

CA Final – Paper 4 (Law) – Integrated Case Studies

Part III – Compromises, Arrangements and Amalgamations (Chapter 5)

Compiled by: CA. Pankaj Garg

(Covering ICAI SM, MTPs & RTPs till May 2023 applicable for May/Nov. 2023 Exams)

Integrated Case Study - 1

Kumar Beverages Limited (KBL), a 10-year old listed company, is a leading beverage manufacturer and trader whose all the brands are popular household names in India, Middle East, Europe and Africa. Being a fast-growing company, the turnover of KBL was ₹ 300 crore during the financial year 2021-22. The Registered Office and manufacturing plants of KBL are situated at Kolluru, Karnataka.

Akshay Beverages Limited (ABL), an 18-year old unlisted company, is one among the leading competitors of KBL and has market presence mainly in South Asia, South East Asia, Japan as well as Australia. It had turnover of ₹ 700 crore during the financial year 2021-22. The Registered Office of ABL is in Kundapura and manufacturing units are in Hattiangadi, Karnataka.

Considering various factors like elimination of competition, scaling up of operations for competitive advantages, economies of large-scale business, increase in market share, cost reduction by reducing overheads, increasing the efficiencies of operations, tax benefits, access to foreign markets etc., both the companies have been in negotiation for the last several months and a proposal to merge KBL with ABL is in the waiting.

It is proposed that KBL shall transfer all of its assets and liabilities to ABL. It is estimated that around 95% of equity shareholders of KBL shall become shareholders of ABL. Further, purchase consideration shall be discharged wholly by issuing equity shares of ABL. The beverage business shall continue as earlier. The assets and liabilities taken over from KBL shall be recorded at existing carrying amounts except where adjustment is required to ensure uniformity of Accounting Policies.

The 'object clauses' contained in the Memorandums of Association of ABL and KBL empower both the companies to undergo merger. All the required Institutional and statutory approvals were taken for merger. A Draft Scheme of merger was approved in the Board Meetings of both the companies.

Both ABL and KBL filed an Application for merger in the form of petition along with the necessary documents and information as required under the Companies Act, 2013 read with the relevant Rules, with the jurisdictional National Company Law Tribunal (NCLT) [in short 'Tribunal'] for the purpose of sanctioning the Scheme of Merger.

The Tribunal ordered for the required meeting and gave such directions as it felt necessary for conducting the meeting. For the purposes of the meeting, merging companies also circulated some additional documents/information, as required under the Companies Act, 2013.

The Tribunal satisfied itself with the procedure followed including filing of the Auditor's Certificate on accounting treatment proposed in the Scheme of Merger certifying that it was in conformity with the prescribed Accounting Standards.

The Tribunal by Order sanctioned the arrangement leading to merger and made provisions for all the required matters which, inter-alia, included valuation of shares and payment to such shareholders of KBL, who decided to opt out of the transferee company ABL.

A certified copy of the Order was also filed with the Registrar of Companies for registration within the due date. One of the earlier Directors of KBL, contended that the Scheme shall be effective from the date the certified copy is registered by the Registrar of Companies. However, the Scheme had indicated an 'appointed date' being the completion of 15 days from the date of receipt of the certified copy of the Order of the Tribunal, from which the merger shall be effective.

It is expected that the actual implementation of the Scheme of merger is going to take some time. The Board of Directors of ABL wanted to understand the implementation monitoring procedure by the authorities and the Company Secretary was directed to explain the same.

It was decided that once the required implementation procedure of merger is completed, the manner of disposing of the books and papers of KBL shall be discussed.

It came to light that Neelesh, one of the Directors of KBL, had committed various offences by contravening different provisions of the Companies Act, 2013. On merger with ABL, it was contended by Neelesh that the wrongful acts were committed before the merger and therefore, he should be relieved from all the liabilities, punishments and penalties for the offences earlier committed. [Study Material 4]

1	<p>From the case scenario, it is observed that KBL, a listed company is being merged with ABL which an unlisted company and under the scheme of merger, the KBL shall transfer all of its assets and liabilities to ABL. Decide as to when the ABL shall become a listed company after KBL is merged with it.</p> <p>(a) ABL shall remain an unlisted company until it becomes a listed company.</p> <p>(b) ABL shall immediately become a listed company after merger since KBL, a listed company is being merged with it.</p> <p>(c) ABL shall become a listed company after merger of KBL, a listed company, with it once the certified copy of the merger is registered with ROC.</p> <p>(d) ABL shall become a listed company once the application for sanctioning the merger is filed with the Tribunal since the merger is proposed with KBL, a listed company.</p>
2	<p>According to the case scenario, the Tribunal by Order sanctioned the arrangement leading to merger and made provisions for all the required matters which, inter-alia, included valuation of shares and payment to such shareholders of KBL, who decided to opt out of the transferee company ABL. From the following options choose the appropriate one:</p> <p>(a) Amount of payment or valuation for any share shall not be less than what has been specified by the Registrar of Companies.</p> <p>(b) Amount of payment or valuation for any share shall not be less than what has been specified by the Reserve Bank of India (RBI).</p> <p>(c) Amount of payment or valuation for any share shall not be less than what has been specified by the Securities and Exchange Board of India (SEBI).</p> <p>(d) Amount of payment or valuation for any share shall not be less than what has been specified in the Valuation Report of the Registered Valuer.</p>
3	<p>According to the contention of one of the earlier Directors of KBL, the Merger Scheme shall be effective from the date the certified copy is registered by the Registrar of Companies. From the following options you are required to choose the one which indicates the correct 'effective date':</p> <p>(a) The Merger Scheme shall be deemed to be effective from the date of passing of an Order by the Tribunal.</p> <p>(b) The Merger Scheme shall be deemed to be effective from the date of receipt by ABL the certified copy of the Order as passed by the Tribunal.</p> <p>(c) The Merger Scheme, as contended by an earlier Director of KBL, shall be deemed to effective from the date the certified copy is registered by the Registrar of Companies.</p>

	(d) The scheme shall be deemed to be effective from the 'appointed date' being the completion of 15 days from the date of receipt of the certified copy of the Order of the Tribunal.
4	<p>It is expected that the actual implementation of the Scheme of merger is going to take some time. The Board of Directors of ABL wanted to understand the implementation monitoring procedure by the authorities and the Company Secretary was directed to explain the same. Which of the following options, do you think, the Company Secretary might have suggested?</p> <p>(a) ABL shall, until the completion of the scheme, file a statement in such form and within such time as may be prescribed, with the Tribunal 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.</p> <p>(b) ABL 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.</p> <p>(c) ABL shall, only on completion of the implementation of the scheme, file a statement in such form and within such time as may be prescribed, with the Registrar, duly certified by a Chartered Accountant or a Cost Accountant or a Company Secretary in practice indicating whether the implementation of the scheme is complied with in accordance with the orders of the Tribunal or not.</p> <p>(d) ABL shall, only on completion of the implementation of the scheme, file a statement in such form and within such time as may be prescribed, with the Tribunal, duly certified by a Chartered Accountant or a Cost Accountant or a Company Secretary in practice indicating whether the implementation of the scheme is complied with in accordance with the orders of the Tribunal or not.</p>
5	<p>According to the case scenario, Neelesh, one of the Directors of KBL, had committed various offences by contravening different provisions of the Companies Act, 2013. On merger with ABL, it was contended by Neelesh that the wrongful acts were committed before the merger and therefore, he should be relieved from all the liabilities, punishments and penalties for the offences earlier committed. From the following options choose the correct one:</p> <p>(a) The contention of Neelesh is not correct since the liability in respect of offences committed under the Companies Act, 2013 by the officers in default, of the transferor company prior to its merger, amalgamation or acquisition shall continue after such merger, amalgamation or acquisition.</p> <p>(b) The contention of Neelesh is correct since the liability in respect of offences committed under the Companies Act, 2013 by the officers in default, of the transferor company prior to its merger, amalgamation or acquisition shall not be continued after such merger, amalgamation or acquisition.</p> <p>(c) The contention of Neelesh is partially correct since he is liable only for the wrongful acts which have a bearing on the merger.</p> <p>(d) The Board of Directors of ABL are permitted to relieve Neelesh from the liabilities in respect of offences committed earlier in KBL by passing a Board Resolution with the consent of all the Directors present at a duly convened Board Meeting.</p>
6	<p>According to the case scenario, once the required implementation procedure of merger is complete, the manner of disposing of the books and papers of KBL shall be discussed. From the given options, choose the appropriate one:</p> <p>(a) The books and papers of KBL can be disposed of immediately on merger of KBL with ABL.</p> <p>(b) The books and papers of KBL can be disposed of not earlier than 8 years from the financial year to which they relate.</p>

(c)	The books and papers of KBL can be disposed of only after obtaining permission from the Central Government.
(d)	The books and papers of KBL can be disposed of only after obtaining permission from the Tribunal, which had sanctioned the merger.

Answers - Integrated Case Study 1

Q. No	Answer	
1	(a)	ABL shall remain an unlisted company until it becomes a listed company.
2	(c)	Amount of payment or valuation for any share shall not be less than what has been specified by the Securities and Exchange Board of India (SEBI).
3	(d)	The scheme shall be deemed to be effective from the 'appointed date' being the completion of 15 days from the date of receipt of the certified copy of the Order of the Tribunal.
4	(b)	ABL 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.
5	(a)	The contention of Neelesh is not correct since the liability in respect of offences committed under the Companies Act, 2013 by the officers in default, of the transferor company prior to its merger, amalgamation or acquisition shall continue after such merger, amalgamation or acquisition.
6	(c)	The books and papers of KBL can be disposed of only after obtaining permission from the Central Government.

