strengthens competitiveness** and provides a strategic advantage in dynamic markets.

Objectives

- To focus on **core strengths, optional synergy and efficient allocation** of managerial capabilities and infrastructure.
- Consolidation and economies of scale by expansion and diversion to **exploit** extended **domestic** and **global** markets.
- **Revival and rehabilitation of a sick unit** by adjusting losses of the sick unit with profits of a healthy company.
- Acquiring constant supply of raw materials and access to scientific research and technological developments.
- Capital restructuring by appropriate **mix of loan and equity funds to reduce the cost of servicing** and improve return on capital employed

Role of CS

- Advises the Board on legal and regulatory compliance.
- Coordinates due diligence and approval processes.
- Facilitates records of meetings and decisions.
- Valuation
- Drafting and implementing scheme, restructuring agreements etc.
- Liaising with regulatory bodies and courts
- Ensuring fairness & Transparency

Kinds

- a) **Financial Restructuring:** --- Re-arrangement of its financial structure to make the company's finance more balanced. It is an adjustment of debt-equity ratio.
--NOF—RBI-----5 cr ----31.03.2025
- b) **Technological Restructuring:** -----alliances with other companies to get the better technology.
- c) **Market Restructuring:** ----- with respect to the product market segment, on the basis of core competency of a Co.
- d) **Organizational Restructuring:** Setting up of procedures and systems in an organization to enable its employees to respond to changes in a positive way.

Types & Modes

Mergers & Amalgamations

Merger / Amalgamation through NCLT (Sec. 230/232)

Fast Track Merger (Sec. 233) by RD

Merger of Foreign Company with Indian Company (Sec. 234)

Horizontal / Vertical Merger (Backward / Forward Integration)

Cross Border / Reverse Merger/ Conglomerate Merger

Demerger / Spin-off

Demerger / Arrangement (Sec. 230)

Demerger into New Company

Demerger into Existing Company

Reverse Demerger etc.



Types & Modes

Takeovers & Acquisitions

Takeover (Sec. 235/236)

Acquisition through Share Purchase / Asset Purchase

Management Buyouts

Disinvestment / Divestment

Strategic Sale / Government Disinvestment

Strategic Alliance / JV

Slump Sale

Asset Sale/ Hive off



Types & Modes

Capital Restructuring

- Reduction of Share Capital (Sec. 66)
- Writing-off Accumulated Losses
- Return of Capital / Selective Capital Reduction
- Buy Back of Securities (Sec. 68–70)
- Bonus Issue (Sec. 63)
- Preferential Allotment (Sec. 62, Sec. 42 Private Placement)
- Rights Issue (Sec. 62(1)(a))
- Sweat Equity Shares (Sec. 54)
- ESOP
- Share Transfer



Types & Modes

Financial Restructuring

- Debt Restructuring / CDR
- One Time Settlement (OTS)
- Conversion of Debt to Equity
- External Commercial Borrowings (ECB) Restructuring
- Private Equity– by outsiders
- FDI / ODI Restructuring
- Restructuring of NOF - NBFC Criteria



Types & Modes



Conversions & Re-Registrations

- PVT to PUB Company
- PUB to PVT Company
- Part IX to Company / LLP
- Proprietorship to Company / LLP
- Partnership Firm (Regd. / Unregd.) to Company / LLP
- LLP to Company
- Private to Section 8 Co. & Vice Versa
- Company to LLP (Reverse Conversion)

Types & Modes

Insolvency & Liquidation

- CIRP under IBC (Sec. 7 / Sec. 9 / Sec. 10 of IBC)
- Resolution Plan → Merger / Demerger /
Sale as Going Concern
- Voluntary Liquidation (IBC – Sec. 59)
- Winding up
- Delisting

WHY ???– Practical issues

Expansion--- New Plant Set up / Projects

Working Capital Requirement –

Fund Raising at Lower Cost (Pref / Deb / Eq / CCD / OFCD / NCD)

Promoter Fund infusion

Cost reduction – Unproductive Staff layoff or New Technology adoption for improving efficiency and profitability

WHY ???– Practical issues

**Separation– Partner or Brothers / Family Settlement---
????**

**Grow or survive in a competitive environment- marketing
strategy, focus new area--?????**

Retirement / Exit planning– Closure of all--????

Income tax / Regulators Huge Demand- ????

Improve Debt–Equity Ratio & Optimize Structure

Attract Investors / FDI / Private Equity

Growth, Diversification & Survival Strategy

Areas to be identified.....

- ❖ Determining what areas need to be restructured
- ❖ Identifying weaknesses and creating detailed short- and long-term plans to correct these weaknesses through a restructure
- ❖ Implementing short-term corrective action
- ❖ Calculating and securing funding
- ❖ Restructuring
- ❖ Evaluating results

Aspects to consider

- ✓ Valuation and funding
- ✓ Legal and procedural issues
- ✓ **Taxation and Stamp duty aspects**
- ✓ Accounting aspects (IND-AS 103/ AS 14)
- ✓ Competition aspects etc.
- ✓ Human and Cultural Synergies
- ✓ Total Cost of Restructuring

Time line

Overall Duration:

6 months to 2 years

(depending on complexity & approvals)

Factors :

- **Approvals & Clearances**
- **Implementation**
- **Post-Integration**
- **Plan & Strategy**

 **Note:** Actual time depends on type of transaction, complexity & regulatory consents

How many times

There is **no legal limit to how many times a company can restructure.**

A company may undertake restructuring whenever required for efficiency, cost reduction, or growth.

Involves significant time, cost, and strategic effort,
so not a process to be done lightly or often.

Instances / Real-Life Scenarios



Issue 1

Income Tax Huge Demand --- 5 crores

Company in operations



Remedy 1

Issue Summary- Income Tax Huge Demand --- 5 crores (Company in operations)

Possible Remedies / Strategies:

Corporate Actions:

- Buyback of shares
- Demerger of units
- Merger with another company

Insolvency Option:

- IBC – CIRP process (if financially distressed)

Issue 2

- Loss-making company
- Income Tax Demand: ₹5 Cr
- Bank Liabilities (Secured TL/WC): ₹50 Cr
- Unsecured Loans: ₹2 Cr
- Operational Creditors: ₹10 Cr



Remedy 2

Issue Summary- - “Loss-making company with ₹5 Cr IT demand, ₹50 Cr secured loans, ₹2 Cr unsecured loans, and ₹10 Cr creditor claims.”

Possible Remedies / Strategies:

Corporate Actions:

- Buyback of shares
- Demerger
- Merger

Insolvency Option:

- IBC – CIRP process (if financially distressed)
- Listed to Unlisted

Issue 3

Separation in Partner or Brothers Ram & Shyam / Family Dispute in a Company ABC Ltd.



Remedy 3

Issue Summary- - “Separation in Partner or Brothers Ram & Shyam / Family Dispute in a Company ABC Ltd.”

Possible Remedies / Strategies:

- **Form a New Company B**
- **Valuation:** Assess Company A and B (A + B)
- **Demerger:** Transfer unit of A into B
- **Shareholding Arrangement:**
 - Ram retains shares in Company A
 - Shyam receives shares in Company B
 - Share allocation in B Co. can be:
 - Equity / Preference Shares
 - CCD / OCD
 - Gift of Shares

Issue 4

- One partner/brother wants to exit and recover his investment in equity.
- He also seeks ownership of a business unit and a property.



सुवर्द्धा

Remedy 4

• **Issue Summary**- - “One partner/brother wants to exit and recover his investment in equity & also seeks ownership of a business unit and a property.”

Possible Remedies / Strategies:

- Buyback of Shares:
- Valuation required
- Taxation depends on buyback price
- If shares are purchased by another promoter → Fair Market Value applies for taxation

If Partner Wants Business Unit & Property:

- Demerger of unit/property
- Scheme must be carefully drafted to minimize/avoid taxation

Issue 5

Three brothers hold 7 companies:

1 company with business worth ₹400 Crs

4 companies holding properties

2 investment companies

Cross-holdings exist among companies



Remedy 5

• **Issue Summary-** “Three brothers hold 7 companies with crossholdings: 1 business (₹400 Cr), 4 property, 2 investment companies.”

