Companies Act, 1956

Section 396 - Power of Central Government to provide for amalgamation of companies innational interest

1) Where the Central Government is satisfied that it is essential m the 3 (81) 81. Substituted for "national interest" by the Companies (Amendment) Act 1960 [public interest] that two or more companies should amalgamate, then, notwithstanding anything contained in (section 394) and (section 395) but subject to the provisions of this section, the Central Government may, by order notified in the Official Gazette, provide for the amalgamation of those companies into a single company with such constitution with such property, powers, rights, interests, authorities and privileges, and with such liabilities, duties, and obligations, as may be specified in the order (2) The order aforesaid may [provide for the continuation by or against the transferee company of any legal proceedings pending by or against any transferor company and may also] contain such consequential, incidental and supplemental provisions as may, in the opinion of the Central Government, be necessary to give effect to the amalgamation. (3) Every member or creditor (including a debenture holder) of each of the companies before the amalgamation shall have, as nearly as may be, the same interest in or rights against the company resulting from the amalgamation as he had in the company of which he was originally a member or creditor; and to the extent to which the interest or rights of such member or creditor in or against the company resulting from the amalgamation are less than his interest in or rights against the original company, he shall be entitled to compensation which shall be assessed by such authority as may be prescribed[and every such assessment shall be published in the Official Gazette.] The compensation so assessed shall be paid to the member or creditor concerned by the company resulting from the amalgamation. [(3A) Any person aggrieved by any assessment of compensation made by the prescribed authority under sub-section (3) may, within thirty days from the date of publication of such assessment in the Official Gazette, prefer an appeal to the [Tribunal] and thereupon the assessment of the compensation shall be made by the [Tribunal].] (4) No order shall be made under this section, unless- (a) a copy of the proposed order has been sent in draft to each of the companies concerned; [***] [(aa) the time for preferring an appeal under sub-section (3A) has expired, or where any such appeal has been preferred, the appeal has been finally disposed of; and] (b) the Central Government has considered, and made such modifications, if any, in the draft order as may seem to it desirable in the light of any suggestions and objections which may be received by it from any such company within such period as the Central Government may fix in that behalf, not being less than two months from the date on which the copy aforesaid is received by that company, or from any class of shareholders therein, or from any creditors or any class of creditors thereof. (5) Copies of every order made under this section shall, as soon as may be after it has been made, be laid before both Houses of Parliament.

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