Integrated Case Study - 2

Hibiscus Powergear Limited (HPL), an unlisted company, is "One Stop Shop" for all the custom built electrical switchboards, battery chargers and bus ducts. It manufactures comprehensive range of products from small industrial distribution boards to the large state-of-the-art intelligent motor and power control centers. The Registered Office of the company is located in Belthangadi and two manufacturing plants are situated at Dabaspeta Industrial Area near Bengaluru.

HPL has been incurring huge losses for the last three years. There were accumulated losses to the extent of ₹ 19 Crores as on 31.03.2022. The Board of Directors had been evaluating all the possible options to bring the company back on the track. One of the options considered was Corporate Debt Restructuring (CDR) with the creditors, through Compromise.

Following data was extracted from the latest Audited Financial Statements of HPL as on 31.03.2022:

S. No.	Particulars	Amount (₹ in Crores)
1	Secured Creditors	
	(a) 8% Debentures (Secured by creating Charge on Freehold Property)	20.00
	(b) Accrued Interest on 8% Debentures	1.60
	(c) Cash Credit (availed from National Commercial Bank against hypothecation of stocks and book debts)	15.00
2	Unsecured Creditors	

Loans from Directors @8% p.a.	30.00
Trade Payables	18.00
Other creditors	0.40
Total Outstanding Debt payable by HPL	85.00

Consequently, a Scheme of Corporate Debt Restructuring was consented by 78% of the secured creditors and all other stake holders. Brief outlines of the Scheme are given below:

- 8% Debenture-holders were to take over the Freehold Property at the current valuation of ₹ 12 crores (book value ₹ 8 crores) in part payment of their dues and to provide additional ₹ 10 crores @ 9% p.a. secured by a floating charge on the assets of HPL. Interest accrued on Debentures was to be paid immediately.
- National Commercial Bank agreed to reduce interest rate from 11% p.a. to 8% p.a. on Cash Credit till next one year. It also in-principle agreed to provide ₹ 3 crores as non-fund based limits for a period of two years.
- Directors were to waive off all the outstanding interest payable to them upto 31.3.2022 and also had no objection if interest rate on their loans was reduced to 6% p.a.
- Suppliers and other creditors consented to waiving off their debts to the extent of all the amounts outstanding for a period beyond 2 years as on 31.03.2022. In essence, HPL was required to pay only for the last 2 years to the suppliers and other creditors.
- Patents and goodwill were to be written off to the extent of ₹ 0.50 crores. Value of obsolete items in the inventory was quantified to ₹ 0.80 crores and was to be written off.
- Bad debts identified to the extent of ₹ 0.75 crores were to be written off.
- Remaining Freehold property worth ₹ 15 crores was revalued at ₹ 23 crores.

After the above exercise, an application for the Compromise was filed by HPL with the jurisdictional National Company Law Tribunal (in short 'Tribunal') and made the necessary disclosures by filing an Affidavit. The disclosures contained all the material facts in respect of HPL, a copy of the Scheme of Corporate Debt Structuring as consented to by the creditors, methodology on the basis of which creditors had been identified, creditors' responsibility statement in the prescribed form, safeguards for the protection of other secured and unsecured creditors, Auditor's Report, Valuation Report, etc.

After hearing the Application, the Tribunal gave necessary directions in respect of conducting of the meeting of the creditors, fixed the date and place of the meeting, gave directions for the appointment of the Chairperson and scrutinizer, fixed the quorum, stated the procedure to be followed at the meeting including methodology of voting which could be either in person or by proxy or by postal ballot or by voting through electronic means, the time within which the Chairperson was required to report the result of the meeting to the Tribunal, etc.

To ensure transparency that may facilitate all the stakeholders to take proper decisions, extensive disclosures were made by HPL along with the Notice for the Meeting and then the company, as per the directions of the Tribunal, sent Notices to all the creditors and to all those who were entitled to receive it. Further, it was also sent to all the relevant Regulators seeking their representations. In addition, the Notice was advertised in English in Times of India and in the local Kannada Newspaper Udayavani in Kannada language. The company also published the Notice on its website.

It is worth noting that United Belts Private Limited (UBPL), supplying some of the components to HPL, had raised objections to the proposed Scheme of Compromise after receiving the Notice. As on 31.03.2022, HPL was required to pay ₹ 0.80 Crores to UBPL for the supply of various components.

The Meeting was duly convened and the majority representing 78% of the value of creditors agreed to the Scheme of Compromise. The Tribunal provided for the protection of minority creditors and by an Order sanctioned the Scheme of Compromise relating to Corporate Debt Structuring (CDR), after considering the Certificate issued by the Auditor of HPL. The order of the Tribunal was filed with the Registrar by HPL within the specified period of the receipt of the order.

However, in the due course of time, HPL faced many practical hurdles in the implementation of the Scheme of Compromise sanctioned by the Tribunal. [Study Material 8]

1	<p>The case scenario states that an Application for Compromise was filed by HPL with the jurisdictional National Company Law Tribunal (NCLT) along with all the necessary documents including Auditor's Report. From the following options, choose the one which the auditor must include in the Auditor's Report when the Application for Compromise relates to the Scheme of Corporate Debt Restructuring (CDR):</p> <p>(a) That all the Fixed Assets of HPL have been properly revalued by the Registered Valuer for the purpose of Compromise and the Valuation Report being submitted to the Tribunal is true and correct;</p> <p>(b) That the total value of creditors shown in the financial statements of HPL as on 31.03.2022 is true and correct and there are no material discrepancies.</p> <p>(c) That the fund requirements of HPL after the corporate debt restructuring as approved shall conform to the liquidity test, based upon the estimates provided to the auditor by the Board of HPL.</p> <p>(d) That all the contents of the Application and other documents submitted to the Tribunal are true and correct to the best of his knowledge and belief and reflect a true and fair position of HPL as on the date of submission of Application to the Tribunal.</p>
2	<p>According to the case scenario, with a view to ensure transparency that might facilitate all the stakeholders to take proper decisions, extensive disclosures were made by HPL along with the Notice for the Meeting and the notices were sent to all the creditors and all those who were entitled to receive it. As regards the adoption of the Compromise, the Notice needs to provide that the persons to whom the notice is sent may vote in the meeting either themselves or through proxies or by postal ballot:</p> <p>(a) Within 21 days from the date of receipt of such Notice.</p> <p>(b) Within one month from the date of receipt of such Notice.</p> <p>(c) Within 14 days from the date of receipt of such Notice.</p> <p>(d) Within 7 days from the date of receipt of such Notice.</p>
3	<p>It is stated in the case scenario that United Belts Private Limited (UBPL), supplying some of the components to HPL, had raised objections to the proposed Scheme of Compromise. For raising any objection to the Scheme of Compromise, the value of UBPL as trade creditor in the books of HPL must be:</p> <p>(a) Not less than 5% of the total outstanding debt as per the audited financial statements as on 31.03.2022 of HPL.</p> <p>(b) Not less than 10% of the total outstanding debt as per the audited financial statements as on 31.03.2022 of HPL.</p> <p>(c) Not less than ₹ 1 Crore as per the audited financial statements as on 31.03.2022 of HPL.</p> <p>(d) Not less than 25% of the total outstanding debt as per the audited financial statements as on 31.03.2022 of HPL.</p>
4	<p>The Notice was also sent to all the relevant Regulators seeking their representations which was to be made within the specified period from the date of receipt of such notice. From the following options, choose the one which specifies the correct time period for making representations:</p>

	<p>(a) Representation needs to be made within 10 days from the date of receipt of notice.</p> <p>(b) Representation needs to be made within 15 days from the date of receipt of notice.</p> <p>(c) Representation needs to be made within 30 days from the date of receipt of notice.</p> <p>(d) Representation needs to be made within 45 days from the date of receipt of notice.</p>
5	<p>According to the case scenario, the Tribunal while providing for the protection of minority creditors, sanctioned by an order the Scheme of Compromise relating to Corporate Debt Structuring (CDR), after considering the Certificate issued by the Auditor of HPL. The Auditor's Certificate at the Sanctioning stage shall be to the effect that:</p> <p>(a) HPL has duly followed all the procedure required for the Compromise as required under the Companies Act, 2013 and the relevant Rules thereunder.</p> <p>(b) All the documents submitted by HPL to the Tribunal for the purpose of Compromise are true and correct and the Auditors have duly verified them.</p> <p>(c) The accounting treatment, if any, proposed in the Scheme of Compromise by HPL is in conformity with the prescribed accounting standards.</p> <p>(d) The Auditors have reasonable grounds to believe that HPL will continue its business as a going concern after the implementation of Compromise.</p>
6	<p>The given case scenario states that in due course of time, HPL faced many practical hurdles in the implementation of the Scheme of Compromise sanctioned by the Tribunal. Which of the following options is applicable, if the Tribunal is satisfied that the sanctioned Compromise cannot be implemented satisfactorily with or without modifications, and the company is unable to pay its debts as per the Scheme:</p> <p>(a) HPL and every officer of HPL who was in default shall be liable for fine of minimum ₹ 1 lac and maximum of ₹ 10 lakhs.</p> <p>(b) The Tribunal may make an order for winding up of HPL.</p> <p>(c) The company shall be liable to pay fine of ₹ 25 lakhs and every Director and the defaulting officers of HPL shall be liable for imprisonment ranging between one year and 5 years and also fine not exceeding ₹ 5 lakhs.</p> <p>(d) The Tribunal may order for confiscation and sale of properties of HPL to settle the debts to the creditors.</p>

Answers - Integrated Case Study 2

Q. No	Answer
1	(c) That the fund requirements of HPL after the corporate debt restructuring as approved shall conform to the liquidity test, based upon the estimates provided to the auditor by the Board of HPL.
2	(b) Within one month from the date of receipt of such Notice.
3	(a) Not less than 5% of the total outstanding debt as per the audited financial statements as on 31.03.2022 of HPL.
4	(c) Representation needs to be made within 30 days from the date of receipt of notice.
5	(c) The accounting treatment, if any, proposed in the Scheme of Compromise by HPL is in conformity with the prescribed accounting standards.
6	(b) The Tribunal may make an order for winding up of HPL.