Possible Remedies / Strategies:

Incorporate 2 New Companies

Restructure via Merger & Demerger

Address Taxation & Share Transfers (including gift of shares)

Dissolve the ₹400 Cr Company after restructuring

Scheme must be carefully drafted to comply with law and optimize tax

Issue 6

Partnership (registered/unregistered) / Part IX / Proprietorship to
convert business to **Company or LLP**

?



Remedy 6

- **Issue Summary-** “Partnership (registered/unregistered) / Part IX / Proprietorship to convert business to **Company or LLP.**”

Possible Remedies / Strategies:

- Check **stamp duty aspects** and **name availability**.
- Draft the **Objects Clause** to acquire the running business of of existing.....including all **licenses, assets, and liabilities**.
- Attach all relevant documents: **ITRs, term loans, licenses, partner consent, balance sheet**, etc.

Mergers

Amalgamations

Demergers

Takeovers

Acquisitions

SEC. 230-240 R/W COMPANIES (COMPROMISES,
ARRANGEMENTS AND AMALGAMATIONS) RULES,
2016 & NCLT RULES 2016

Sections.....

Sec. 230 – Power to compromise or make **arrangements with creditors /members**

Sec. 231 – **Power of Tribunal** to enforce Compromise /Arrangements'

Sec. 232 – Merger /amalgamation of **Cos.**

Sec. 233 – Merger / Amalgamation of **small/ Holding/ WOS**

Sec. 234 – Merger / Amalgamation with **Foreign Cos.**

Sections.....

Sec. 235 – Power to **acquire** shares of **shareholders dissenting** from scheme/contract approved in majority.

Sec. **236** – Purchase of **Minority Shareholdings**

Sec. 237 – Power of CG to provide for Amalgamation of Cos. In **public interest**

Sec. 238 – Registration of offer of schemes involving **transfer of shares**

Sec. 239 – **Preservation of books & papers** of amalgamated Cos.

Sec. 240 – Liability of officers in respect of **offences** committed prior to merger/ amalgamation etc.

Sec. 230

Compromise /Arrangements

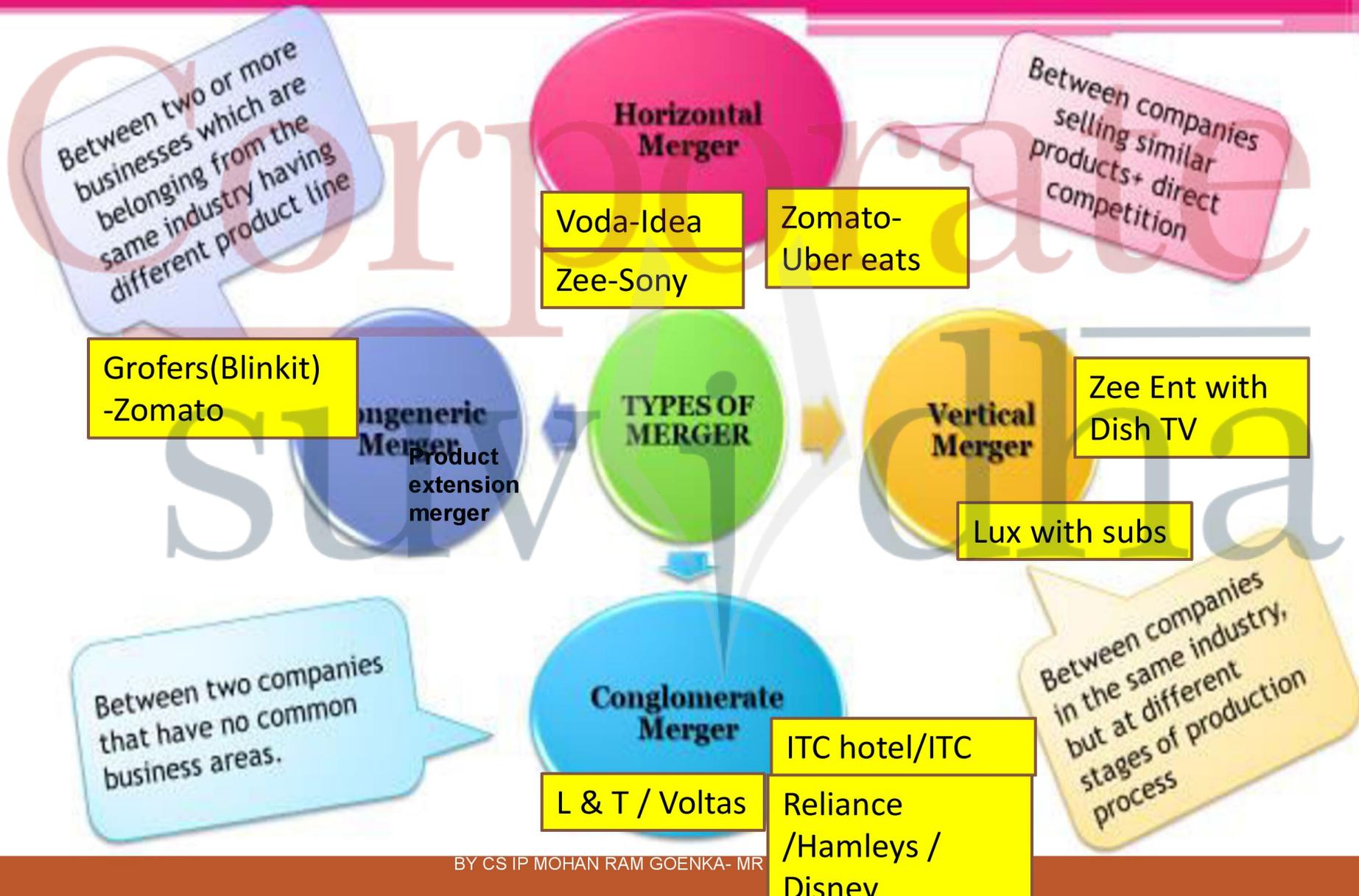
BETWEEN

**a company & its creditors or
any class of them;**

OR

***a company & its members or
any class of them***

Types Merger



Merger & Acquisitions- Examples

Objective / Benefit	Example(s)
Increase in Market Share	Idea & Vodafone
Reduction of Competition	HP & Compaq
Achieve Large Size / Industry Lead	Sun Pharma & Ranbaxy
Access to New Technology	Dell & EMC
Strong Brand / Reputation	Tata Motors & Jaguar
Diversification of Business	Reliance Industries & Network TV18

Benefits

Economies of Scale - Reduced cost per unit

Tax Benefits - Offset losses against profits (Section 72A, Income-tax Act, 1961)

Revival of Sick Company – Today, the Insolvency and Bankruptcy Code, 2016 has created additional avenue of acquisition through the Corporate Insolvency Resolution Process.

