

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 3

**NOTE :** All references to sections relate to the Companies Act, 1956 unless stated otherwise.

**PART – A**

(Answer Question No.1 which is compulsory and any three of the rest from this part.)

1. (a) State whether the following statements are true or false citing relevant provisions of the law/case law :
- (i) Slump sale proposal necessitates valuation of every asset separately and specifically.
  - (ii) Amalgamation of a company with others is a power of the company and not an object of the company.
  - (iii) A State is imposing stamp duty on all mergers and amalgamations of companies and there is no gateway to avoid it even if it fulfils some conditions.
  - (iv) Indian court has jurisdiction to sanction scheme of amalgamation if a company incorporated outside India is a transferor company.
  - (v) Amalgamation involving a 'sick industrial company' as transferor or transferee company is outside the purview of the Companies Act, 1956.

(2 marks each)

- (b) There are two main players in the manufacturing, export and domestic sale of footwear namely, Big Ltd. and Little Ltd. The production capacity of Little Ltd. is much lower than Big Ltd., but due to technical expertise its cost of production is much less than that of Big Ltd.

To eliminate competition from market and to acquire technical expertise, the Big Ltd. started to acquire stake in Little Ltd., initially by creeping acquisition and at later stage by making an open offer. The last offer price was ₹100 per share (nominal value ₹10 each) and it acquired 90% of shares of Little Ltd. in value.

Though Big Ltd. enjoys the controlling power of Little Ltd., Big Ltd. wants to make Little Ltd. as 100% subsidiary of Big Ltd. But some shareholders are not willing to surrender their shares at that price *i.e.* ₹100 each and informally demanded ₹300 per share.

The management seeks your opinion as a Company Secretary pursuant to the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 to show gateway/roadmap to acquire the balance shares of Little Ltd.

(7 marks)

- (c) Explain the term 'demerger'. What are the ways in which a demerger can be effected?

(8 marks)

2. (a) X and Y are brothers and they are also the promoters of Goods Ltd. They hold 29% and 41% equity shares respectively of the company. X has entered into an agreement to buy 6% equity shares from Y at an agreed consideration. Advise X and Y of the compliances under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 to give effect to the agreement. (8 marks)
- (b) An acquirer has deposited with a scheduled bank the amount required under the Takeover Code in the form of cash, bank guarantee and permissible securities. However, value of the deposit reduced below the minimum requirement in view of sudden decline in the value of the securities. Is the shortfall required to be made good by the acquirer or manager to the issue? (4 marks)
- (c) What are the broad principles that can be considered by the court while sanctioning the scheme of compromise or arrangement (3 marks)
3. (a) What do you mean by funding through leveraged buy-outs? Discuss the *modus operandi* thereof. (5 marks)
- (b) Examine the provisions relating to differential pricing in a public issue. (4 marks)
- (c) A company has raised funds abroad in foreign currency through ECB. It has no plans to invest the same immediately. Keeping this in view, advise :  
(i) Can the funds be brought to India?  
(ii) If the funds are kept abroad, what are the avenues for investment there? (6 marks)
4. (a) Explain important aspects of corporate restructuring. (5 marks)
- (b) Examine the limits of buy-back of securities with Board resolution and shareholders resolution. (5 marks)
- (c) Draft a Board resolution for opening an escrow account in connection with open offer of securities. (5 marks)
5. (a) ABC Ltd. intends to acquire XYZ Ltd. Draft an agreement to be entered into between the parties. (8 marks)
- (b) Examine with decided case law whether a court can substitute exchange ratio on the ground that it will be detrimental to the interest of minority shareholders when the same has been accepted by overwhelming majority of the shareholders of two companies. (5 marks)

- (c) Explain how the minority shareholders' interest is protected in a scheme of amalgamation under the provisions of the Companies Act, 1956. (2 marks)

**PART – B**

*(Answer ANY TWO questions from this part.)*

6. (a) What is the difference between 'net worth' prescribed under the Sick Industrial Companies Act, 1985 and the 'net worth' prescribed under the Companies Act, 1956. (4 marks)
- (b) A company is going through rough weather and the finalisation of its annual accounts is going on. The independent directors are pressurising the Chairman and Managing Director (whole-time Director) to make a reference to BIFR under section 15 of the Sick Industrial Companies Act, 1985.
- (i) Under these circumstances, can the company make a reference to BIFR ? (2 marks)
- (ii) If the company refuses to make a reference, can other entities make such a reference to BIFR? (3 marks)
- (iii) What are the limitations for reference by other entities? (2 marks)
- (c) Who are known as qualified institutional buyers (QIBs) ? What are the preconditions to become a QIB ? (4 marks)
7. (a) What is the purpose and objective of the UNCITRAL Model Law since it is believed that it is not intended to create substantive rights? (6 marks)
- (b) Can a company be adjudged insolvent ? (5 marks)
- (c) What are the measures a secured creditor may take under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 to recover his secured debt ? (4 marks)
8. (a) How can settlements arrived before Lok Adalats be made legally enforceable ? (5 marks)
- (b) How can one identify non-performing asset ? (4 marks)
- (c) Explain 'just and equitable' cause for the purpose of winding-up of a company. Give four examples in this regard. (6 marks)