Integrated Case Study – 3

SportsPoint Manufacturers and Traders Limited, having registered office at Meerut, Uttar Pradesh, was incorporated under the Companies Act, 1956, in the month of August, 1990. The company manufactures sports coaching equipments like bags, clipboards, pinnies, referee uniforms, whistles of different types, etc., and game equipments like goals, posts, nets, etc., of the finest quality and sells its products to various schools, colleges, clubs and other institutions pan India directly as well as through its dealers.

The issued, subscribed and paid-up equity share capital of SportsPoint Manufacturers and Traders Limited as on 31st March, 2021 is ₹ 25 crores, consisting of 2.50 crores equity shares of the face value of ₹ 10 each. These shares are listed both on the BSE Limited and National Stock Exchange of India Limited.

The company planned to issue bonus debentures to its shareholders as a reward since it is a known fact that the shareholders invariably welcome bonus debentures wholeheartedly simply because of the reason that they get regular interest during the tenure of the debentures.

Accordingly, after following the due procedure, SportsPoint Manufacturers and Traders Limited filed a scheme of arrangement before the jurisdictional National Company Law Tribunal (NCLT) for issue of secured, non-convertible and redeemable fully paid-up 9% Debentures by way of bonus to its members as on the record date out of the accumulated profits lying to the credit of Profit & Loss Account under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

The scheme of arrangement filed by SportsPoint Manufacturers and Traders Limited with the National Company Law Tribunal (NCLT) stipulates for issue and allotment by way of bonus, one fully paid-up 9% Debenture of the face value of ₹ 150 each by utilizing its accumulated profits, for every one fully paid-up equity share of face value of ₹ 10 each held by total 1,25,000 members as on the record date. The 9% Debentures shall be redeemed after ten years from the date of allotment. As regards payment of interest on debentures, the same shall be paid at intervals of twelve months from the date of allotment.

Pursuant to the order, dated 14th July, 2021, passed by the Hon'ble National Company Law Tribunal (NCLT), a meeting of the equity shareholders of SportsPoint Manufacturers and Traders Limited was convened at the registered office of the company at Meerut, on Monday, August 23, 2021, at 1:00 P.M.

In accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013, the scheme was agreed to by a requisite majority of shareholders who had required value of shareholding. The equity shareholders either voted themselves or through proxies or by postal ballot or through electronic means.

[Study Material 17]

1	<p>What is the amount, which SportsPoint Manufacturers and Traders Limited intends to utilise out of accumulated profits for issue of bonus debentures?</p> <p>(a) SportsPoint Manufacturers and Traders Limited intends to utilise accumulated profits to the extent of ₹ 150 crores for issue of bonus debentures.</p> <p>(b) SportsPoint Manufacturers and Traders Limited intends to utilise accumulated profits to the extent of ₹ 200 crores for issue of bonus debentures.</p> <p>(c) SportsPoint Manufacturers and Traders Limited intends to utilise accumulated profits to the extent of ₹ 375 crores for issue of bonus debentures.</p> <p>(d) SportsPoint Manufacturers and Traders Limited intends to utilise accumulated profits to the extent of ₹ 250 crores for issue of bonus debentures.</p>
2	<p>The case scenario states that the scheme of arrangement envisaging issue of bonus debentures in a particular ratio was agreed to by a requisite majority of shareholders who had required shareholding in value. Which kind of majority is required for approving the scheme of arrangement as presented by SportsPoint Manufacturers and Traders Limited in the meeting of the shareholders:</p>

	<p>(a) The shareholders of SportsPoint Manufacturers and Traders Limited must have approved the scheme of arrangement envisaging issue of bonus debentures in a particular ratio by passing an ordinary resolution.</p> <p>(b) The shareholders of SportsPoint Manufacturers and Traders Limited must have approved the scheme of arrangement envisaging issue of bonus debentures in a particular ratio by passing a special resolution.</p> <p>(c) The shareholders of SportsPoint Manufacturers and Traders Limited must have approved the scheme of arrangement envisaging issue of bonus debentures in a particular ratio by simple majority of members who had minimum shareholding of three-fourths in value.</p> <p>(d) The shareholders of SportsPoint Manufacturers and Traders Limited must have approved the scheme of arrangement envisaging issue of bonus debentures in a particular ratio by simple majority of members who had minimum shareholding of two-third in value.</p>
3	<p>Minimum how many equity shares are required to be held by the shareholders of SportsPoint Manufacturers and Traders Limited voting in favour of the scheme of arrangement envisaging issue of bonus debentures in a particular ratio for its approval?</p> <p>(a) Minimum 1.275 crore equity shares are required to be held by the shareholders of SportsPoint Manufacturers and Traders Limited to consider the scheme of arrangement as approved.</p> <p>(b) Minimum 1.50 crore equity shares are required to be held by the shareholders of SportsPoint Manufacturers and Traders Limited to consider the scheme of arrangement as approved.</p> <p>(c) Minimum 1.75 crore equity shares are required to be held by the shareholders of SportsPoint Manufacturers and Traders Limited to consider the scheme of arrangement as approved.</p> <p>(d) Minimum 1.875 crore equity shares are required to be held by the shareholders of SportsPoint Manufacturers and Traders Limited to consider the scheme of arrangement as approved.</p>
4	<p>Minimum how many members of SportsPoint Manufacturers and Traders Limited must have agreed to the scheme of arrangement envisaging issue of bonus debentures in a particular ratio, if 40% of the total members had attended and 30% of the total members had voted at the meeting?</p> <p>(a) Minimum 18,751 members of SportsPoint Manufacturers and Traders Limited must have agreed to the scheme of arrangement.</p> <p>(b) Minimum 22,500 members of SportsPoint Manufacturers and Traders Limited must have agreed to the scheme of arrangement.</p> <p>(c) Minimum 20,625 members of SportsPoint Manufacturers and Traders Limited must have agreed to the scheme of arrangement.</p> <p>(d) Minimum 24,375 members of SportsPoint Manufacturers and Traders Limited must have agreed to the scheme of arrangement.</p>
5	<p>Assuming that 40% of the total members of SportsPoint Manufacturers and Traders Limited had attended the meeting to consider the scheme of arrangement envisaging issue of bonus debentures in a particular ratio and 30% of the total members had voted at the meeting, then minimum how much shareholding in value was held by the minimum members who voted in favour of the scheme in order that the scheme was considered as approved:</p> <p>(a) Minimum shareholding in value that was held by the minimum members who voted in favour of the scheme in order that the scheme was considered as approved must have been ₹ 4.5 crores.</p> <p>(b) Minimum shareholding in value that was held by the minimum members who voted in favour of the scheme in order that the scheme was considered as approved must have been ₹ 6.0 crores.</p> <p>(c) Minimum shareholding in value that was held by the minimum members who voted in favour of the scheme in order that the scheme was considered as approved must have been ₹ 5.25 crores.</p>

- (d) Minimum shareholding in value that was held by the minimum members who voted in favour of the scheme in order that the scheme was considered as approved must have been ₹ 5.625 crores.

Answers - Integrated Case Study 3

Q. No	Answer	
1	(c)	SportsPoint Manufacturers and Traders Limited intends to utilise accumulated profits to the extent of ₹ 375 crores for issue of bonus debentures.
2	(c)	The shareholders of SportsPoint Manufacturers and Traders Limited must have approved the scheme of arrangement envisaging issue of bonus debentures in a particular ratio by simple majority of members who had minimum shareholding of three-fourths in value.
3	(d)	Minimum 1.875 crore equity shares are required to be held by the shareholders of SportsPoint Manufacturers and Traders Limited to consider the scheme of arrangement as approved.
4	(a)	Minimum 18,751 members of SportsPoint Manufacturers and Traders Limited must have agreed to the scheme of arrangement.
5	(d)	Minimum shareholding in value that was held by the minimum members who voted in favour of the scheme in order that the scheme was considered as approved must have been ₹ 5.625 crores.

Integrated Case Study - 4

Pure Pharma Limited, incorporated under the Companies Act, 1956, is a pharmaceutical company located at Hyderabad, Andhra Pradesh. Founded by Annand Reddy and his family in the year 1971, it manufactures and markets a wide range of pharmaceuticals in India. The company has over 100 medications, above 30 active pharmaceutical ingredients for drug manufacture, various diagnostic kits and biotechnology products.

The issued, subscribed and paid-up equity share capital of Pure Pharma Limited as on 31st March, 2021, is ₹ 30 crore consisting of 30 crore equity shares of ₹ 1 each, which are listed on BSE Limited and National Stock Exchange of India Limited. Earlier, there were 3 crore equity shares of the face value of ₹ 10 each but after the stock split, the face value was reduced to Re. 1 per share, thus increasing the number of shares to 30 crores i.e. 10 times in the hands of shareholders.