To reduce risk

To Reorganise Debt burden by Resolution Plan

Obtain tax benefits



FAST TRACK MERGERS

Mergers & Demergers

Recent Gazette(s) - Extra Ordinary

Total No. of Gazettes : 100



S. No.	Ministry / Organization	Department	Office	Subject	Part & Section	Issue Date	Publish Date	Gazette ID	Download
61.	Ministry of Petroleum and Natural Gas	REFINERY DIVISION	Not Applicable	Publication of notification in the Extraordinary Gazette of India under Section 3(1) of the petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962 in respect of Irugur Devangonthi Pipeline Project of Bharat Petroleum Corporation Limited for acquisition of ROU in the State of Tamil Nadu	Part II-Section 3-Sub-Section (ii)	08-Sep-2025	09-Sep-2025	CG-DL-E-09092025-266016	1.87 MB
62.	Ministry of Petroleum and Natural Gas	REFINERY DIVISION	Not Applicable	Publication of notification in the Extraordinary Gazette of India under Section 3(1) of the petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962 in respect of Irugur Devangonthi Pipeline Project of Bharat Petroleum Corporation Limited for acquisition of ROU in the State of Tamil Nadu	Part II-Section 3-Sub-Section (ii)	08-Sep-2025	09-Sep-2025	CG-DL-E-09092025-266015	1.83 MB
63.	Government of The National Capital Territory of Delhi	Revenue Department	Not Applicable	section 7 of the Aadhaar	Part IV	08-Sep-2025	09-Sep-2025	SG-DL-E-09092025-266014	1.79 MB
64.	Ministry of Railways	Sout East Central Railway	Not Applicable	7A Notification	Part II-Section 3-Sub-Section (ii)	08-Sep-2025	09-Sep-2025	CG-CG-E-09092025-266012	1.76 MB
65.	Ministry of Railways	Construction Department	South Western Railway Cantonment Bangalore	Publication of Notification of Construction of ROB in lieu of LC No 34 and 41 in terms of clause 6 of section 20F and clause 7A of section 2 of the Railway Act 1989	Part II-Section 3-Sub-Section (ii)	04-Sep-2025	09-Sep-2025	CG-KA-E-09092025-266002	1.88 MB
66.	Ministry of Power	Not Applicable	Not Applicable	Notification regarding authorization under section 164 of Electricity Act, 2003 to M/s Tata Power Renewable Energy Limited	Part II-Section 3-Sub-Section (ii)	08-Sep-2025	08-Sep-2025	CG-DL-E-08092025-266011	0.66 MB
67.	Ministry of Consumer Affairs, Food and Public Distribution	Department of Consumer Affairs	Bureau of Indian Standards Section	Notifying offices under rule 10 of OL Rules 1976	Part II-Section 3-Sub-Section (ii)	08-Sep-2025	08-Sep-2025	CG-DL-E-08092025-266010	0.62 MB
68.	Securities and Exchange Board of India	Not Applicable	Not Applicable	In exercise of the powers conferred by section 11, sub section 2 of section 11A and section 30 of the Securities and Exchange Board of India Act,	Part III-Section 4	08-Sep-2025	08-Sep-2025	CG-MH-E-08092025-266009	0.61 MB
69.	Securities and Exchange Board of India	Not Applicable	Not Applicable	In exercise of the powers conferred by section 30 of the Securities and Exchange Board of India Act	Part III-Section 4	08-Sep-2025	08-Sep-2025	CG-MH-E-08092025-266008	0.65 MB
70.	Securities and Exchange Board of India	Not Applicable	Not Applicable	In exercise of the powers conferred by sections 11, 11A and 30 of the Securities and Exchange Board of India Act	Part III-Section 4	08-Sep-2025	08-Sep-2025	CG-MH-E-08092025-266007	0.55 MB
71.	Ministry of Finance	Department of Revenue	GST Policy Wing CBIC	Tariff value Notification under Section 14 of Customs Act	Part II-Section 3-Sub-Section (ii)	08-Sep-2025	08-Sep-2025	CG-DL-E-08092025-266006	0.67 MB
72.	Ministry of Mines	Not Applicable	Not Applicable	Incentive Scheme for Promotion of Critical Minerals Recycling	Part I-Section 1	08-Sep-2025	08-Sep-2025	CG-DL-E-08092025-266005	0.76 MB
73.	Ministry of Finance	Department of Economic Affairs	Budget Division	Auction for Sale (re issue) of (i) 6.01pc GS 2030 (ii) 7.24pc GS 2055	Part I-Section 1	08-Sep-2025	08-Sep-2025	CG-DL-E-08092025-266004	0.73 MB
74.	Ministry of Finance	Department of Revenue	Not Applicable	Amendment in Recruitment Rules for the post of Assistant Director of Enforcement in Directorate of Enforcement	Part II-Section 3-Sub-Section (i)	08-Sep-2025	08-Sep-2025	CG-DL-E-08092025-266003	0.64 MB
75.	Ministry of Communications	Department of Telecommunications	Not Applicable	Draft Telecommunications (Authorisation for Provision of Main Telecommunication Services) Rules, 2025	Part II-Section 3-Sub-Section (i)	06-Sep-2025	08-Sep-2025	CG-DL-E-08092025-266001	2.07 MB
76.	Ministry of Corporate Affairs	Not Applicable	Not Applicable	Companies Compromises Arrangements and Amalgamations Amendment Rules 2025	Part II-Section 3-Sub-Section (i)	04-Sep-2025	08-Sep-2025	CG-DL-E-08092025-266000	1.63 MB
77.	Government of The National	Environment						SG-DL-E-	

Applicability – FTM (Old)

Small Co.---w.e.f ---15.09.2022

-----Paid up 4 Crores And

-----Turnover-40 Crores

2 or more start-up Cos.; or

1 or more start-up company with one or more small Co..

BUT---HOLDING & SUBSIDIARY --??????

Wholly owned subsidiary

-- Filed MGT-4/5/6

---100% ownership-then Beneficial Interest given

Applicability – FTM (NEW w.e.f. 08.09.2025)

Which Companies ???

- **SMALL CO.**
- **Amongst Unlisted Co. (except Sec. 8)**
- **a Holding Co. (Listed / Unlisted) & a Subsidiary Co. (Listed / Unlisted)**
- **one or more subsidiary Co. of a holding Co. with one or more other subsidiary Co. of the same holding Co. where the transferor Co. or Cos. are not listed;**
- **merger of the transferor foreign Co. incorporated outside India being a holding Co. with the transferee Indian Co. being its WOS. incorporated in India referred to in Rule 25A(5)**

Applicability – FTM (NEW w.ef. 08.09.2025)

Criteria # 1

➤ SMALL CO.

-----Paid up 4 Crores And

-----Turnover-40 Crores

Applicability – FTM (NEW w.ef. 08.09.2025)

➤ **Criteria # 2**

- Amongst Unlisted Co. (except Sec. 8) where every Co. have-

Aggregate o/s Loans/ Debentures / Deposits upto Rs. 200 Crs.

AND

No default in repayment of above

As on which date???

on a day, **not more than 30 days** before the date of notice in CAA 9

AND

on the **date of filing of scheme** u/s 233(2) (CAA 11) of the Act:

***Note - CERTIFICATE FROM STATUTORY AUDITOR for above SHALL BE FILED IN
FORM CAA -10A ALONG WITH APPROVED SCHEME***

FORM NO. CAA.10A

[Pursuant to section 233 and rule 25 (1A) (iii)]

Certificate by the auditor

Certified that M/s _____ which is filing a copy of the scheme approved under section 233(1) of the Companies Act, 2013 with the Regional Director _____, Ministry of Corporate Affairs under section 233(2) meets the conditions referred to in Rule 25 (1A) (iii) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

The relevant particulars of the company as on _____ are as under:-

Particulars	Amount (Rs.)
Paid-up Share capital	
Free-reserves	
Outstanding loans	
Outstanding debentures	
Outstanding deposits	

Sd/-

Auditor of M/s _____
Name of Auditor _____
Membership Number _____

Place :

Date :

Applicability – FTM (NEW w.ef. 08.09.2025)

➤ **Criteria # 3**

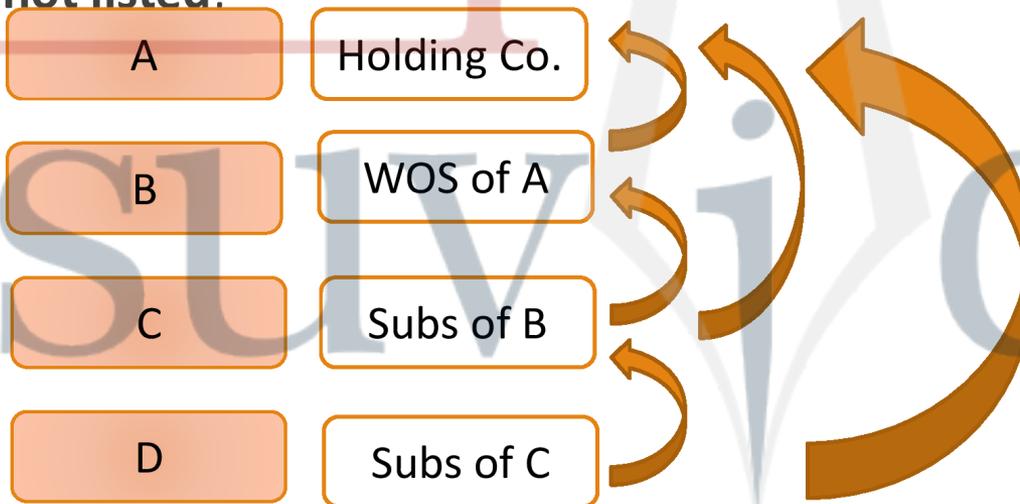
➤ a **Holding Co.** (Listed / Unlisted) & a **Subsidiary Co.** (Listed / Unlisted)

Provided that this clause **shall not apply** where the
transferor Co. or Cos. are **listed**;

Applicability – FTM (NEW w.ef. 08.09.2025)

➤ **Criteria # 4**

- **one or more subsidiary Co. of a holding Co. with one or more other subsidiary Co. of the same holding Co. where the transferor Co. or Cos. are not listed:**



Hence B WOS of A, and C & D also subs of A – Merger u/s 233

Applicability – FTM (NEW w.ef. 08.09.2025)

➤ **Criteria # 5**

- **merger of the transferor foreign Co.** incorporated outside India being a holding Co. with the transferee Indian Co. being its WOS. incorporated in India referred to in Rule 25A(5)

Rule 25A(5)

Where the transferor foreign co. incorporated outside India being a holding Co. and the transferee Indian Co. being a WOS incorporated in India, enter into merger or amalgamation, —

- (i) both the Cos. shall obtain the prior approval of the RBI;
- (ii) the transferee Indian Co. shall comply with section 233;
- (iii) the application shall be made by the transferee Indian Co. to the CG (power vested with RD) u/s 233 of the Act and provisions of rule 25 shall apply to such application; and
- (iv) the declaration in CAA 16 shall be made at the stage of making application under section 233 of the Act.

