

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) "The main purpose of merger or acquisition is to deliver the expected financial results, viz., earnings and cash flows." Discuss this statement with some examples from past Indian mergers.

(10 marks)

- (b) An agreement was entered into between a company and its workers. Later on, the said company was to amalgamate with another company. The workers of the said company would like to object to the scheme as creditors. Advise.

(5 marks)

- (c) Define 'alliance'. What are the characteristics of a strategic alliance? What are its advantages?

(5 marks)

2. (a) What are the general obligations of an acquirer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997?

(6 marks)

- (b) Is sanction of the court necessary for a scheme of amalgamation wherein the petitioner company had no secured creditors and all unsecured creditors had accorded their approval to the proposed scheme along with the shareholders of both the companies? The official liquidator also did not have any objection to the scheme. Substantiate your answer.

(5 marks)

(c) The shareholders of Green Ltd. and Yellow Ltd. are the same set of people. Green Ltd. and Yellow Ltd. have merged and formed Green Yellow Ltd. It is the contention of the shareholders that since both the transferor and transferee are the same set of people, there is no transfer and hence no liability to stamp duty. Discuss with reference to case law.

(5 marks)

3. (a) A scheme of arrangement confirmed by the court provided for the change in the name of the company. After the scheme is confirmed, the company applied to the Registrar of Companies (ROC) to change the name of the company and issue a fresh certificate of incorporation. ROC refused to effect change of name. Will the stand of the ROC withstand the legal scrutiny ?

(6 marks)

(b) The majority shareholders of Priya Ltd., after approving the scheme of amalgamation with Ash Ltd., approached the Board of directors of Priya Ltd. with a request to withdraw the petition filed by the company seeking court's confirmation. Advise the Board of directors on the course of action to be followed.

(5 marks)

(c) Discuss whether the filing of draft letter of offer with SEBI amounts to approval of its contents.

(5 marks)

4. (a) Anand has made an offer to acquire a stake in a public limited company. There is no competitive bid to the said offer. However, Anand unilaterally desires to revise the offer price upwards. Advise Anand. Can Anand now reduce the offer price in view of the fact that there is no competitive bid ?

(6 marks)

- (b) Richie Rich Ltd. desires to purchase its own shares through its wholly-owned subsidiary Wealthy Ltd. Discuss.

(5 marks)

- (c) After the shareholders and creditors approved the scheme of amalgamation, the court while sanctioning the scheme decides to alter the appointed date. Advise the company.

(5 marks)

5. (a) What are the disclosures to be made in the letter of offer for buy-back ?

(6 marks)

- (b) Suresh has made an offer for acquisition of 20% of the paid-up capital of Amar Ltd. on 1<sup>st</sup> March, 2006. The offer closed on 31<sup>st</sup> March, 2006. On 20<sup>th</sup> April, 2006, he decides to acquire further shares of Amar Ltd. Advise him.

(5 marks)

- (c) What are the conditions to be satisfied for issuance of shares with differential rights as to voting, dividends or otherwise ?

(5 marks)

6. (a) Discuss the three methods of valuation of equity shares of a listed company. If there is a 'willing buyer' and 'willing seller' in a transaction, is it necessary to follow the methods of valuation stipulated above ? If not, what are the exceptional situations where one need not follow it ?

(8 marks)

- (b) Arjun currently holds shares in a company which entitle him to 14% voting rights in the company. He desires to acquire 9% of further voting rights in the said company during the calendar year

January - December, 2006 in such a way that he acquires 4% between January - March, 2006 and the balance between April - December, 2006. Advise.

(4 marks)

- (c) List out the various legal and official documents a company is required to prepare, maintain and file which is involved in merger/demerger.

(4 marks)

7. (a) Adarsh, a promoter of Diligent Ltd., desires to make a competitive bid for Diligent Ltd. which has turned sick and is currently under the control of an operating agency appointed by BIFR. Advise him.

(6 marks)

- (b) Who can appoint a special director under section 424B? What are his powers?

(6 marks)

- (c) What is the difference in income-tax benefits of 'demerger' and 'reverse merger' ?

(4 marks)

8. (a) Draft a special resolution for approving buy-back of company's own securities.

(6 marks)

- (b) Prashant Ltd. intends to enter into a strategic alliance with Excel Ltd. List out the steps which are to be initiated for creation of good alliance.

(5 marks)

- (c) What do you understand by 'demerger' ?

(5 marks)

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