In order to optimally utilise surplus reserves, Pure Pharma Limited intended to issue bonus debentures to its equity shareholders by restructuring the general reserves. These bonus debentures, when listed, would have the dual benefit of avoiding, on the one hand, an upfront cash outflow for the company while offering, on the other, the option of immediate liquidity for the shareholders.

Accordingly, Pure Pharma Limited formulated a scheme of arrangement for issue and allotment by way of bonus, one fully paid-up 8% Debenture of the face value of ₹ 20 each, by utilizing its free reserves, for every one fully paid-up equity share of face value of ₹ 1 each held by total 50,000 members as on the record date.

So far as the issue of bonus debentures out of free reserves was concerned, there was no arrangement with the creditors of Pure Pharma Limited. Consequently, no compromise was offered under the scheme of arrangement to any of the creditors of the company. The liability of the creditors under the scheme, was neither being reduced nor being extinguished.

In pursuance of the so formulated scheme of arrangement, Pure Pharma Limited filed the said scheme with the National Company Law Tribunal (NCLT) for issue of secured non-convertible redeemable fully paid-up 8% Debentures by way of bonus to its members as on the record date out of the free reserves lying to the

credit of General Reserve Account under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

Pursuant to the Order passed by the Hon'ble National Company Law Tribunal (NCLT), a meeting of the equity shareholders of the company was convened at the registered office of the company. In accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013, the scheme was agreed to by the requisite members.

The Order, dated 2nd August 2021, passed by the Hon'ble National Company Law Tribunal (NCLT) approving the scheme of arrangement was received by Pure Pharma Limited on 6th August 2021 and thereafter, the same was filed with the jurisdictional Registrar of Companies. [Study Material 18]

1	<p>How many 8% Debentures are required to be issued by Pure Pharma Limited in pursuance of the scheme of arrangement as approved by the NCLT?</p> <p>(a) 25 crores 8% Debentures (b) 30 crores 8% Debentures (c) 50 crores 8% Debentures (d) 50,000 8% Debentures</p>
2	<p>What is the amount that Pure Pharma Limited intends to utilise out of accumulated profits for issue of bonus debentures as per the scheme of arrangement?</p> <p>(a) ₹ 30 crores (b) ₹ 50 crores (c) ₹ 25 crores (d) ₹ 600 crores</p>
3	<p>What is the last date for filing the Order of NCLT which approved the scheme of arrangement with the Registrar of Companies?</p> <p>(a) 1st September, 2021 (b) 5th September, 2021 (c) 21st August, 2021 (d) 17th August, 2021</p>
4	<p>4 Minimum how much equity shareholding in value is required to be held by the specified majority of members voting in favour of the scheme for approving the said scheme of arrangement, if all the members attend and vote at the meeting?</p> <p>(a) Minimum shareholding of ₹ 16.5 crores. (b) Minimum shareholding of ₹ 18.0 crores. (c) Minimum shareholding of ₹ 21.0 crores. (d) Minimum shareholding of ₹ 22.50 crores.</p>
5	<p>5 Minimum how many members of Pure Pharma Limited must agree to the scheme of arrangement, if 50% of total members of the company attend and 40% of the total members vote at the meeting?</p> <p>(a) Minimum 10,001 members. (b) Minimum 37,500 members. (c) Minimum 25,001 members. (d) Minimum 37,501 members.</p>

Answers - Integrated Case Study 4

Q. No	Answer	
1	(b)	30 crores 8% Debentures
2	(d)	₹ 600 crores
3	(b)	5th September, 2021
4	(d)	Minimum shareholding of ₹ 22.50 crores.
5	(a)	Minimum 10,001 members.

Integrated Case Study - 5

Healthy Bakeries Limited, founded by Avdhesh Sinha and his six cousins in the year 1980 under the Companies Act, 1956 and having its Registered Office at Lucknow, is one of India's leading food company. Over the years, it has become one of the most trusted food brands which includes a variety of biscuits, breads, cakes and dairy products in its product portfolio. Its products are available across the country in close to 25,00,000 retail outlets and reach over 40% of Indian homes.

The issued, subscribed and paid-up equity share capital of Healthy Bakeries Limited as on 31 March, 2021 is ₹ 50 crores consisting of 50 crore equity shares of ₹ 1 each, which are listed on BSE Limited and National Stock Exchange of India Limited. Some years back, Healthy Bakeries Limited had resorted to stock split and changed the face value of each share from ₹ 10 to ₹ 1, which increased the total number of shares ten times. Accordingly, the number of shares increased to 50 crores from the earlier 5 crores.

The Board of Directors of Healthy Bakeries Limited was keen to reward its shareholders for their support and belief in the company. In pursuance to this objective, a scheme of arrangement was designed for issue and allotment by way of bonus, one fully paid-up 8.5% Debenture of the face value of ₹ 10 each, by utilizing its accumulated profits, for every one fully paid-up equity share of face value of ₹ 1 each held by total 60,000 members as on the record date.

After formulating the scheme of arrangement, Healthy Bakeries Limited filed the same with the jurisdictional National Company Law Tribunal (NCLT) for issue of secured, non-convertible, redeemable, fully paid-up 8.5% Debentures by way of bonus to its members as on record date out of the accumulated profits lying to the credit of Profit & Loss Account, under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

Pursuant to the Order passed by the National Company Law Tribunal (NCLT), a meeting of the equity shareholders of Healthy Bakeries Limited was convened at its Registered Office. In accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013, the scheme was agreed to by the requisite members.

It is worth noting that the Certificate furnished by BLR & Co., LLP, Statutory Auditors, as regards the accounting treatment proposed in the scheme of arrangement, was in conformity with the accounting standards prescribed under Section 133 of the Companies Act, 2013. The said Certificate was filed with the National Company Law Tribunal (NCLT) and was kept open for inspection by the equity shareholders of the company at its Registered Office between 10.00 A.M. to 2.00 P.M. on all days (except Saturdays, Sundays and public holidays) up to the date of the meeting.

[Study Material 19]

1	How many 8.5% Debentures shall be issued by Healthy Bakeries Limited in pursuance of the scheme of arrangement?
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	<p>(a) In pursuance of the scheme of arrangement, Healthy Bakeries Limited shall issue 50 crores 8.5% Debentures.</p> <p>(b) In pursuance of the scheme of arrangement, Healthy Bakeries Limited shall issue 30 crores 8.5% Debentures.</p> <p>(c) In pursuance of the scheme of arrangement, Healthy Bakeries Limited shall issue 5 crores 8.5% Debentures.</p> <p>(d) In pursuance of the scheme of arrangement, Healthy Bakeries Limited shall issue 60,000 8.5% Debentures.</p>
2	<p>Select the correct option from those given below that indicates the amount which Healthy Bakeries Limited shall utilize out of accumulated profits for issue of bonus debentures?</p> <p>(a) ₹ 50 crores of accumulated profits.</p> <p>(b) ₹ 500 crores of accumulated profits.</p> <p>(c) ₹ 25 crores of accumulated profits.</p> <p>(d) ₹ 600 crores of accumulated profits.</p>
3	<p>Is it incumbent upon Healthy Bakeries Limited to obtain and file with NCLT, the Certificate as regards to the conformity of accounting treatment with the Accounting Standards prescribed under Section 133 of the Act, proposed in the scheme from statutory auditors?</p> <p>(a) It is not incumbent upon Healthy Bakeries Limited to file the said Certificate.</p> <p>(b) From the point of view of good corporate governance, Healthy Bakeries Limited may file the said Certificate.</p> <p>(c) Healthy Bakeries Limited may obtain the said Certificate from any practicing Chartered Accountant and not necessarily from statutory auditors, since it is just a formality to file it.</p> <p>(d) Healthy Bakeries Limited is required to obtain the said Certificate only from the statutory auditors for filing it with the NCLT.</p>
4	<p>Minimum how much equity shareholding in value is required to be held by the specified majority of members voting in favour of the scheme of arrangement for approving it, if all the members attend and vote at the meeting?</p> <p>(a) In the above situation, minimum ₹ 30.0 crores of shareholding is required to be held by the specified majority of members voting in favour of the scheme of arrangement for approving it.</p> <p>(b) In the above situation, minimum ₹ 32.50 crores of shareholding is required to be held by the specified majority of members voting in favour of the scheme of arrangement for approving it.</p> <p>(c) In the above situation, minimum ₹ 35.0 crores of shareholding is required to be held by the specified majority of members voting in favour of the scheme of arrangement for approving it.</p> <p>(d) In the above situation, minimum ₹ 37.50 crores of shareholding is required to be held by the specified majority of members voting in favour of the scheme of arrangement for approving it.</p>
5	<p>Minimum how many members of Healthy Bakeries Limited must have agreed to the scheme of arrangement, if 30% of total members of the company had attended the meeting and 20% of the total members had voted at the meeting?</p> <p>(a) Minimum 6,001 members.</p> <p>(b) Minimum 9,001 members.</p> <p>(c) Minimum 45,000 members.</p> <p>(d) Minimum 30,001 members.</p>

Answers - Integrated Case Study 5

Q. No	Answer	
1	(a)	In pursuance of the scheme of arrangement, Healthy Bakeries Limited shall issue 50 crores 8.5% Debentures.
2	(b)	₹ 500 crores of accumulated profits.
3	(d)	Healthy Bakeries Limited is required to obtain the said Certificate only from the statutory auditors for filing it with the NCLT.
4	(d)	In the above situation, minimum ₹ 37.50 crores of shareholding is required to be held by the specified majority of members voting in favour of the scheme of arrangement for approving it.
5	(a)	Minimum 6,001 members.