Steps –FTM – Sec. 230/233

- ❑ Proper Due Diligence
- ❑ Appointed Date & Financial Statement Date
- ❑ Valuation analysis & drafting scheme
- ❑ Approval of Board of Directors
- ❑ Notice in CAA 9 to ROC & OL & applicable regulatory auth.-233
- ❑ Declaration of Solvency in CAA 10-233
- ❑ Meeting of Shareholders & Creditors
- ❑ Notice of approval of scheme in CAA 11
- ❑ Approval / Objections to Scheme
- ❑ Post merger Compliances

233– Pre work

- Due Dilligence-all Points as per 230
- B Sheet- Issue in B Sheet,
- B Sheet- Investment
- Small Co.,WOS/ Holding
- -- MGT-4/5/6
- Valuation- Securities+ Property- if any
- Shareholder meeting-90% consent
- Creditors– 90% consent meeting or no meeting--
--- Future PLAN
- then DRAFT SCHEME

Due Diligence - Pre

**MGT-14---- For Accts & BR approval filed-
Pvt/Pub (2014/15)**

CFS--- if applicable or not filed or not--?????

**Director Report- Error in drafting u/s 134
disclosure**

Investment Schedule in FS as per Sch-III-

**MOA-object – business in P / L revenue – as
per same**

Merger clause in MOA shall exists in all cos.



Due Diligence - Pre

MGT 4 / 5 / 6 shall be filed in case of Holding & WOS Company (Creation of beneficial interest)

Business of transferor co. shall exist in MOA of Transferee co.

Upto-date filing of Balance sheet & annual Returns

BEN 2, DPT 3, INC 22A wherever applicable shall be filed

No enquiry, investigation, prosecution pending

45- 1A violations**



45-1A

when a company's financial **Assets** constitute more than **50**
per cent of the total assets

and

Income from financial **Assets** constitute more than
50 per cent of the gross income

Appointed DATE- any date

- Where the “appointed date” is a specified calendar date, it may precede the date of filing of application of merger/amalgamation in the NCLT.
- However, if the “appointed date” is dated beyond a year from the date of filing, justification for the same will be required to be stated in the scheme and the same cannot be opposed to public interest.
- **MCA Notification 21.08.2019**--- CA to be filed in NCLT within 1 year of Appointed date and if delayed then proper reason in Scheme

(2) Valuation of Equity Share

By Registered

Valuer - 247

w.e.f. 01.02.2019

#Step 1 -BOARD MEETING

Hold Board meeting

Approve Scheme of Amalgamation / Arrangement

Approve CAA 9

Authorization to BOD / Director

Declaration of Solvency

Approve Statement of Assets & Liabilities--- Recent— -- near to BM date

Others

Notice of proposed scheme – Sec. 233(1)(a) – CAA 9

- inviting objections / suggestions in **Form CAA.9** Notice of the proposed scheme from the ROC & OL or persons whose interest is likely to be affected by the scheme (i.e., IT Dept., RBI, SEBI, IRDA, SE, CCI, if necessary, or other sectoral regulators or authorities)
- Time ---within 30 days
- Issued By – All Transferor Cos. & Transferee Cos.

Form CAA-9-Notice to OL/ROC

FORM NO. CAA.9

[Pursuant to section 233(1)(a) and rule 25(1)]

- **Notice of the scheme inviting objections or suggestions**
- Notice is hereby given by M/s ... (company) that a scheme of merger or amalgamation is proposed to be entered with M/s [...] (company) and in pursuance of sub-section (1)(a) of Section 233 of the Companies Act, 2013, objections or suggestions are invited in respect of the scheme.
- **A copy of the scheme is enclosed.**
- Objections or suggestions are invited from –

Form CAA-9-Notice to OL/ROC

(i) the Registrar (mention the details of the Registrar of the area where the registered office of the transferor / transferee company is situated);

(ii) Official Liquidator (mention the details of the Official Liquidator of the area where the registered office of the transferor company is situated); and

Form CAA-9-Notice to OL/ROC

- (iii) [Any person whose interest is likely to be affected by the proposed scheme].

Any person mentioned in (i) , (ii) or (iii) above, desirous of providing objections or suggestions in respect of the scheme should send their objections or suggestions within thirty days from the date of this notice to [...](the Central Government at (address) and to Shri _____ (address) being authorised representative of the transferor company).

- Date :

- Place :

Sd/-

(mention the details of the authorised representative).

- **Enclosure: A copy of the scheme**

ROC Filing

GNL-1- CAA-9+++++

Corporate
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Sec. 233 (1)(b)

Objections / suggestions received are considered by the Cos. in their respective GM

and

scheme approved by the respective members or class of members at a GM holding at least 90%. of the total no. of shares

Sec. 233 (1)(c) &(d)

Each Cos. Files **Declaration of Solvency** (giving **complete details of assets & liab.**) in **Form CAA.10** with ROC

and

Scheme approved by majority representing 9/10th in value of creditors of respective Cos. In meeting convened by Co. (notice to be given 21 days along with scheme to creditors) **OR OTHERWISE APPROVED IN WRITING**

[Note: The date on which assets and liabilities are made is not older than 60 days from the Board Meeting Date on which draft scheme was approved]--

Notice – 233(1)(b&d) – Rule 25(3)

Notice shall be accompanied with....

statement disclosing details of Compromise / Arrangements as per Sec. 230(3) r/w Rule 6(3)
[SAME AS BEFORE]

Declaration of solvency in Form CAA.10

Scheme of Amalgamation

ROC Filing

CAA 10 shall be filed as an attachment to

Form GNL 1

CAA.10 Declaration of Solvency

[Pursuant to section 233(1)(c) and rule 25(2)]

Declaration of solvency

1. (a) Corporate identity number (CIN) of company :
(b) Global location number (GLN) of company:
2. (a) Name of the company:
(b) Address of the registered office of the company:
(c) E-mail ID of the company:
- 3.(a) Whether the company is listed:
Yes
No

CAA.10 Declaration of Solvency

(b) If listed, please specify the name(s) of the stock exchange(s) where listed:

4. Date of Board of Directors' resolution approving the scheme

Declaration of solvency

We, the directors of M/s do solemnly affirm and declare that we have made a full enquiry into the affairs of the company and have formed the opinion that the company is capable of meeting its liabilities as and when they fall due and that the company will not be rendered insolvent within a period of one year from the date of making this declaration

CAA.10 Declaration of Solvency

We append an audited statement of company's assets and liabilities as at being the latest date of making this declaration.

We further declare that the company's audited annual accounts including the Balance Sheet have been filed upto date with the Registrar of Companies

Signed for and behalf of the board of directors

CAA.10 Declaration of Solvency

Place
Date

(1) Signature :.....
Date Name :

Managing Director, if any

(2) Signature :.....
Name :.....
Director

(3) Signature :.....
Name :.....
Director

CAA.10 Declaration of Solvency

Verification

We solemnly declare that we have made a full enquiry into the affairs of the company including the assets and liabilities of this company and that having done so and having noted that the scheme of merger or amalgamation between andis proposed to be placed before the shareholders and creditors of the company for approval as per the provisions of sub-section of (1) of section 233 of the Companies Act, 2013, we make this solemn declaration believing the same to be true.

CAA.10 Declaration of Solvency

Verified this day the day of, 20..... (1) Signature

.....

