

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 6

NOTE : 1. Answer ALL Questions.

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

PART-I

1. (a) ABCD Manufacturing and Exporting Ltd desires to use Masala Bonds for further Augmentation of funds. Would you guide the Company as to the concept and exceptions that bars raising funds through such bonds ?
- (b) Perform Transformers Ltd is a listed company that contemplates taking over another Listed company. Could you suggest the legislations/regulations need to be looked into indicating briefly, the compliances required in the matter ?
- (c) Could you explain with certain citations indicating exceptions to the Majority Rule Held in Foss Vs Harbottle (1843) 2 Hare 461 (Ch.) ?
- (d) “Safeguarding the interest of creditors is considered while sanctioning reduction of capital under Section 66 of the Companies Act, 2013”. Comment and analyse briefly.

(5 marks each)

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

2. (a) “Documentation in a proper manner is the steppingstone and an important aspect in fulfilment of legal requirements and obligations in mergers and amalgamations” – analyse the statement indicating the important steps to be involved for successful completion of mergers or amalgamations. (5 marks)
- (b) “Profitability of any business is sensitive to several factors that prompts the analyst to prepare Sensitivity Analysis to help in Management decisions.” Comment. (5 marks)
- (c) There are certain departures in accounting aspects dealing with amalgamations or mergers as per IFRS – 3 in comparison to IND – AS 103. Enlist such variations briefly. (5 marks)

OR (Alternate question to Q. No. 2)

- 2A. (i) “In case any combination is to be notified for ex post facto approval, it would defeat the very intendment of the provisions of the Competition Act, 2002 yet there are exemptions from compliance either under regulations or through notifications issued by the Central Government”. Express your views on the statement. (5 marks)
- (ii) MNP Ltd is a listed company and is in the process of merging SQW Ltd, not being a listed company. The management of MNP Ltd desires your suggestions and process in getting the No objection or observation letter from the concerned stock exchange in the matter. Guide the management of MNP Ltd on the issue. (5 marks)

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- (iii) The valuation of NETWORKS LTD. was done by an investment Analyst. Based on an expected free cash flow of ₹ 54 million for the following year and an expected growth rate of 9%, the analyst has estimated the book value of the firm to be ₹ 1800 million. However, he committed a mistake of using the book values of debt and equity. You do not know the book value weights employed by him but you know that the firm has a cost of equity of 20% and a post-tax cost of debt of 10%. The market value of equity is thrice its book value, whereas the market value of its debt is nine-tenths of its book value.

What is the correct value of the firm ?

(5 marks)

3. (a) Procedure as per Civil Procedure Code, 1908 need not be followed while trying Petitions, applications or appeals by National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT) – Do you agree ?
- (b) Discuss the tax aspects on ‘slump sale’ and ‘demerged company’.
- (c) Explain issue of Sweat Equity shares and its valuation.
- (d) Explain Competition Test (AAEC).
- (e) HIJ Entertainment LLP desires to amalgamate as transferor with LMN Exhibitors Ltd. Is it permissible ?

(3 marks each)

PART-II

4. (a) ‘Insolvency and Bankruptcy Code, 2016 cast upon certain obligations on Information Utilities’ – Justify with your views.

(5 marks)

(b) “Initiation of Corporate Insolvency Resolution Process puts brake on any other legal Proceedings against Corporate Debtor (CD) undergoing CIRP during the process.” Offer your views on the statement.

(5 marks)

(c) “An Information Memorandum in respect of affairs of the Corporate Debtor undergoing Corporate Insolvency Resolution Process is to be prepared in such a manner that incites the Resolution Applicant, but the facts stated therein need be true without any suppression or misinformation” – Would you amplify with your views ? Also discuss, if there is a need for taking a confidentiality undertaking from prospective Resolution Applicant while accessing any detailed information.

(5 marks)

(d) “Debt restructuring involves a reduction of debt and an extension of payment terms or change in terms and conditions” – analyse the statement indicating that any Resolution plan need to be consented by the Committee of Creditors and approved by the National Company Law Tribunal (NCLT).

(5 marks)

5. (a) XY Tractors Ltd is undergoing Corporate Insolvency Resolution Process. The Corporate Debtor does not have any financial creditors. Help the Interim Resolution Professional in constituting the committee of Creditors.

(3 marks)

(b) YM Auto Ltd sends expression of interest as a Resolution Applicant and has been shortlisted by the Resolution Professional. Now YM Auto Ltd writes to Resolution Professional to provide Information Memorandum. The Resolution Professional seeks your guidance in this regard. Give your views.

(3 marks)

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- (c) “A discharge order in case of individual or firm insolvency permits the debtor to start business afresh having freed from the qualifying debts of the insolvent past”. Explain briefly the provisions relating to discharge order.
(3 marks)
- (d) “Any modification suggested by creditors need consent of the debtor in respect of Repayment plan in case of individual or firm insolvency”. Comment briefly on the statement narrating the provisions in respect of conducting meetings and rights of secured creditors to attend.
(3 marks)
- (e) “The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) has a provision for Right to Caveat”. Explain briefly.
(3 marks)

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

6. (a) “Initiation of voluntary liquidation at the instance of Members or Creditors of the Corporate person intended to be liquidated but dissolution only subject to the orders of Adjudicating Authority National Company Law Tribunal”. Examine the truth in the statement.
(5 marks)
- (b) RDX International Ltd is undergoing Corporate Insolvency Resolution Process. The Resolution Professional noticed large chunk of plant and machinery of the company are situate in a foreign country with which Government of India has bilateral relation. Resolution Professional seeks your guidance for the recovery of assets situated in the foreign country. Give your views.
(5 marks)

: 6 :

- (c) “All the assets that are in possession of the Corporate Debtor undergoing liquidation are to be taken into custody by the Liquidator”. Would you analyse the statement ?
(5 marks)

OR (Alternate question to Q. No. 6)

- 6A.** (i) “Filing of Statement of Affairs by the Directors of the Company on which a prima facie case is felt by the Tribunal, is a pre-requisite to oppose such winding-up Petition pending in terms of Companies Act, 2013”. Furnish your views in brief.
- (ii) “In terms of Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 the liquidator can dispose of the assets only through online auction or spot Auction in a traditional manner”. Do you agree ?
- (iii) “Resolution Plan needs approval of not only the Committee of Creditors but also by the Adjudicating Authority to make it legally binding.” Comment the statement briefly detailing the law enabling Adjudicating Authority to approve the Plan.
(5 marks each)

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