Integrated Case Study - 6

Oriental Bakers Private Limited, having its Registered Office at Connaught Place, New Delhi, was incorporated on 25.04.2003 under the Companies Act, 1956. It is a Wholly-owned Subsidiary (WoS) of JKL Industries Limited and is currently engaged in the business of manufacturing, retailing and institutional sales of regular breads as well as a wide range of premium gourmet bakery products.

As against the Authorised Capital of ₹ 11.00 crores divided into 1.10 crore equity shares of ₹ 10 each, the issued, subscribed and paid-up capital of Oriental Bakers Private Limited is ₹ 10 crores divided into one crore equity shares of ₹ 10 each as at 31.03.2021.

JKL Industries Limited, having its Registered Office at Bhikaji Cama Place, New Delhi, was incorporated on 25.04.2000 under the provisions of the Companies Act, 1956 and is a leading food company in India. Its Authorised Capital is ₹ 50 crores divided into 5 crore equity shares of ₹ 10 each. As at 31.03.2021, the authorised share capital is fully issued and subscribed by the shareholders.

As regards demerger of some of the divisions of Oriental Bakers Private Limited into JKL Industries Limited, negotiations were going on for quite some time. The end result was that a scheme of arrangement was finally agreed upon between both the companies. Accordingly, a scheme of arrangement was presented to the jurisdictional National Company Law Tribunal (NCLT) pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, for demerger of the Manufacturing Business division and Retail Sales Business division of Oriental Bakers Private Limited into JKL Industries Limited.

The Institutional Sales business shall, as hitherto, continue to belong to and be vested in and be continued to be owned and managed by Oriental Bakers Private Limited.

The appointed date of the scheme as set out in its present form with any modification or modifications and as approved or imposed or directed by National Company Law Tribunal (NCLT) shall be 01.04.2021.

Pursuant to the Order passed by the National Company Law Tribunal (NCLT), meetings of the equity shareholders of the both companies were called and held at their respective Registered Offices and the requisite members agreed to the scheme of arrangement on 30.04.2021.

National Company Law Tribunal (NCLT) passed the Order approving the scheme of arrangement between Oriental Bakers Private Limited and JKL Industries Limited on 05.07.2021, and the copy of the order was filed with the jurisdictional Registrar of Companies on 11.07.2021. This is the date on which the presently approved scheme of arrangement shall come into effect. [Study Material 20]

1	In accordance with the scheme of arrangement agreed upon between Oriental Bakers Private Limited and JKL Industries Limited, which type of company Oriental Bakers Private Limited shall be:
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	<p>(a) A transferee company.</p> <p>(b) A transferor company.</p> <p>(c) Neither transferee nor transferor company.</p> <p>(d) Both transferee and transferor company.</p>
2	<p>In accordance with the scheme of arrangement agreed upon between Oriental Bakers Private Limited and JKL Industries Limited, which type of company JKL Industries Limited shall be:</p> <p>(a) A transferee company.</p> <p>(b) A transferor company.</p> <p>(c) Neither transferee nor transferor company.</p> <p>(d) Both transferee and transferor company.</p>
3	<p>Taking cue from the above case scenario, how shall the consideration be payable by JKL Industries Limited to Oriental Bakers Private Limited for transfer of latter company's Manufacturing Business division and Retail Sales Business division?</p> <p>(a) The consideration shall be payable by JKL Industries Limited through issue of adequate number of shares to cover the value of net assets transferred.</p> <p>(b) The consideration shall be payable by JKL Industries Limited in cash or its equivalent to be calculated in accordance with the value of net assets transferred.</p> <p>(c) The consideration shall be payable by JKL Industries Limited through issue of adequate number of shares to cover the value of gross assets transferred.</p> <p>(d) No consideration shall be payable by JKL Industries Limited since Oriental Bakers Private Limited is its Wholly-owned Subsidiary.</p>
4	<p>Out of the following options, choose the correct date from which the scheme of arrangement agreed upon between Oriental Bakers Private Limited and JKL Industries Limited shall be effective:</p> <p>(a) 30.04.2021</p> <p>(b) 01.04.2021</p> <p>(c) 05.07.2021</p> <p>(d) 11.07.2021</p>
5	<p>Choose the correct alternative from those stated below as to whether Oriental Bakers Private Limited shall be dissolved without winding up by virtue of approval of scheme of arrangement by National Company law Tribunal (NCLT):</p> <p>(a) Since Oriental Bakers Private Limited is getting demerged into JKL Industries Limited, it shall be dissolved without winding up.</p> <p>(b) Since Institutional Sales business of Oriental Bakers Private Limited is going to be owned and continued by itself, it shall not be dissolved.</p> <p>(c) Since Manufacturing Business division and Retail Sales Business division of Oriental Bakers Private Limited are going to be transferred it shall be dissolved without winding up.</p> <p>(d) Since Oriental Bakers Private Limited is a Wholly-owned Subsidiary of JKL Industries Limited, it shall be dissolved without winding up.</p>

Answers - Integrated Case Study 6

Q. No	Answer	
1	(b)	A transferor company.
2	(a)	A transferee company.
3	(d)	No consideration shall be payable by JKL Industries Limited since Oriental Bakers Private Limited is its Wholly-owned Subsidiary.
4	(b)	01.04.2021
5	(b)	Since Institutional Sales business of Oriental Bakers Private Limited is going to be owned and continued by itself, it shall not be dissolved.

Integrated Case Study - 7

Arihant Furniture Private Limited, having its Registered Office at Janakpuri, New Delhi and incorporated in the year 2011 under the provisions of the Companies Act, 1956, is a top player in the category of office furniture. The company, a Wholly-owned Subsidiary of Banka Industries Limited, manufactures all kinds of high-quality office steel furniture like cabin-desks, work-stations, almirahs, lockers, etc. In addition to manufacturing, it is also engaged in retailing and institutional sale of its products.

On the other hand, Banka Industries Limited, having its Registered Office in Dwarka, New Delhi was incorporated in the year 2009 under the provisions of the Companies Act, 1956. Being a leading furniture company in India, it manufactures luxury furniture that matches the comfort and increases the beauty of the houses of the high-class buyers. It makes trendy furniture that fit for modern life at homes. The equity shares of Banka Industries Limited are listed on BSE Limited and National Stock Exchange of India Limited.

Demerger of business of Arihant Furniture Private Limited often engaged the attention of both the companies. A time came when a Scheme of Arrangement was formulated pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, for demerger of the Manufacturing Business division and Retail Sales Business division of Arihant Furniture Private Limited into Banka Industries Limited.

The Institutional Sales business shall continue to belong to and be vested in and be continued to be owned and carried on by Arihant Furniture Private Limited as going concern.

The Scheme of Arrangement as formulated between Arihant Furniture Private Limited and Banka Industries Limited was presented before the jurisdictional National Company Law Tribunal (NCLT) which directed both the companies to hold the meetings of their equity shareholders respectively.

The notices of the meetings along with required documents, inter-alia, were also sent to the Income Tax Department on 05-06-2021, requiring their representation, if any, on the scheme of arrangement, which was received by the Department on 09-06-2021.

Accordingly, as per the orders of NCLT, the respective meetings of both the companies were called and held on 30-07-2021 at their respective Registered Offices and the requisite number of members agreed to the scheme of arrangement.

The appointed date of the scheme set out in its present form with any modification or modifications approved or imposed or directed by the National Company Law Tribunal (NCLT) was fixed as 01-09-2021 whereas it approved the said scheme of arrangement between the companies by order dated 03-09-2021. The copy of the order was filed with the jurisdictional Registrar of Companies on 10-09-2021 which shall be the date on which the scheme of arrangement comes into effect.

[Study Material 21]

1	<p>In accordance with the scheme of arrangement agreed upon between Arihant Furniture Private Limited and Banka Industries Limited, in which category, Arihant Furniture Private Limited shall fall:</p> <p>(a) Arihant Furniture Private Limited shall fall within the category of a transferor company.</p> <p>(b) Arihant Furniture Private Limited shall fall within the category of a transferee company.</p> <p>(c) Arihant Furniture Private Limited shall fall within the category of both transferor and transferee companies.</p> <p>(d) Arihant Furniture Private Limited shall fall within the category of neither transferor nor transferee company.</p>
2	<p>In accordance with the scheme of arrangement agreed upon between Arihant Furniture Private Limited and Banka Industries Limited, in which category, the latter company Banka Industries Limited shall fall:</p> <p>(a) Banka Industries Limited shall fall within the category of a transferee company.</p> <p>(b) Banka Industries Limited shall fall within the category of a transferor company.</p> <p>(c) Banka Industries Limited shall fall within the category of neither transferee nor transferor company.</p> <p>(d) Banka Industries Limited shall fall within the category of a both transferee and transferor company.</p>
3	<p>Considering the above case scenario, how shall the consideration be payable by Banka Industries Limited to Arihant Furniture Private Limited for transfer of latter company's Manufacturing Business division and Retail Sales Business division in pursuance of scheme of arrangement as approved by NCLT?</p> <p>(a) The consideration shall be payable by Banka Industries Limited through issue of sufficient number of shares to cover the value of net assets transferred.</p> <p>(b) The consideration shall be payable by Banka Industries Limited in cash or its equivalent to cover the value of net assets transferred.</p> <p>(c) The consideration shall be payable by Banka Industries Limited through issue of sufficient number of shares to cover the value of gross assets transferred.</p> <p>(d) No consideration shall be payable by Banka Industries Limited since Arihant Furniture Private Limited is Wholly-owned Subsidiary of Banka Industries Limited.</p>
4	<p>Which option do you think is correct as regards the date from which the scheme of arrangement agreed upon between Arihant Furniture Private Limited and Banka Industries Limited shall be effective?</p> <p>(a) 30-07-2021</p> <p>(b) 01-09-2021</p> <p>(c) 03-09-2021</p> <p>(d) 10-09-2021</p>
5	<p>Select the correct option from those given below as to the time period within which the Income Tax Department is required to make representation on the scheme of arrangement sent by Arihant Furniture Private Limited and Banka Industries Limited?</p> <p>(a) Income Tax Department is permitted to make its representation within 30 days from the date of notice sent by Arihant Furniture Private Limited and Banka Industries Limited.</p> <p>(b) Income Tax Department is permitted to make its representation within 30 days from the date of receipt of notice sent by Arihant Furniture Private Limited and Banka Industries Limited.</p> <p>(c) Income Tax Department is permitted to make its representation within 45 days from the date of notice sent by Arihant Furniture Private Limited and Banka Industries Limited.</p>

- (d) Income Tax Department is permitted to make its representation within 45 days from the date of receipt of notice sent by Arihant Furniture Private Limited and Banka Industries Limited.