Name :

Managing Director, if any

(2) Signature :

Name :

Director

(3) Signature :

Name :

Director

CAA.10 Declaration of Solvency

Solemnly affirmed and declared at theday of,
20.... before me.

Commissioner of Oaths and
Notary Public

Attachments:

- a) Copy of board resolution
- b) Statement of assets and liabilities
- c) Auditor's report on the statement of assets and liabilities

CAA.10 Declaration of Solvency

ANNEXURE

Statement of assets and liabilities as at

Name of the company

	Book Value	Assets Estimated Realisable value
1. Balance at Bank		
2. Cash in hand		
3. Marketable securities		
4. Bills receivables		

CAA.10 Declaration of Solvency

	Book Value	Assets Estimated Realisable value
5. Trade debtors		
6. Loans & advances		
7. Unpaid calls		
8. Stock-in-trade		
9. Work in progress		
10. Freehold property		
11. Leasehold property		
12. Plant and machinery		
13. Furniture, fittings, utensils, etc.		

CAA.10 Declaration of Solvency

	Book Value	Assets Estimated Realisable value
14. Patents, trademarks, etc.		
15. Investments other than marketable securities		
16. Other property		

	Total:

CAA.10 Declaration of Solvency

Liabilities

Estimated to rank for payment
(to the nearest rupee)

1. Secured on specific assets
2. Secured by floating charge(s)
3. Estimated cost of liquidation and other expense including interest accruing until payment of debts in full.
4. Unsecured creditors (amounts estimated to rank for payment)

CAA.10 Declaration of Solvency

Liabilities

Estimated to rank for payment
(to the nearest rupee)

- (a) Trade accounts
- (b) Bills payable
- (c) Accrued expense
- (d) Other liabilities
- (e) Contingent liabilities

.....
Total:

CAA.10 Declaration of Solvency

Total estimated value of assets

Rs.

Total liabilities

Rs.

Estimated surplus after paying
in debts in full

Rs.

Remarks

(1) Signature :.....

Name :.....

Managing Director

(2) Signature :.....

Name :.....

Director

(3) Signature :.....

Name :.....

Director

Place :

Date:

Filing of CAA 11

What to file ?

Report of result of each meeting

Approved scheme

Valuation Report

Other documents

To Whom ?

ROC (in GNL 1-CAA-11), CG

OL (by hand delivery/registered/speed post)

RD (in RD 1)

When - within **15** days after conclusion of meeting

By which Co. ? – Transferee Co.

CAA-11

FORM NO.CAA.11

[Pursuant to section 233(2) and rule 25(4)]

Notice of approval of the scheme of merger

(To be filed by the transferee company to the Central Government, Registrar and the Official Liquidator)

1. (a) Corporate Identity Number (CIN) :
(b) Global Location Number GLN) :

2. (a) Name of the transferee company:
(b) Registered office address:
(c) E-mail id:

CAA-11

3. (a) Whether the transferor and transferee are:

- Small companies
- Holding and wholly owned subsidiaries
- Holding and subsidiaries (other than WOS)
- Start Up companies
- Small Company and Start Up companies
- Foreign Holding Company and Indian wholly owned subsidiary
- Others (Give Detail).

(b) The scheme is for

- Merger or amalgamation
- Transfer or division of undertaking

4. Details of transferor Company

(a) Corporate Identity Number (CIN) :

(b) Global Location Number GLN) :

Name of the company:

Registered office address:

E-mail id:

CAA-11

5. **Brief particulars:** [Mention brief particulars of the scheme viz parties involved, nature and amount of consideration, manner of issuance of shares, share entitlement ratio etc]:
6. **Details of approval of the scheme of merger by the transferee / resultant company:**
- (a) **Approval by members**
- (i) Date of dispatch of notice to members:
 - (ii) Date of the General meeting:
 - (iii) Date of approval of scheme in the General meeting:
 - (iv) Approved by majority of: (members or class of members holding atleast ninety percent of the total number of shares)
- (b) **Approval by creditors**
- (i) Date of dispatch of notice to creditors:
 - (ii) Date of the meeting of creditors:
 - (iii) Date of approval of scheme in creditors meeting:
 - (iv) Approved by majority of: (at least nine tenth in value of creditors)

CAA-11

7. Details of approval of the scheme of merger by the transferor company:
- (a) Approval by members
 - (i) Date of dispatch of notice to members:
 - (ii) Date of the General meeting:
 - (iii) Date of approval of scheme in the General meeting:
 - (iv) Approved by majority of: (members or class of members holding at least ninety percent of the total number of shares)

CAA-11

(b) Approval by creditors

(i) Date of dispatch of notice to creditors:

(ii) Date of the meeting of creditors:

(iii) Date of approval of scheme in such meeting:

(iv) Approved by majority of: (at least 9/10th in value of creditor)

CAA-11

Declaration

- Ithe director of the transferee / **Resultant** company hereby declares that-
- (i) Notice of the scheme as required under section 233(1)(a) was duly sent to the Registrars and Official Liquidators of the place where the registered office of the transferor and transferee companies are situated and to all other persons who are likely to be affected by the scheme and a copy of the same has been attached herewith;
 - (ii) the objections to the scheme have been duly taken care of to the satisfaction of the respective persons;
 - (iii) the scheme has been approved by the members and creditors of the transferee and transferor company by the requisite majority in accordance with section 233(1)(b) and (d) respectively;
 - (iv) the legal proceedings by or against the transferor company as referred to in section 233(9)(c) shall be continued by or against the transferee company;**
 - (v) all the requirements under section 233 of the Act and the rules made there have been complied with; and

CAA-11

- (vi) to the best of my knowledge and belief the information given in this application and its attachments is correct and complete;
- Date:
- Place:

Signature

Attachments:

1. Copy of the scheme approved by both creditors and members;
2. Notice sent in accordance with section 233(1)(a);
3. Optional attachments, if any.

Objections to the Scheme / Confirmation Order from CG— Sec. 233(3) &(7) & Rule 25(5)(7)

- If no objection from ROC / OL within 30 days

OR

- objection not sustainable

AND

- CG (RD) is of opinion that scheme is in public interest
- CG (RD) shall issue confirmation order in Form CAA.12 [Sec. 25(5)]
- File Order in INC 28 [Sec. 233(7) r/w Rule 25(7)]—30 days of receipt of order

Objections to the Scheme / Confirmation Order from CG– Sec. 233(4)(5)(6)(7) & Rule 25(6)(7)

- If objection from OL / ROC (communicate to CG 30 days)
OR
- CG (RD) considers not in public interest
- CG (RD) files application to Tribunal in Form CAA.13(pg 91) within 60 days (sec. 233(5) r/w Rule 25(6))
- CG request Tribunal to consider application u/s 232
- If Tribunal finds scheme to be considered u/s 232-Tribunal may direct accordingly /confirm scheme by passing such order as it deems fit
- Filing of Order in INC 28

Effects of Registration of Scheme – Sec. 233(8)(9)

Dissolution of transferor co. without winding up

Transfer of property/ liab. To transferee co.

Charges on property of Transferor Co. shall be applicable & enforceable as if property of Transferee Co.

Legal proceedings pending before any court of law – to be continued by/against transferee Co.

Purchase of share by dissenting shareholders/ settlement of dues to dissenting shareholders – such unpaid amount become liab. Of transferee co.

Registration of Property

Regt of Assurance

2+1.2% stamp duty on Market value

In Web site of the state

Online Payment

Physical or commision ing of Deed of Conveyance of Property in name of Transferee

Sec. 233(10)&(11)-Transferee Co. Compliances

A transferee Co. shall not on merger or amalgamation, hold any shares in its own name / in the name of any trust either on its behalf or on behalf of any of its subs. / associate co. & all such shares shall be cancelled or extinguished on the merger or amalgamation. (Sec. 233(10)) ----**cross holding to be cancelled**

File application to ROC along with scheme for **revised share capital** (.....set off of fees) (Sec. 233(11))

INCREASE OF AUTHORISED CAPITAL if required

Option to Cos. – Rule 25(8)

With respect to schemes of arrangement or compromise falling within the purview of Sec. 233 , the concerned companies may, at their discretion, **opt** to undertake such schemes....

U/s 230 to 232 of the Act, including where the condition prescribed in Sec. 233(1)(d) (scheme approve by 9/10th of Creditor value) has **not** been met.



