

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 7

NOTE : 1. Answer **ALL** Questions.

2. All references to sections relate to the Companies Act, 2013 unless stated otherwise.

PART – A

1. (a) Gtech International Ltd. and Agri International Ltd., two multinational companies, entered into an agreement in USA which is likely to have adverse effect on competition in Agri market in India. Domestic companies dealing in the market raised the issue before the Competition Commission. Offer your comments regarding the jurisdiction of Competition Commission in such matters under the Competition Act, 2002.
(5 marks)
- (b) (i) Explain the twin conditions for a valid resolution to be passed for a 'compromise or arrangement' under the Companies Act, 1956.
(ii) State with reasons and case law, whether a copy of such resolution has to be filed with the Registrar of Companies under section 117.
(5 marks)
- (c) Explain amalgamation in the nature of merger.
(5 marks)
- (d) In a scheme of amalgamation between Eye Foundation Ltd. (transferor company) and Lasik Centre (India) Pvt. Ltd. (transferee company), the Regional Director raised objections that additional filing fee and stamp duty on the increase of share capital of

the transferee company has to be paid and also against changing the name of the transferee company to Eye Foundation Ltd. which is the name of the transferor company, without complying with section 13. Will the objections of the Regional Director hold good ? Explain.

(5 marks)

Attempt all parts of either Q.No. 2 or Q.No. 2A

2. (a) ABC Ltd. has completed buy-back of equity shares on 30th April, 2014. The company desires to make further issue of equity shares on 31st August, 2014. Can the company proceed and allot further equity shares on 31st August, 2014 assuming that all other requirements are complied with or will be complied with ?

Will your answer be different, if the company desires to issue and allot on the very same day (*i.e.*, 31st August, 2014), preference shares instead of equity shares assuming that all other requirements are complied with or will be complied with ?

(5 marks)

- (b) Mention any five forms/reports/returns, *etc.*, that are required to be filed with the Registrar of Companies, SEBI and stock exchanges at various stages of the process of merger/amalgamation.

(5 marks)

- (c) There are a host of factors that drive the business world to opt for mergers and amalgamations for creation of sustainable competitive advantage. Discuss at least five such factors that prompt mergers and amalgamations.

(5 marks)

: 3 :

OR (Alternate question to Q.No. 2)

- 2A.** (i) Mention the factors which make a company vulnerable to takeover bids.
(5 marks)
- (ii) What are the obligations of the committee of independent directors of the target company with regard to providing reasoned recommendations on the open offer being made by the acquirers ?
(5 marks)
- (iii) Explain the concept of 'vertical merger' and differentiate between 'forward integration' and 'backward integration'.
(5 marks)
- 3.** (a) Which of the activities are not covered under section 6 of the Competition Act, 2002 with regard to furnishing of a notice to the Commission disclosing details of the proposed combination ?
(3 marks)
- (b) Amilo Exports Ltd., a listed company has opened an escrow account in connection with acquiring another company. The company wants your opinion for the release of amount from escrow account. Comment.
(3 marks)
- (c) Dominio Retail Ltd. has plans to make large acquisitions without committing much capital. Advise the company regarding funding of acquisitions.
(3 marks)

- (d) Good Earth Pvt. Ltd. wants to become a public listed company without opting for initial public offer (IPO). What is the best strategy available for the company ? Distinguish the same from 'strategic alliance'.

(3 marks)

- (e) Is a scheme sanctioned under section 44A(4) of the Banking Regulation Act, 1949 conclusive evidence that all the requirements of this section relating to amalgamation have been complied with ?

(3 marks)

PART — B

4. (a) Balance sheets of Fair Deal Ltd. (FDL) and Genuine Cosmetics Ltd. (GCL) as on 31st March, 2013, *i.e.*, the date on which the companies were amalgamated and a new company Well Worth Ltd. (WWL) was formed are as follows :

Balance sheets as on 31st March, 2013

	<i>FDL</i> (₹'000)	<i>GCL</i> (₹'000)
<i>I EQUITY AND LIABILITIES</i>		
Shareholders' funds		
Equity shares of ₹10 each	6,500	4,500
Reserves and surplus	3,000	5,000
Current liabilities		
Trade creditors and other liabilities	2,000	1,000
TOTAL	<u>11,500</u>	<u>10,500</u>
<i>II ASSETS</i>		
Non-current assets		
	8,000	7,500
Current assets		
	3,500	3,000
TOTAL	<u>11,500</u>	<u>10,500</u>

: 5 :

The fixed assets of FDL were valued at ₹10,000 thousand and that of GCL were valued at ₹9,000 thousand. WWL would issue the requisite number of equity shares of ₹10 each at 50% premium to discharge the claim of equity shareholders of FDL and GCL. How many shares of WWL should be issued to takeover the business of the two merging companies ?

(5 marks)

- (b) Briefly explain, how offer price is determined in respect of a proposed acquisition by the acquirer from public shareholders under the open offer in terms of Regulation 8 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

You may assume that the shares of the target company whose shares are proposed to be acquired are frequently traded on the stock exchanges.

(5 marks)

- (c) State the procedures that are typically adopted by the valuer in a valuation report.

(5 marks)

5. (a) While market based approach to valuation is an effective tool in the hands of strategic buyer, the same is not relevant and therefore not useful in certain cases. List out the cases where market based approach to valuation is not a suitable method.

(5 marks)

- (b) Write a note on 'valuation of slump sale'.

(5 marks)

- (c) When shall equity shares be deemed to be infrequently traded on a stock exchange, if the company notifies the stock exchange of the Board meeting in which the delisting proposal was considered ?

(5 marks)

PART — C

Attempt all parts of either Q.No. 6 or Q.No. 6A

6. (a) State, whether a Civil Court shall have jurisdiction to entertain any suit in respect of any matter which falls under the purview of the Debt Recovery Tribunal or its appellate authority.
(5 marks)
- (b) What features have been enshrined in the Enforcement of Security Interest and Recovery of Debts Laws (Amendment) Act, 2012 to strengthen the regulatory and institutional framework related to recovery of debts due to banks and financial institutions ?
(5 marks)
- (c) Mention any five transactions or events to which the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 shall not apply.
(5 marks)
- (d) XYZ Bank Ltd., being a secured creditor, filed an application before the Debt Recovery Tribunal under the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 to recover ₹5 crore from Gem Pvt. Ltd. Recovery certificate was issued by the Tribunal and the recovery officer sold the property of the company mortgaged to the bank in auction, based on the recovery certificate. However, the company was in liquidation and the official liquidator challenged the sale of the property of the company before the company court. The bank has sought your expert opinion in the matter. Substantiate your opinion with reasons and case law, especially on the question of jurisdiction of the company court in the matter.
(5 marks)

: 7 :

OR (Alternate question to Q.No. 6)

- 6A.** (i) What are the legal challenges and complexities faced while dealing with insolvency ?
(10 marks)
- (ii) Discuss in general, the process involved in securitisation.
(5 marks)
- (iii) What are the risks associated with cross border insolvency ?
(5 marks)

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