Answers - Integrated Case Study 7

Q. No	Answer	
1	(a)	Arihant Furniture Private Limited shall fall within the category of a transferor company.
2	(a)	Banka Industries Limited shall fall within the category of a transferee company.
3	(d)	No consideration shall be payable by Banka Industries Limited since Arihant Furniture Private Limited is Wholly-owned Subsidiary of Banka Industries Limited.
4	(b)	01-09-2021
5	(b)	Income Tax Department is permitted to make its representation within 30 days from the date of receipt of notice sent by Arihant Furniture Private Limited and Banka Industries Limited.

Integrated Case Study - 8

Simran Software Solutions Ltd., a listed company, is subsidiary of Hardik Tech Limited which is an unlisted company. As on 31st March, 2021, Simran Software Solutions Ltd. had paid-up share capital of ₹ 100 crores while Hardik Tech Ltd. had a paid-up share capital of ₹ 150 crores.

Recently, it emerged that Hardik Tech Ltd. was interested in amalgamating Simran Software Solutions Ltd. in itself. After various rounds of negotiations, it was decided between both the companies to go for this kind of restructuring.

An application was made to the jurisdictional National Company Law Tribunal (NCLT) for the amalgamation of Simran Software Solutions Ltd. with Hardik Tech Ltd. The scheme of arrangement as enunciated in the application proposed such amalgamation.

Application to the National Company Law Tribunal (NCLT) for amalgamation was submitted in Form No. NCLT-1 along with the following documents:

- A notice of admission in Form No. NCLT-2.
- An affidavit in Form No. NCLT-6.
- A copy of Scheme of Merger and Amalgamation.
- A disclosure of all the material facts relating to the company.

Note: It was also disclosed in the application filed with the National Company Law Tribunal (NCLT) that each class of members or creditors had been identified for the purposes of approval of the scheme.

Consequently, a meeting was called in pursuance of the Order of the National Company Law Tribunal (NCLT). The notice of such meeting was sent to all the creditors including debenture holders and to all the members of the company, individually, at the addresses registered with the company accompanied by a statement disclosing the details of the scheme of amalgamation, a copy of valuation report and explaining the effect of such arrangement on creditors including debenture holders, Key Managerial Personnel, promoters and Directors.

It is worth noting that Mr. Manjit, who was appointed as Managing Director (MD) of Simran Software Solutions Ltd. on 1st January, 2020, for a period of five years was going to lose his office due to the amalgamation of Simran Software Solutions Limited with Hardik Tech Limited.

Similarly, Mr. Rhitam was appointed as a Whole-time Director (WTD) of Simran Software Solutions Ltd. on

1st April, 2020 for a period of five years. In lieu of his current assignment as Whole-time Director of Simran Software Solutions Ltd., he was offered to be appointed as Manager in Hardik Tech Limited, to which he sought some time to ponder over the whole issue. After discussing matter with his family, he decided to join Hardik Tech Limited as Manager after the completion of amalgamation.

Since both Mr. Manjit and Mr. Rhitam were to lose their assignments before completion of their terms, the company decided to compensate them. At the meeting, it was decided to pay both of them the average compensation for the remaining unexpired term based on the remuneration received by them till the effective date of amalgamation between both the companies.

Some of the shareholders of Simran Software Solutions Ltd. equalling 5% of total members were not satisfied with the scheme of amalgamation as finalised between their company and Hardik Tech Ltd. and accordingly, they decided to opt out of their company. Consequently, NCLT ordered to pay such dissenting shareholders the value of shares held by them and the valuation of such shares was to be arrived at as per the pre-determined price formula.

Simran Software Solutions Ltd. had submitted to the NCLT, full details about a pending legal case against Mr. Mohan, one of the directors of the company, who was removed as director and was sued for having caused a loss of over ₹ 20 lakh to the company through various bogus transactions. Mr. Mohan was being prosecuted under Sections 447 and 452 of the Companies Act, 2013. These facts were also in the knowledge of Hardik Tech Limited.

The NCLT, after satisfying itself that the procedures specified in the Companies Act, 2013, were duly followed, sanctioned the scheme of amalgamation. It was decided that 14th January, 2022, shall be the effective date for amalgamation. The NCLT ordered Simran Software Solutions Ltd. to transfer the whole of the undertaking, property and its liabilities to Hardik Tech Ltd. as per the terms of the amalgamation.

It was also held by the NCLT that after dissolution of Simran Software Solutions Ltd., the fees, if any, paid by it on its authorised capital shall be set-off against any fees payable by Hardik Tech Ltd. on its authorised capital, subsequent to the amalgamation. Both the companies, in relation to such order were required to submit a certified copy of the order as prescribed, to the Registrar of Companies for registration within thirty days of the receipt of a copy thereof.

[Study Material 25]

1	<p>The National Company Law Tribunal (NCLT) ordered that Simran Software Solutions Ltd. would pay its 5% dissenting shareholders the value of shares held by them and the valuation of such shares was to be arrived at as per the pre-determined price formula. According to the provisions of the Companies Act, 2013, what is the basic criteria which should be considered while deciding the valuation of shares?</p> <p>(a) The valuation of the shares should not be less than the value calculated by a practicing Chartered Accountant having minimum fifteen years of experience.</p> <p>(b) The valuation of the shares should not be less than what has been specified by the Securities and Exchange Board of India.</p> <p>(c) The valuation of the shares should not be less than that of the value of shares of Hardik Tech India Limited calculated by a practicing Chartered Accountant having minimum fifteen years of experience.</p> <p>(d) The valuation of the shares should not be less than the market price prevailing on the date when the amalgamation process will commence.</p>
2	<p>As regards listing, what will be the consequences of amalgamation of Simran Software Solutions Ltd., a listed company with Hardik Tech Ltd., which is an unlisted company. Choose the correct answer from those stated below:</p> <p>(a) Amalgamation of Simran Software Solutions Ltd., a listed company, with Hardik Tech Ltd., an unlisted company, would by itself convert Hardik Tech Ltd. into a listed company.</p>

	<p>(b) Amalgamation of Simran Software Solutions Ltd., a listed company, with Hardik Tech Ltd., an unlisted company, would not by itself convert Hardik Tech Ltd. into a listed company.</p> <p>(c) Amalgamation of Simran Software Solutions Ltd., a listed company, with Hardik Tech Ltd., an unlisted company, would convert Hardik Tech Ltd. into a listed company but only after the expiry of 15 days from the date of completion of amalgamation.</p> <p>(d) Amalgamation of Simran Software Solutions Ltd., a listed company, with Hardik Tech Ltd., an unlisted company, would convert Hardik Tech Ltd. into a listed company but only after the expiry of 30 days from the date of completion of amalgamation.</p>
3	<p>According to the provisions of this Companies Act, 2013, what is the legal obligation imposed on the company which it is required to fulfill until the completion of the scheme of amalgamation?</p> <p>(a) To file a prescribed statement within the prescribed time with the Registrar of Companies, certified by auditors of the companies, that the scheme of amalgamation is complied with as per the directions of the National Company Law Tribunal (NCLT).</p> <p>(b) To file a prescribed statement within the prescribed time with the Registrar of Companies, certified by a Chartered Accountant or Cost Accountant or Company Secretary in practice, that the scheme of amalgamation is complied with as per the directions of the National Company Law Tribunal (NCLT).</p> <p>(c) To file the quarterly audited annual financial statements along with a prescribed statement within the prescribed time with the Registrar of Companies, certified by a Chartered Accountant or Cost Accountant or Company Secretary in practice that the scheme of amalgamation is complied with as per the directions of the National Company Law Tribunal (NCLT).</p> <p>(d) To file a prescribed statement within the prescribed time with the Registrar of Companies, certified by an Advocate who is practicing in the High Court that the scheme of amalgamation is complied with as per the directions of the National Company Law Tribunal (NCLT).</p>
4	<p>According to the provisions of the Companies Act, 2013, whether both Mr. Manjit and Mr. Rhitam are eligible for receiving the compensation for the loss of their respective offices as Managing Director and Whole-time Director? Select the correct statement from the following four options:</p> <p>(a) Only Mr. Rhitam is eligible for receiving the compensation for the loss of his office as Whole-time Director of Simran Software Solutions Ltd.</p> <p>(b) Only Mr. Manjit is eligible for receiving the compensation for the loss of his office as Managing Director of Simran Software Solutions Ltd.</p> <p>(c) Both Mr. Manjit and Mr. Rhitam are eligible for receiving the compensation for the loss of their respective offices as Managing Director and Whole-time Director of Simran Software Solutions Ltd.</p> <p>(d) Neither Mr. Manjit nor Mr. Rhitam are eligible for receiving the compensation for the loss of their respective offices as Managing Director and Whole-time Director of Simran Software Solutions Ltd.</p>
5	<p>Mr. Mohan was removed as a Director of Simran Software Solution Ltd. for the alleged fraud committed while being holding the office of Director. How would the ongoing amalgamation process of the companies impact the pending legal proceedings against Mr. Mohan?</p> <p>I. The pending legal case will be continued as before between Mr. Mohan and Simran Software Solutions Limited.</p> <p>II. The pending legal case will be continued as before against Mr. Mohan though not with Simran Software Solutions Limited but with Hardik Tech Limited after amalgamation.</p> <p>III. Mr. Mohan was holding the office of Director in Simran Software Solutions Limited, the transferor company and therefore, till the time the pending legal case is not finally decided, the process of amalgamation cannot be completed between Simran Software Solutions Limited and Hardik Tech Limited.</p>