By NCLT – Sec. 230-232

Application u/s 230(1)-CA

Application in NCLT 1

- Notice of admission - NCLT-2 (Rule 3(i))
- Affidavit - NCLT-6 (Rule 3(ii))
- Scheme of compromise or arrangement (Rule 3(iii))
- basis on which each class of members / creditors has been identified for the purposes of approval of the scheme (Rule 3(4))
- Fees Rs. 5000/- as per Schedule of Fees

(1) Disclosure under Scheme — Sec. 230(2)

- Material facts -----viz. latest financial position, auditor's report, pendency of any investigation /proceedings (230(2)(a))
- reduction of share capital, if any
- any scheme of corp. debt restructuring consented to by not less than 75% of the **secured creditors** in value, including.....

contd...

Contd...

- (i) a creditor's responsibility statement in **Form No. CAA. 1**;*
- (ii) safeguards for the protection of other secured & unsecured creditors;*
- (iii) report by the auditor that fund requirements of Co. after corporate debt restructuring as approved shall conform to the liquidity test based upon the estimates provided to them by the Board;*
- (iv) a statement if corporate debt restructuring guidelines specified by the RBI is adopted;*
- (v) a valuation report by a registered valuer.*

(3) Financial Statement

As on 31.03.2025 or 31.03.2024--?????

Provisional statement of accts (not older than 6 months) if CA is filed after 6 months of Appointed Date

Due Dilligence of the Financial Statement

(4) List of as on

(not 2 month old)

Shareholders— name+ address, ---HUF , Grandsons, Strike off Co.--- to be avoided

Secured Creditors— Charge in McA- verify

Unsecured Creditors(All-???)—800/10000/--10/12---- more then 5 lakhs

Debnetureholders

(5) Certificates

Stat Auditors Verifying– List of

Shareholders

Creditors– Sec+ Unsec+allllllllll

Debenture

Accounting Treatment -133

(6) Affidavit Planning

Affidavit for dispensation of Meeting—shareholders,

Secured Creditors(90% in value), --

Unsecured Creditors –90% or convene meeting

Affidavit– verifying list of -shareholder, creditors, debenture

(7) MOA Checking-

Object of Transferor
Company

Amalgamation Clause in all
MOA

(8) Board Resolution

Scheme to be approved

For Merger by all Transferor +
Transferee

Report of Board

MGT-14- filing

Signing by

One Directors of all Transferee +
Transferee co. with Rubber Stamp

One Original Set only

Notary

All Affidavit with or without Stamp as per system ??

Corporate
suvijidha

Scan+ NCLT Filing

On- Line Filing—RD/Roc/NCLT

Or Xerox as required--

Book/ spiral ---- Binding for filing in NCLT-
Original + Xerox set to be Certified by
Professional or Noatarized

5000/-

Defect Free– Online or Manual+ Listing of CA

- Cure the defects On line or Manual
- Confirmation is recd after Defect Free
- Listing of CA
- Appear
- Submit Brief Synopsis (by mail to NCLT before hearing)-

+ Executive Summary & Draft order (as per respective NCLT system)

DRAFT order- dispensation or Meeting Convene----Chairman, Venue, Date of Meeting, Fees??

Upon hearing u/s 230(1) & Rule 5(a)

- HOLDING OF MEETING



- DISPENSION OF MEETING



Calling of meeting of creditors dispensed if 90% agree and confirm by way of affidavit-sec. 230(9)

NCLT order in CA on dispensation

Apply for order CC copy

Serve order in CAA-3+CA order+Scheme+CA to---

---- RD

----ROC

CAA3+CA order+Scheme to

----IT/ CCIT// RBI- if / Competition Commission—IF/

Other authorities— if any

Holding of meeting – Directions by Tribunal –Rule 5--- in CA order

Fix time & place of meeting (Rule 5b)

Appoint Chairperson, scrutinizer & fix terms and remuneration (Rule 5c)

Fixation of Quorum (Rule 5d)

Procedure of meeting, voting in person/proxy /postal ballot/e-voting (Rule 5d)

Determining values of the creditors/members of any class of them (Rule 5e)

Contd..---Directions by Tribunal

Notice in **Form No. CAA.2 (Rule 5f / 6) (pg 78)**

Advertisement in **Form No. CAA.2 – 30 days before hearing (Rule 7) – English & vern. Lang..... if listed then SEBI website & St. Exc.**

the time within which chairperson report the result of the meeting to the Tribunal; (Rule 5h)

Notice to be send to.-Sec. 230(5)/ Rule 5g/ Rule 8

To be sent in Form CAA.3 (pg 79)

- ✓ Members
- ✓ Creditors / debenture holders
- ✓ CG
- ✓ ROC
- ✓ IT
- ✓ RBI
- ✓ SEBI
- ✓ CCI
- ✓ other sectoral regulators or authorities, as required by Tribunal

by
registered post
or by speed
post or by
courier or by
hand delivery

**Representation
to be made
within 30 days**

Representation u/s 230(4) & Rule 8

Who can made objections ??

persons holding > 10% of the shareholding or

having o/s debt amt. > 5% of the total o/s debt

as per the latest audited financial statement.

Who can send notice?-Rule 6(2)

BY----

- ✓ Chairperson appt. for meeting/
- ✓ Company/
- ✓ Liquidator (if wound up)/
- ✓ any other person as the Tribunal may direct

by registered post or speed post or by courier or by email or by hand delivery or any other mode as directed by the Tribunal

Atleast 1 month before meeting

Details in the Notice – Rule 6(3)(i&ii)

Affidavit of service of notice – Rule 12

By – **Chairperson of meeting / person directed to issue Notice & Adv.**

When - 7 days before meeting

Filed to –NCLT an affidavit - State that the directions regarding the issue of notices and the advertisement have been duly complied with

Report of result of the meeting to Tribunal – Rule 13&14

By whom – **Chairperson of meeting**/(s) to Tribunal

Format – Form CAA.4 (pg 79)

When to submit – Time fixed by Tribunal, if not then, within 3 days after conclusion of meeting or as per NCLT order

Voting – poll/e voting

CP-Filing of Petition for confirming compromise or arrangement – Rule 15

-
- **By whom – Company / liquidator**
 - Format – CAA.5 (pg 81)-----CP
 - When – 7 days of filing report by the chairperson
 - In case of reconstruction / amalgamations - orders and directions u/s 230 r/w sec. 232 be prayed
 - Co. Failure to file– Creditors /members can file the petition with leave of Tribunal (cost bear by co.)

Hearing fixed by Tribunal– Rule 16

- Notice of the hearing - advertised in the same newspaper in which the notice of the meeting was advertised
- When - Not less than **10 days** before the hearing date
- To be served by the Tribunal to objectors or to their representatives / authorities who have made **representation under rule 8 (stat. auth. CG/RBI OL etc...)** and have desired to be heard in their representation

Sec. 230(6) & Rule 17 - Order

- ❑ If 3/4th in Value of Creditors / members agrees (voting by person/proxy/postal ballot) & also sanctioned by Tribunal by order – it shall be binding on Creditors / members/ Co. / Liquidator/ Contributories etc.
- ❑ Order in Form CAA.6
- ❑ Order – File with ROC 30 days of receipt in Form INC 28

Sec. 232

Compromise & Arrangements w.r.t...

- *Scheme of Reconstruction of the Company*
- *involves* merger or the amalgamation of any **two or more companies;** and
- *(b) whole or any part of the undertaking, property or liabilities of any co. transferred from transferor to transferee co., / divided among and transferred to two or more companies,*

Section 230 (3 to 6)(meeting procedure) shall apply *mutatis mutandis*.



