

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-I

1. (a) Explain the provision relating to 'Discovered Price' under the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.
(5 marks)
- (b) ABC Textiles Ltd., a listed company, is in the process of merger with XYZ Yarn Ltd., not being a listed company. As the Company Secretary of ABC Textiles Ltd., advise on importance and process of obtaining Observation Letter or No Objection Letter from the stock exchange.
(5 marks)
- (c) The need for achieving economic growth and economies of scale are the main reasons for which the cross border mergers take place. Explain the parameters used for assessing post-merger performance of cross border mergers.
(5 marks)
- (d) PQR Ltd. is a company listed on the Bombay Stock Exchange. The latest audited financial position of PQR Ltd. is as under :

	Amount (₹ in crore)
Paid up equity capital	884
Free Reserves	40,694
Total secured and unsecured debts	2,550

: 2 :

The company intends to buy-back its fully paid up equity shares of ₹ 10 each not exceeding 20,585,000 equity shares at ₹ 1900 per equity share payable in cash for aggregate consideration not exceeding ₹ 3,911.15 crore. Examine whether the above buy-back offer through tender route can be approved by the Board of directors, keeping in view the legal framework for buy-back of securities.

(5 marks)

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

2. (a) 'Grown jewel' strategy as a defense mechanism for hostile takeover is almost impossible to be used in India. Explain.
- (b) Hunny Ltd. is considering merger with Bunny Ltd. Hunny Ltd. has 3,40,000 shares with current market price at ₹ 20 per share and its Profit After Taxes (PAT) amounts to ₹ 17,00,000. Bunny Ltd. has 80,000 shares with current market price of ₹ 15 per share and its PAT is ₹ 6,00,000.
- (i) If the merger goes through by exchange of equity shares and the exchange ratio is based on the current market price, what would be the new earning per share of Hunny Ltd. ?
- (ii) Bunny Ltd. wants to ensure that earnings available to its shareholders are not reduced due to proposed merger. What would be the exchange ratio in such a case ?
- (c) Explain the provision relating to extra territorial jurisdiction of the Competition Commission of India.

(5 marks each)

: 3 :

OR (Alternate question to Q. No. 2)

- 2A. (i) The Competition Commission of India has power to initiate investigation of combination under section 29 of the Competition Act, 2002. What are the different stages involved in the procedure for investigation of combination ?

(5 marks)

- (ii) Zed Ltd. got demerged and the resulting company Zen Ltd. was formed. It was a demerger within the meaning of section 2(19AA) of the Income-tax Act, 1961. As a Company Secretary, advise Zed Ltd. regarding the tax concession available to the demerged company.

(5 marks)

- (iii) From the following information related to Wise Ltd., calculate :

- (a) EBITA
(b) PAT
(c) Super profit

(₹ in lakh)

Net tangible assets	600
Operational Revenue	1,120
Employment Cost	220
(including one time payment of ₹ 40 lakh, not likely to occur in future)	
Managerial Remunerations (to be increased by ₹ 20 lakh from next year)	80

: 4 :

Cost of goods sold	460
Finance charges	160
Depreciation/Amortization	60

Tax provision is to be made @ 25%.

Expected rate of return on assets is to be assumed @ 30%.

(5 marks)

3. (a) The National Company Law Tribunal and the National Company Law Appellate Tribunal shall not be bound by the procedure laid down in the Code of Civil Procedure, 1908. Explain.
- (b) An open offer for acquiring shares once made shall not be withdrawn except under specified circumstances under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. An open offer made by acquirer was withdrawn. As a Company Secretary, advise the acquirer on further course of action under the aforesaid regulations.
- (c) What do you understand by the Competition Test ?
- (d) Between Inbound merger and Outbound merger, which one appears more beneficial to corporate India ? Give reasons in support of your answer.
- (e) Explain the meaning of 'Offer Period' and 'Tendering Period' under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(3 marks each)

PART-II

4. (a) Discuss the effect of moratorium under section 14 of the Insolvency and Bankruptcy Code, 2016.
- (b) A corporate debtor is provided immunity from the liability for offences committed prior to initiation of Corporate Insolvency Resolution Process. Explain the legal provision.
- (c) The Insolvency and Bankruptcy Code, 2016 is one of the biggest economic reforms in India. Comment. Also, state key objectives and preamble of the Insolvency and Bankruptcy Code, 2016.
- (d) 'A resolution plan shall provide for the measures, as may be necessary, for insolvency resolution of the corporate debtor for maximization of value of its assets'. Discuss the measures provided in regulation 37 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulation, 2016.
- (5 marks each)*
5. (a) What shall not be included in the liquidation estate assets under the Insolvency and Bankruptcy Code, 2016 ?
- (3 marks)*
- (b) Explain the general duties of a debtor under the Fresh Start Process.
- (3 marks)*
- (c) An interim resolution professional appointed under the provisions of the Insolvency and Bankruptcy Code, 2016 shall take control and custody of any asset over which the corporate debtor has ownership rights as recorded in the balance sheet of the corporate debtor. What are the assets that cannot be taken over ?
- (3 marks)*

: 6 :

(d) A default in financial debt has arisen on September 20, 2020. Can a petition be filed in May, 2023 for the same ? Explain the legal provision with the help of decided case law.

(3 marks)

(e) A bank took over the management of XYZ Ltd., in terms of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and appointed six directors, consequently removing Vaibhav, an executive director of XYZ Ltd. Vaibhav claimed following amounts :

(i) ₹ 25 lakh as a compensation for loss of office; and

(ii) ₹ 6 lakh towards his unpaid salary for the last three months.

Whether Vaibhav is entitled to compensation for loss of office and unpaid salary ? Give reasons in support of your answer.

(3 marks)

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

6. (a) Corporate Insolvency Resolution Process (CIRP) against XYZ Ltd. was initiated on application by its Financial Creditors on September 21, 2019 but the process was not completed within the time limit prescribed in terms of Section 12(1) of the Insolvency and Bankruptcy Code, 2016. Before completion of CIRP timeline, the Committee of Creditors in its meeting held on January 31, 2020, passed resolution with 60 percent voting share in favour of a proposal seeking extension for a period of 60 days. Whether Resolution Professional can file application seeking extension of CIRP on the basis of voting results so obtained ? Give reasons with the help of legal provisions.

(5 marks)

: 7 :

(b) An insolvency professional shall be eligible to be appointed as a liquidator for Voluntary Liquidation process if he and every partner or director of the insolvency professional entity of which he is a partner or director is independent of the corporate person. What are the circumstances under which an insolvency professional will be considered an independent person for the purpose of appointment as liquidator for the process of Voluntary Liquidation ?

(5 marks)

(c) Under the Insolvency and Bankruptcy Code, 2016, a public announcement of the initiation of the corporate insolvency resolution process for the corporate debtor is required. What information is required to be given in the public announcement ?

(5 marks)

OR (Alternate question to Q. No. 6)

- 6A.** (i) What are the duties of Resolution Professional during the Pre-Packaged Insolvency Resolution Process ?
- (ii) Explain the effects of recognition of foreign main proceedings under the UNCITRAL Model Law on Cross Border Insolvency.
- (iii) Discuss about the acquisition of Bhushan Steel Ltd. by Tata Steel Ltd.

(5 marks each)

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