IV. The ongoing legal case against Mr. Mohan would not affect the amalgamation of Simran Software Solutions Limited with Hardik Tech Limited.
(a) I & III
(b) II & III
(c) II & IV
(d) I & IV

Answers - Integrated Case Study 8

Q.No	Answer
1	(b) The valuation of the shares should not be less than what has been specified by the Securities and Exchange Board of India.
2	(b) Amalgamation of Simran Software Solutions Ltd., a listed company, with Hardik Tech Ltd., an unlisted company, would not by itself convert Hardik Tech Ltd. into a listed company.
3	(b) To file a prescribed statement within the prescribed time with the Registrar of Companies, certified by a Chartered Accountant or Cost Accountant or Company Secretary in practice, that the scheme of amalgamation is complied with as per the directions of the National Company Law Tribunal (NCLT).
4	(b) Only Mr. Manjit is eligible for receiving the compensation for the loss of his office as Managing Director of Simran Software Solutions Ltd.
5	(c) II & IV

Integrated Case Study - 9

Hansraj Power Distribution Ltd. (HPDL) was incorporated in the year 2008. The annual turnover of the company is two crore rupees. Mr. Raj Purohit, a Director of the company was appointed by company four years back. Mr. Raj Purohit is eligible for retirement by rotation at this AGM. The AGM is schedule to be held on 22nd August, 2022. He is also working as a director in Max International Limited and Trinity Infrastructure Limited. Trinity Infrastructure Limited did not file its financial statements for the last three years with the Registrar of Companies. Trinity Infrastructure Limited also defaulted in paying interest on loans taken from a Public Financial Institution in the last two years. The Board of HPDL has decided to propose Mr. Raj's name for re-appointment. Mr. Raj gave his consent for the same.

Application to the Tribunal for Compromise & Arrangement was submitted along with all the documents. The Tribunal fixed the time and place of the meeting and appointed a Chairperson for the meeting.

A meeting of members of the company was held as per the orders of the Court to consider a scheme of compromise and arrangement. Notice of the meeting was sent to all 1000 members. Notice of the meeting was also sent to all the creditors or class of creditors and to the debenture-holders of the company, individually at the address registered with the company which will be accompanied by a statement disclosing the details of the compromise or arrangement, a copy of the valuation report, if any, and explaining their effect on creditors, key managerial personnel, promoters and non-promoter members, and the debenture-holders and the effect of the compromise or arrangement on any material interests of the directors of the company or the debenture trustees.

In total, the 1000 members of the company holds in aggregate 10,00,000 equity shares. The meeting was attended by 800 members holding 7,00,000 shares. Out of which 460 members holding 4,70,000 shares voted in favour of the scheme; 190 members holding 1,25,000 shares voted against the scheme. The

remaining 150 members holding 1,05,000 shares abstained from voting. All the members voted for the scheme either in person or through proxies.

As prescribed under this Act, a notice along with all the documents was also sent to the Central Government, the Income-Tax Authorities, the Reserve Bank of India, the Securities and Exchange Board, the Registrar, the respective stock exchanges, and the Competition Commission of India. The Securities and Exchange Board made objection to scheme of arrangements after 45 days of receiving all the documents.

According to the last audit financial report, the outstanding debt on the company is ₹ 50 lakh rupees. The creditors of the company is as follows:

X-One financial Company	₹ 200,000	4%
Mr. Mohan Shah	₹ 1,250,000	25%
Radhey Finance Company	₹ 200,000	4%
Soham Company	₹ 700,000	14%
Onex National bank	₹ 1,000,000	20%
DXY National bank	₹ 1,650,000	33%

So from the above mentioned Creditors' list, X-One financial Company raised its objection in the Tribunal, to the aforementioned scheme. The creditor file the petition in the Tribunal.

The Chairperson of the meeting submitted the report to the Tribunal within the time fixed by the Tribunal. After hearing the creditors, the Tribunal finally approve the scheme of compromise and arrangement between the company and its members. The order of the Tribunal is binding on the company, all its members and creditors.

Answer the following questions in the light of the given information:

[RTP-Nov. 20]

1	<p>With reference to the provisions of the Companies Act, 2013, which value of the requisite majority will be considered to approve the scheme?</p> <p>(a) 3/4th of the total value of shares held by 650 members. (b) 3/4th of the total value of shares held by 800 members. (c) 3/4th of the total value of shares held by 1000 members. (d) 3/4th majority of 1000 shares holders present and voting.</p>
2	<p>According to the provision of the Companies Act, 2013, X-One financial company objected to the compromise held on the scheme in between the company and its shareholders? According to their respective percentage in debt owed to the company, choose the correct option?</p> <p>(a) X-One Finance Company can raise the objection as aggregate loan amount needs to be more than 2% of debt. (b) X-One Finance Company jointly with Radhey Finance company can raise the objection as the aggregate amount needs to be not less than 5%. (c) Only X-One Finance Company along with Soham Finance company can jointly raise the objection as the aggregate amounts needs not to be less than 15%. (d) Only X-One Finance Company jointly with Soham Finance company and Radhey Finance company can raise the objection the aggregate amounts needs not to be less than 20%.</p>
3	<p>Evaluate the representation made by SEBI, after 45 days of receiving the notice and all the documents, is tenable or not?</p> <p>(a) Not tenable. It is required to be made within 10 days (b) Not tenable. It is required to be made within 15 days.</p>

	(c) Not tenable. It is required to be made within 30 days. (d) Not tenable. It is required to be made within 45 days.
4	While finally approving the scheme of compromise and arrangements between the company and its members, which of the below mentioned certificate is necessary to be filed with the Tribunal? (a) Certificate from the Central Government (b) Certificate from the Registrar. (c) Certificate from the audit and accounts committee of the company (d) Certificate from the company's auditor.
5	According to the above mentioned facts under the directorship of Mr. Raj Purohit, Trinity Infrastructure Limited, defaulted in filing statements and paying the interest due on the loans. How the default of Trinity Infrastructure Limited going to affect the directorship of Mr. Raj Purohit, in all the three companies? (a) Mr. Raj has to immediately vacate his office as a director in all the three companies. (b) Mr. Raj needs to vacate his office as a director in (HPDL). (c) Mr. Raj needs to vacate his office as a director only in (HPDL) and in Max International Limited. (d) Mr. Raj need not resign in any of the company, as the default makes him only ineligible for re-appointment.

Answers - Integrated Case Study 9

Q. No	Answer
1	(a) 3/4th of the total value of shares held by 650 members.
2	(b) X-One Finance Company jointly with Radhey Finance company can raise the objection as the aggregate amount needs to be not less than 5%.
3	(c) Not tenable. It is required to be made within 30 days.
4	(d) Certificate from the company's auditor.
5	(c) Mr. Raj needs to vacate his office as a director only in (HPDL) and in Max International Limited.

Integrated Case Study - 10

Toy Steel Limited (TSL), a famous steel manufacturing company sharing good ethical values with good clientele in the market. Following were the financial position as on March 31, 2018, the company had a paid-up share capital of ₹ 20 crores with 1150 shareholders and after-tax net profit to the tune of ₹ 10.25 crores. However, a shocking event took place in May 2018 which led to the downfall of the company. It so happened that, Mr. Pratap, the owner of the company was diagnosed with serious disease due to which he was unable to manage the rising business and consequently, the reins of the business slipped into the hands of his two young but inexperienced sons V and S.

In an attempt to raise the company to further heights, the Gen-Next management took a heavy loan of ₹ 70 crores from National Bank Limited. The funds so borrowed were not properly utilised due to the weak managerial skills of the new leadership and for want of guidance from Mr. Pratap; and it caused the company to fall to such an extent that in just four years after Mr. Pratap's illness it was felt expedient to go for some kind of compromise or arrangement if the company had to survive in the near future.

The top management of the company decided to provide for the following scheme of arrangement:

“Sale of a part of plant and machinery and also a vacant plot for appropriating the proceeds so received for repayment of 70% of the outstanding term loan availed from National Bank Limited. The remaining 30% of loan shall be rescheduled for repayment in installments spread over next five years.”

It is noteworthy that National Bank Limited had given in-principle approval to the above repayment plan, if sanctioned.

Accordingly, TSL made an application in the specified Format along with requisite documents to the jurisdictional National Company Law Tribunal (NCLT).