TAKEOVERS / ACQUISITIONS

Sec 235 - Power to Acquire Share of Dissenting Shareholders (DS)

- **-DS ---Not Assented to the Scheme and refused to transfer shares as per Scheme**
- **-- 9/10 (in value) of the Shareholders has agreed to Merger**
- **-- After 4 months of the Offer to acquire shares**
- **-- Transferee Co Give (within 2 months after expiry of 4 months)) Notice to Dissenting Shareholders (*in Form CAA-14 as per Rule 26*), desiring his intention to acquire his share**

Sec 235 - Power to Acquire Share of Dissenting Shareholders (DS)

- -- **DS can make Application to NCLT within 1 month of Notice(235(2) with fees R. 1000/-**
- -- **Hearing of the Application by NCLT or after disposal of same**
- -- **Transferee Co --Send Notice & Instrument of Transfer to be executed to the person appointed on behalf of the shareholder by the Transferor Co-- In 1 Month**
- -- **Pay in Separate bank Account – disbursed in 60 days to Several Shareholder by Transferor Co –235(4)**

236 – Purchase of Minority shareholdings

- Acquirer /PAC with Acq. / any other person or group become reg. holder of 90% or more of issued capital – Sec. 236(1)
- Shall notify Co. of intention to buy remaining eq. sh. - Sec. 236(1)
- Offer Minority for buying shares at price determined by registered valuer under Rule 27 - Sec. 236(2)

Rule 27 – Determination of price for purchase of minority shareholding

LISTED CO.

As specified by SEBI.

UNLISTED & PVT. CO.

Factors to be considered

- (a) the highest price paid by the acquirer, person or group of persons for acquisition during last 12 months;
- (b) the fair price - to be determined by the registered valuer after taking into account valuation parameters including ;
return on NW, BV of shares, EPS, price earning multiple vis-à-vis the industry average, & such other parameters as are customary for valuation of shares of such Cos.

In both cases Reg. valuer to provide a valuation report on the basis of valuation addressed to the BOD of the company giving justification for such valuation.

Sec. 236(4) – Disbursement procedure

Majority shareholders - deposit amt. – separate Bank A/C (Bank in operation for atleast 1 yr) of Transferor Co.

Amt. to be disbursed – 60 days

.....Extend to 1 yr if minority not able to receive / claim payment

Sec. 236(5) - Functions of Transferor co.

Act as Transfer agent

Receiving price from Majority

paying price to Minority

Taking delivery of shares from Minority

Delivering shares to majority

Sec. 236 (6)

In absence of physical delivery of shares within time specified by Co.

Share Certificate (SC) deemed to be cancelled

Transferor Co. auth. to issue new shares in lieu of cancelled shares
(payment of such exp. Will be from deposit amt.)

Sec. 236(7)

Minority have right to offer sale of their shareholdings for 3 yrs from date of majority acquisition.

Which type of Minorities ????

who have died /ceased to exist /whose heirs, successors, administrators or assignees have not been brought on record by transmission.

Sec. 236 (8) - Additional compensation to minority

Acq. Of shares of minority prior to date of transfer following such acq.

Shareholders holding >75% minority shareholdings shall negotiate,

Majority shareholders shall share additional compensation with minority shareholders on pro-rata basis.

Sec. 236(9)-Failure to acquire full Minority shareholdings

Then provision of this sec. shall continue to apply to residual minority eq. sh. even though –

Their shares are delisted

AND

1 yr. period / period specified by SEBI had elapsed

Corporate Capital Reduction



Significance in Corporate Restructuring

- Improves **capital efficiency** and optimizes the debt-equity ratio.
- Helps in **consolidating shareholding** among committed shareholders.
- Supports **merger, demerger, or spin-off** strategies by adjusting capital.
- Allows distribution of surplus funds in a **tax-efficient manner**.
- Ensures **creditor protection** while aligning with the company's strategic objectives.

Modes of Reduction

extinguish or reduce the liability on any of its shares in respect of the share capital not paid-up.

Example: if the shares are of face value of INR 100 each of which INR 75 has been paid, the company may reduce them to INR 75 fully paid-up shares and thus relieve the shareholders from liability on the uncalled capital of INR 25 per share

Modes of Reduction

Cancel any paid-up share capital, which is lost, or is not represented by available assets.
(with or without extinguishing or reducing liability on any of its shares)

Example: if the shares of face value of INR 100 each fully paid-up is represented by INR 75 worth of assets. In such a case, **reduction of share capital may be effected** by cancelling INR 25 per share and **writing off similar amount of assets**

Modes of Reduction

Pay off the paid-up share capital, which is in excess of the needs of the company.
(with or without extinguishing or reducing liability on any of its shares)

Example: shares of face value of INR 100 each fully paid-up can be reduced to face value of INR 75 each by paying back INR 25 per share.

Types



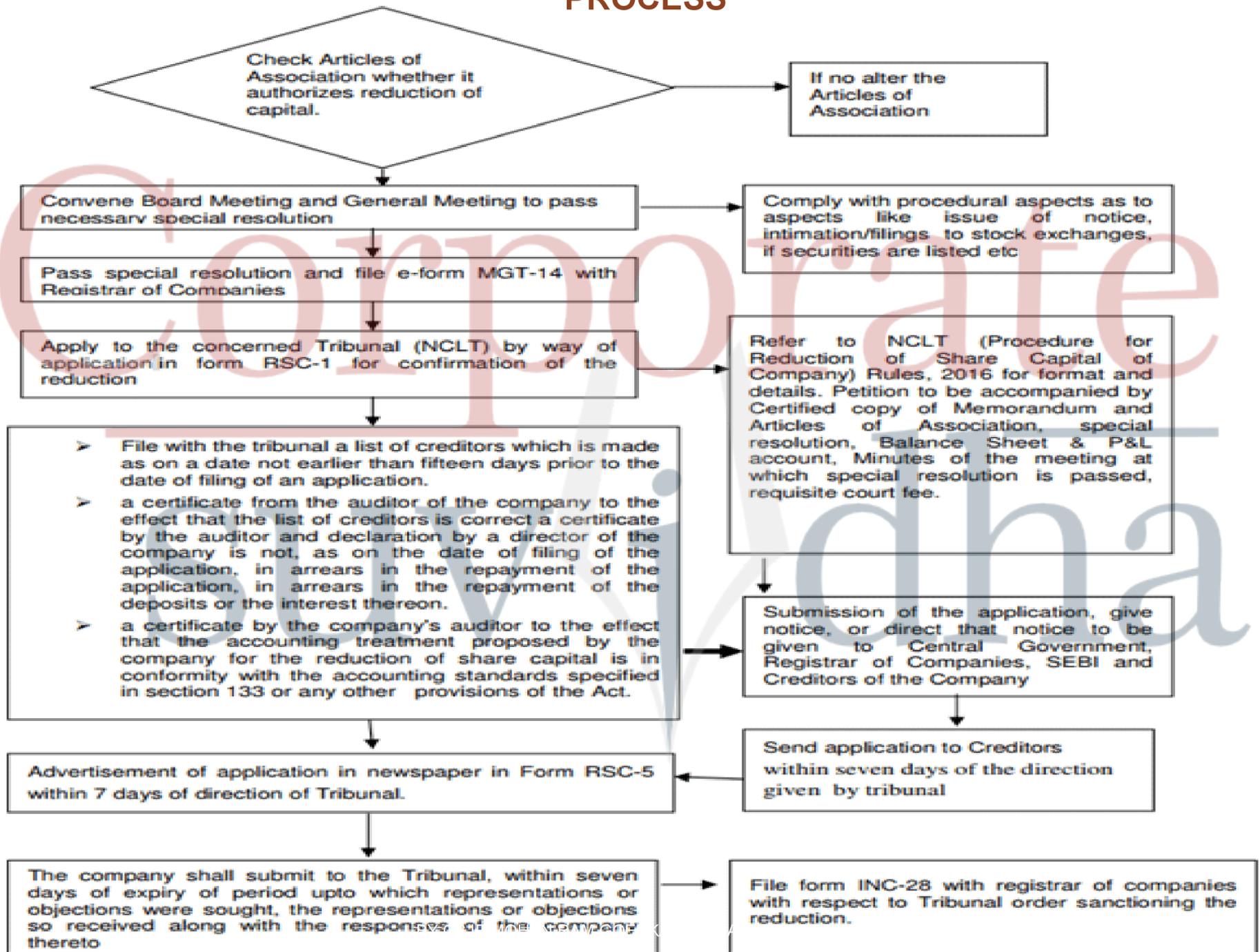
Writing off Losses & Fictitious Assets

Correction of Over- Capitalization

Distinguishment of the Liability in respect of unpaid portion of face value.

Distribution of accumulated profits by Payment to shareholders a part of share capital.

