

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 4

- NOTE :** 1. Answer SIX questions including Question No.1 which is compulsory.
2. All references to sections relate to the Companies Act, 1956 unless stated otherwise.

1. (a) Attempt the following citing relevant legal provisions and/or case law, if any :
- (i) Whether the sanction to a scheme of amalgamation can be withheld on the plea that the transferor company, before resorting to sections 391–394, has not amended the objects clause of its memorandum of association under section 17 to incorporate the power to amalgamate with another company ?
 - (ii) Can the Board for Industrial and Financial Reconstruction (BIFR) direct the State Government to pay the dues of a company, the shares of which were owned by the government directly or indirectly ?

(5 marks each)

- (b) State whether the following statements are true or false citing briefly relevant provisions of the law :
- (i) The scheme of arrangement must be approved by a resolution passed with special majority and a copy of the resolution has to be filed with the Registrar of Companies.
 - (ii) Where a company obtains 90% of the shares and class shares under a scheme of arrangement, it can compel the dissentient minority to part with its shares.
 - (iii) A copy of the order of the High Court under section 391 will have to be annexed to every copy of the memorandum of association of the company before a certified copy of the order has been filed with Registrar of Companies.
 - (iv) A scheme of compromise or arrangement in case of government company has to be sanctioned by the High Court.
 - (v) An order of the High Court sanctioning a scheme of amalgamation is liable to stamp duty at the rate prescribed under the Indian Stamp Act, 1899.

(2 marks each)

2. Jupiter Ltd. wishes to take-over Tally Ltd. The financial details of both the companies are as under :

<i>Liabilities</i>	<i>Jupiter Ltd.</i> <i>(Rs. in '000)</i>	<i>Tally Ltd.</i> <i>(Rs. in '000)</i>
Equity share <i>(Rs.10 per share)</i>	1,00,000	50,000
Shares premium account	—	2,000
Profit and loss account	38,000	4,000
Preference shares	20,000	—
10% Debentures	15,000	5,000
	1,73,000	61,000
 <i>Assets</i>		
Fixed assets	1,22,000	35,000
Net current assets	51,000	26,000
	1,73,000	61,000
Maintainable annual profit <i>(after tax)</i> for equity shareholders <i>(Rs. in '000)</i>	24,000	15,000
Market price per equity share <i>(Rs.)</i>	24	27
Price-earnings ratio	10	9

You are required to answer the following :

- (a) What offer do you think Jupiter Ltd. could make to Tally Ltd. in terms of exchange ratio based on —
- (i) net asset value;
 - (ii) earnings per share; and
 - (iii) market price per share ?

(12 marks)

- (b) Which method would you prefer from the acquirer company's point of view ?

(4 marks)

3. Comment on the following citing the relevant provisions and judicial pronouncements, if any :

- (i) Under a scheme of amalgamation, a partnership firm can amalgamate with a company.
- (ii) In case of amalgamation of wholly owned subsidiary with its holding company, whether transferee company is required to file a separate petition.

- (iii) In the scheme of amalgamation *inter alia* providing for change of name, whether the company has to comply with the provisions of section 21.
- (iv) Unsecured creditors of the transferee company raised objection that the scheme for reconstruction stood vitiated by non-disclosure of an FIR registered against the transferee company alleging charges of misfeasance on its part.
(4 marks each)
4. (a) Excel Ltd. is a public limited company having its registered office at Mumbai and Sound Ltd. is an associate company of Excel Ltd. whose registered office is also in Mumbai. As a Company Secretary of Excel Ltd., draft a Board resolution for approval of scheme of amalgamation of Excel Ltd. with Sound Ltd.
(8 marks)
- (b) Highlight the provisions for preferential allotment of shares to promoters, their relatives, associates, etc.
(4 marks)
- (c) Explain the formula for pricing of shares in a preferential allotment.
(4 marks)
5. (a) What are the different kinds of takeover ? Anjana Ltd. wants to acquire the shares of Good Luck Ltd., a listed company. Enumerate the obligations of the acquirer company under the SEBI Takeover Code.
(8 marks)
- (b) Vinod is having 14% of shares or voting rights of Ambitious Ltd., a listed company. Vinod wants to further acquire 40% of shares in Ambitious Ltd. What are the steps he is required to take ?
(4 marks)
- (c) Sunshine Ltd. is amalgamated with Best Ltd. The scheme is approved by requisite majority. Ministry of Corporate Affairs (MCA) has raised an objection for the merger. Is the court bound to go by the opinion of the Regional Director, MCA ?
(4 marks)
6. (a) What do you mean by 'corporate restructuring' ? What are the different kinds of restructuring ?
(6 marks)
- (b) Draft an announcement for publication in the newspaper for a meeting of equity shareholders of Anand Ltd., the transferee company, pursuant to the High Court's order in respect of merger of Sandeep Ltd. with Anand Ltd. Assume the particulars as may be necessary.
(6 marks)
- (c) How can 'post-merger efficiency' be measured ? Enumerate the main parameters involved.
(4 marks)

7. (a) Explain citing the case law whether combining of the authorised share capital of the transferor company with that of the transferee company resulting in increase in the authorised share capital of the transferee company requires payment of fees for increase in authorised share capital to the Registrar of Companies.
(5 marks)
- (b) Explain the meaning of leveraged and management buyouts.
(5 marks)
- (c) Can a private or an unlisted public company buy-back its own shares ? Answer citing relevant provisions of the law.
(6 marks)
8. (a) Distinguish between **any two** of the following :
- (i) 'Appointed date' and 'effective date'.
 - (ii) 'Mandatory bid' and 'competitive bid'.
 - (iii) 'Strategic planning' and 'long-range planning'.
- (4 marks each)
- (b) Write short notes on **any two** of the following :
- (i) Slump sale
 - (ii) Hybrids in funding of merger and takeovers
 - (iii) Continual disclosure.
- (4 marks each)