The Tribunal ordered for a meeting of the shareholders to be held on 10th October, 2022 at 11.00 A.M. at the registered office of the company situated at Connaught Place, New Delhi and the company was directed to issue a suitable notice for conducting the meeting of the shareholders. Some of the shareholders raised objections against the said arrangement. [RTP-Nov. 22]

1	<p>The Case Scenario states that some of the shareholders raised objections against the said arrangement. Since the compromise or arrangement is to be agreed in compliance to majority of persons (without considering the value) as prescribed in the Companies Act, 2013, who attend and vote at the meeting through specified modes. State the Compliance requirement of majority required for approval:</p> <p>(a) Simple majority where votes cast in favour of compromise or arrangement exceed the votes cast against it.</p> <p>(b) Sixty percent or more majority where votes cast in favour of compromise or arrangement are 60% or more.</p> <p>(c) Seventy five percent or more majority where votes cast in favour of compromise or arrangement are 75% or more.</p> <p>(d) Full majority where all the votes are cast in favour of compromise or arrangement.</p>
2	<p>It is observed from the above Case Scenario that the Tribunal has ordered for a meeting of the shareholders to consider the scheme of arrangement. The notice of such meeting shall provide that the persons to whom the notice is sent may vote on the scheme of compromise or arrangement:</p> <p>(a) Only by themselves keeping in view the importance of meeting.</p> <p>(b) By themselves or through proxies appointed by them.</p> <p>(c) By themselves or through proxies appointed by them but any such appointed proxy must hold minimum one share in the company.</p> <p>(d) By themselves or through proxies appointed by them or by postal ballot.</p>
3	<p>In the said Case Scenario some of the shareholders raised objections against the said arrangement. Since the compromise or arrangement is to be agreed by specified majority of persons (considering the value they hold) who attend and vote at the meeting through specified modes, then which kind of majority in value is required for approval of the scheme:</p> <p>(a) Specified majority of persons who cast votes in favour of compromise or arrangement must hold fifty one percent or more in value.</p> <p>(b) Specified majority of persons who cast votes in favour of compromise or arrangement must hold sixty percent or more in value.</p> <p>(c) Specified majority of persons who cast votes in favour of compromise or arrangement must hold seventy five percent or more in value.</p> <p>(d) Full majority where all the votes are cast in favour of compromise or arrangement</p>

4	<p>A reading of the above Case Scenario reveals that some of the shareholders raised objections against the said arrangement. From the legal point of view who is eligible to raise an objection to the scheme of compromise or arrangement if he is a shareholder of the company:</p> <p>(a) Persons holding not less than 10% of the shareholding as per the latest audited financial statement.</p> <p>(b) Persons holding not less than 5% of the shareholding as per the latest audited financial statement.</p> <p>(c) Persons holding not less than 7.5% of the shareholding as per the latest audited financial statement.</p> <p>(d) Persons holding not less than 15% of the shareholding as per the latest audited financial statement.</p>
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Answers - Integrated Case Study 10

Q. No	Answer	
1	(a)	Simple majority where votes cast in favour of compromise or arrangement exceed the votes cast against it.
2	(d)	By themselves or through proxies appointed by them or by postal ballot.
3	(c)	Specified majority of persons who cast votes in favour of compromise or arrangement must hold seventy five percent or more in value.
4	(a)	Persons holding not less than 10% of the shareholding as per the latest audited financial statement.

Integrated Case Study - 11

Mr. Raj, a director of Gem Ltd. (Transferor Company) prepared a circular, addressed to all the members of Gem Ltd., disclosing the offer made by Diamond (Transferee Company) to the members of Gem Ltd.

The total members of Gem Ltd. are 40,000, holding total 3,00,000 shares of the company, with face value of ₹ 5 per share, out of which 25,000 shares are held by Diamond Ltd. and 5,000 shares are held by Silver Ltd., a subsidiary of Diamond Ltd.

The said circular was presented to the Registrar, Mr. Ramesh, for registration on 24th May, 2022, who refused to register the said circular and he communicated such refusal at the registered address of both the companies on 24th June, 2022.

Mr. Raj filed an appeal with the NCLT against such refusal order of Mr. Ramesh on the grounds that, in the impugned order, the reasons for rejection were not mentioned and also the order was communicated to the parties after the expiry of the prescribed time limit.

The Tribunal allowed the appeal and in its appellate order, it directed the Registrar, Mr. Ramesh, to register the said circular. The said circular was then registered by Mr. Ramesh on 14th July, 2022 and accordingly, the said circular, containing the offer, was issued on 15th July, 2022, to all the members of Gem Ltd., which was kept open as per the statutory time limit. In response to the same, the responses of its members were as follows:

1. 30,000 members, holding shares valued ₹ 12,50,000, agreed to the offer made by Diamond Ltd. The consent was given by such members by 10th November, 2022.
2. 8,500 members, holding shares valued ₹ 70,000, did not give their assent on the said offer.
3. 1,000 members, holding shares valued ₹ 20,000, refused to transfer their shares to Diamond Ltd.
4. 500 members, holding shares valued ₹ 10,000, failed to transfer their shares to Diamond Ltd.

Diamond Ltd. gave notice of acquisition to the dissenting shareholders on 20th November, 2022.

5000 of such dissenting shareholders made application to the Tribunal on 5th December, 2022. However, the other dissenting shareholders didn't file an application with the Tribunal within the prescribed time limit.

The Tribunal dismissed the applications made by 2000 shareholders, holding total 4,500 shares, and allowed the application made by 3000 shareholders, holding total 3000 shares.

Diamond Ltd. again issued notice of acquisition earlier send to the dissenting shareholders along with transfer deed. The transfer deed was executed by Gem Ltd., on behalf of the dissenting shareholders, with the person authorised by Diamond Ltd. to do so.

On execution of the aforesaid transfer deed, Diamond Ltd. paid to Gem Ltd., the consideration amount, in respect of the shares of the dissenting shareholders acquired by it, on 5th January, 2023. The said consideration amount was deposited by Gem Ltd. in a separate bank account opening with a branch of State Bank of India.

Gem Ltd. registered the shares of dissenting shareholders in the name of Diamond Ltd. on 8 th January, 2023 and it informed the same to the dissenting shareholders on 23rd January, 2023. Also, the consideration received from Diamond Ltd. was paid to such dissenting shareholders on 9th February, 2023. [MTP- April 23]

1	<p>On what grounds, Tribunal would have allowed the appeal filed Mr. Raj?</p> <p>(a) For non-recording of reasons of such refusal, in writing, in the order. However, the said order was communicated within the prescribed time limit i.e. on or before 24th June, 2022.</p> <p>(b) For non-recording of reasons of such refusal, in writing, in the order and also communicating the same beyond the prescribed time limit i.e. after 23rd June, 2022.</p> <p>(c) For not giving an opportunity of being heard to the concerned parties before making such refusal.</p> <p>(d) For communicating the said order beyond the prescribed time limit i.e. after 23rd June, 2022. Recording of reasons, in writing, is not necessary, in this case.</p>
2	<p>By what percentage, the offer would have been considered to be approved and what shall be the total number of dissenting shareholders?</p> <p>(a) 92.59% and total number of dissenting shareholders shall be 9,500.</p> <p>(b) 93.33% and total number of dissenting shareholders shall be 9,500.</p> <p>(c) 92.59% and total number of dissenting shareholders shall be 10,000.</p> <p>(d) 93.33% and total number of dissenting shareholders shall be 10,000.</p>
3	<p>What shall the last date available with Diamond Ltd. for giving notice of acquisition to the dissenting shareholders and what shall be the last date for the dissenting shareholders to make an application with the tribunal against the same?</p> <p>(a) 15th November, 2022 and 20th December, 2022, respectively.</p> <p>(b) 15th January, 2023 and 15th December, 2022, respectively.</p> <p>(c) 15th November, 2022 and 15th December, 2022, respectively.</p> <p>(d) 15th January, 2023 and 20th December, 2022, respectively.</p>
4	<p>What shall the last date available with Gem Ltd. to inform to the dissenting shareholders with the respect to registration of their shares in the name of Diamond Ltd. as well as to pay consideration to the dissenting shareholders received by it from Diamond Ltd.?</p> <p>(a) 8 th February, 2023 and 5th March, 2023, respectively.</p> <p>(b) 7 th February, 2023 and 5th March, 2023, respectively.</p>

	(c) 8 th February, 2023 and 6th March, 2023, respectively. (d) 7 th February, 2023 and 4th February, 2023, respectively.
5	How many shares Diamond Ltd. shall be entitled to take and not entitled to take, respectively? (a) Diamond Ltd. shall be entitled to take 2,67,000 shares and not entitled to take 7,500 shares, respectively. (b) Diamond Ltd. shall be entitled to take 2,72,000 shares and not entitled to take 3000 shares, respectively. (c) Diamond Ltd. shall be entitled to take 2,67,000 shares and not entitled to take 3000 shares, respectively. (d) Diamond Ltd. shall be entitled to take 2,72,000 shares and not entitled to take 7,500 shares, respectively.

Answers - Integrated Case Study 11

Q. No	Answer	
1	(b)	For non-recording of reasons of such refusal, in writing, in the order and also communicating the same beyond the prescribed time limit i.e. after 23rd June, 2022.
2	(c)	92.59% and total number of dissenting shareholders shall be 10,000.
3	(d)	15th January, 2023 and 20th December, 2022, respectively.
4	(c)	8 th February, 2023 and 6th March, 2023, respectively.
5	(c)	Diamond Ltd. shall be entitled to take 2,67,000 shares and not entitled to take 3000 shares, respectively.



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