PROCESS



Check Articles, if required then alter AoA

Prepare Draft Scheme of Reduction of share Capital

Convene the Board Meeting for following purposes:

- 1. Approve the draft scheme from the Board of Directors.**
- 2. Calling of EGM of Shareholders of the Company**
- 3. Approval of Notice of EGM**

Pass Special Resolution in General Meeting

File MGT-14 within 30 days of passing SR

Filing of Application with NCLT in RSC -1 with annexures

The Tribunal shall, within 15 days of submission of the application give notice, or direct that notice to be given to-
CG, ROC (RSC-2) SEBI in case of listed co. in RSC-2 &
Creditors of the company in all cases in Form RSC-3

Notice to the creditor to be sent within 7 days of the
direction/as directed by NCLT with all the required
details

NCLT shall also give direction for the notice to be published in Form RSC-4 within 7 days of such direction in a leading English and vernacular language newspaper and for uploading on the website of the company.

Notice to the creditor to be sent within 7 days of the direction/as directed by NCLT with all the required details

File with NCLT an affidavit in Form RSC-5 confirming the dispatch and publication of the notice within 7 days from the date of issue of such notice

Where the Tribunal is satisfied that the debt or claim of every creditor has been discharged or determined or has been secured or his consent is obtained, it may dispense with the requirement of giving of notice to creditors or publication of notice under this rule or both and also the Clean Affidavit has been recd from CG.

Company shall send the objections so received along with its responses within 7 days of expiry of period upto which objections were sought.

The order confirming the reduction of share capital and approving the minute shall be in Form No.RSC-6 as deemed fit

File INC-28 within 30 days of receipt of order

Sec 61 -Where a company cancels shares which have not been taken or agreed to be taken.

Sec 68-Where company purchases its own shares

Sec 55- Where redeemable preference shares are redeemed

Exemptions

Where the nominal share capital of a company is reduced by canceling any shares which have not been taken or agreed to be taken by any person.

Where there is a surrender of shares or a gift is made to a company of its own shares.

Where any shares are forfeited for non-payment of calls, though the forfeiture as a fact amounts to a reduction of capital.

Forms

RSC-1

- *Company makes an application or Petition of to the Tribunal for reduction of capital.*

RSC-2

- *Notice to the Central Government and the SEBI (for listed company) for seeking Representations or Objections for reduction of capital.*

RSC-3

- *Notice to the Creditors for seeking Representations or Objections for capital reduction.*

RSC-4

- *Notice to be Published in Newspaper as directed by Tribunal.*

Forms

RSC-5

- *Affidavit by Company confirming issue and publication of Notice as directed by Tribunal*

RSC-6

- *Order of Tribunal confirming and approving the Reduction of Share Capital*

RSC-7

- *Certificate issued by the Registrar under section 66 (5) for reduction of Share Capital*

**BUYBACK
OF
SHARES**



Sec. 68

Why Buy Back ????????

Eliminates disinterested, unknown, or untraceable shareholders.

Purchases third-party shares while retaining core shareholders.

Avoids minority oppression issues under Sections 241-242.

- **Distributes surplus funds** to family or **existing shareholders**.

- **Increases company's net worth** and consolidates shareholding.

- **Provides tax-efficient returns** (minimal or nil tax).

- **Enables promoters to increase their stake** in the company.

- **Returns capital** when surplus funds cannot be efficiently deployed.

Why Buy Back ??????

Corrects market mispricing when stock exchange price undervalues shares. When the quoted price on the stock exchange for the company's share does not represent the true value of the shares; or

Simplifies shareholder structure for better governance.

Reduces administrative and compliance burden from **multiple small shareholders**.

Strengthens decision-making by consolidating control among committed shareholders.

Supports strategic restructuring like mergers, demergers, or succession planning.

Steps of Buyback

•Initial Approvals

- Board Meeting → Approve alteration of Articles
- Call BM → Approve buyback by BOD (upto 10%)
- Call EGM → Approve buyback by shareholders (10%-25%)
- File **MGT-14** with ROC -30 days

•Preparatory Steps

- Open separate bank account for buyback
- Use audited Balance Sheet (31.03.2025)
- Appoint Registered Valuer → Obtain Valuation Report (**UDIN required**)
- Obtain Statutory Auditor's Certificate (**UDIN required**)

Steps of Buyback

- **Shareholder Approval**
- Board Meeting → Approve buyback notice
- Dispatch EGM notice
- Hold EGM → Pass special resolution
- File **MGT-14 – 30 days**

- **Regulatory Filings & Offer**
- File **Letter of Offer (SH-8)** with ROC
- File **Declaration of Solvency (SH-9)**

Steps of Buyback

•Offer Process

- Dispatch Letter of Offer + Acceptance Forms to all shareholders
(only after filing with roc)

.Offer can be opened only after filing SH 8 & SH 9 with ROC

- Open & Close Offer Period (**15-30 days – shorter if consent**)

- Receive acceptance forms from shareholders

Steps of Buyback

• **Completion Stage**

- **Board Meeting** → Verify offers - Within 15 days from the closure of offer
 - **Communicate acceptance/rejection** - Within 21 days from closure of offer
 - **Pay consideration / Return share certificates not accepted**
 - Within 7 days from the date of verification of offer
 - **Complete buyback** – After payment
 - **extinguish share certificates** – within 7 days of completion
-
- **Post-Buyback Compliance**
 - **File Return of Buyback (SH-11)** - Within 30 days of completion of buy back
 - **Maintain Register of Buyback in SH 15**

Taxation Aspect buyback

W.e.f. 01/10/2024.....

- **Buyback tax shifted to shareholders**, not companies,
- **The entire buyback consideration received by shareholders is treated as a deemed dividend under Section 2(22)(f) and taxed as Income from Other Sources** at their applicable slab rates.
- **Cost of acquisition** becomes a capital loss—can be offset against other capital gains and carried forward for 8 years.
- **No offset allowed** of this capital loss against the deemed dividend income.

SLUMP SALE

‘slump sale’ is nothing but Transfer of an entire business undertaking for a lump-sum consideration without valuing individual assets or liabilities

As per section 2(42C) of Income -tax Act 1961,

‘slump sale’ means the transfer of one or more undertakings as a result of the sale for a lump sum consideration without values being assigned to the individual assets and liabilities in such sales.

“Undertaking’ shall include any part of an undertaking or a unit or division of an undertaking or a business activity taken as a whole, but does not include individual assets or liabilities or any combination thereof not constituting a business activity (Same as Demerger Undertaking)

SLUMP SALE - Taxation

Section 50B of the Income-tax Act, 1961

Capital gains arising on transfer of an undertaking are **deemed to be LTCG / STCG.**

CALCULATION - Difference between sale consideration and the net worth of the undertaking.

[Net worth is deemed to be the cost of acquisition and cost of improvement for section 48 and section 49 of the Act.]

As per section 50B, no indexation benefit is available on cost of acquisition, i.e., net worth.

More than one undertaking, - Separate computation

PARTNERSHIP

**SOLE
PROPRIETORSHIP**

LLP

CONVERT

PRIVATE / PUBLIC

COMPANY

Why Co. to LLP ?

- **Lesser Compliance Burden**
- **Lower Cost of Maintenance**
- **Tax Efficiency**
- **Flexibility in Management**
- **No Restriction on Number of Partners**
- **Limited Liability Protection** limited to their contribution.
- **Easier Decision Making** – No rigid requirements like Board Meetings/EGMs.
- **Global Recognition** – LLP structure widely accepted for professional and consulting businesses.

Pre-requisites for conversion of a company into LLP

- Only a **Private Company** or **Unlisted Public Company** can convert into LLP.
- All **shareholders must become partners** in the LLP.
- **No security interest** in company's assets at the time of application.
- All **statutory approvals, licenses, and contracts** must be reviewed/consented for transfer.
- Ensure **clearance of all pending charges, liabilities, and litigation** (or proper disclosure).

Pre-requisites for conversion of a company into LLP

- At least **2 designated partners** (one must be a resident in India).
- Consent of all shareholders and approval of Board required
- Up-to-date **filing of financial statements and annual returns** with ROC.
- **Latest audited financial statements** to be attached.

Companies not eligible to convert into LLP

- Sec. 8 Company
- Listed Co.
- Companies engaged in **banking / insurance / Finance.**
- Companies with **FDI requiring approval route.**
- Companies with **secured loans / charge.**
- Companies with outstanding **ECBs**
- Companies operating in sectors governed by **regulators that do not recognize LLPs.**

THANK YOU

Corporate

suvjiddha

Have a Good Day

ahead !!!!!