PART — A

1. (a) Blueberry Ltd., a subsidiary of Greenberry Ltd., merged with its holding company. Greenberry Ltd. was holding 92% equity shares in merged subsidiary company. The management of holding company has sought your opinion about incidence of stamp duty payment. Give your opinion in light of the provisions of the Companies Act, 2013. (5 marks)

(b) The Competition Commission of India has power to initiate investigation for any combination and there is set procedure for the same under section 29 of the Competition Act, 2002. Mention important milestones of the procedure for the investigation of a combination. (5 marks)

(c) The Board of directors of Bright Electronics Ltd. (BEL) has decided to amalgamate with Comfort Electronics Ltd. (CEL) which is the holding company of BEL. In order to fasten their amalgamation process, they approached their secured and unsecured creditors to seek their written consent to the proposed scheme of amalgamation. All the secured creditors of CEL have given their consent in writing but unsecured creditors have raised their doubt on the scheme and they refused to give their consent. The Board of directors of CEL requested the court to grant exemption or waiver from calling the meeting of secured and unsecured creditors of CEL on the ground that the proposed amalgamation would help them to pay off the entire outstanding dues of unsecured creditors. Offer your comments as to whether CEL can get exemption from convening the meeting of secured and unsecured creditors. (5 marks)
(d) Sameer, an acquirer along with persons acting in concert (PACs) is holding 23% shares in Purpleberry Ltd. (a BSE listed company). Now, he intends to acquire 3% additional equity shares in Purpleberry Ltd. through secondary market in the current financial year. He is acquiring less than 5% shares in the financial year and is of the view that he need not to make open offer to public. Give your opinion regarding the need to make an open offer to the public.

(5 marks)

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

2. (a) Metal Ltd. (transferee company) filed a petition under sections 391 to 394 of the Companies Act, 1956 for approval and sanction of the scheme of reconstruction, arrangement and demerger between Metal Ltd. and Brass Ltd. (transferor company). The Regional Director objected that the authorised share capital of the transferee company is not sufficient to allot new shares to the members of the transferor company and therefore, the transferee company should be directed to increase its authorised share capital after following the procedure prescribed under the Companies Act, 2013. Will the objection hold good? Explain.

(5 marks)

(b) 'Crown jewel' strategy for prevention of takeover bids is not a successful tool in Indian context. Comment.

(5 marks)

(c) The voting rights of Vaibhav Pharma Ltd. (VPL) which is one of the promoter company of Poorvi Adhesive Ltd. (PAL) has increased beyond 75% of the total paid-up capital of the company due to the buy-back of shares by PAL pursuant to section 68. The Securities and Exchange Board of India issued a show cause notice to VPL alleging that they had to make a public announcement to acquire shares from the shareholders of the company and by not doing so they have violated provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Keeping in view the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, give your comments.

(5 marks)
OR (Alternate question to Q.No. 2)

2A. (i) Success of a merger depends upon various factors. What are the factors relevant in evaluating the effectiveness of a merger?

(5 marks)

(ii) Delta Overseas Ltd., an industrial company incorporated in the year 2009, has merged with Mars India Ltd. Mention the tax benefits available to the remaining entity namely Mars India Ltd.

(5 marks)

(iii) CIPL, a non-banking finance company, had submitted an application for approval of a scheme of arrangement under section 391 of the Companies Act, 1956 before the High Court. Soham, a deposit holder of CIPL, has filed an application before the Company Law Board (CLB) for ordering repayment of deposits. The CLB passed an order to repay the deposits under section 45QA(2) of the Reserve Bank of India Act, 1934. The CIPL challenged the order of CLB in the High Court. Offer your comments whether CLB is correct in passing such an order in the given circumstances.

(5 marks)

3. (a) Comment on the following:

(i) Applicability of Accounting Standard (AS) – 14 for amalgamation.

(ii) Issue of preference shares to persons outside India under external commercial borrowing (ECB) guidelines.

(iii) Compulsory acquisition of shares of minority shareholders of unlisted companies.

(3 marks each)

(b) Distinguish between ‘demerger’ and ‘slump sale’.

(6 marks)
PART — B

4. (a) Explain the pricing of shares issued under FDI Policy, 2015 to persons resident outside India by an Indian company. 

(b) The share capital of Suraj Ltd. is ₹1,00,00,000 (60,000 equity shares of ₹100 each and 4,00,000, 12.5% preference shares of ₹10 each). The company has earned a profit of ₹65,00,000 after payment of 35% income-tax amounting to ₹35,00,000. Calculate earnings per share (EPS) of Suraj Ltd.

(c) "Super profits are calculated as the difference between maintainable future profits and the return on net assets." Comment.

5. (a) The Wind Urja Ltd. (WUL) is a closely held unlisted company with financial details as under:

   Market Value on 31.03.2015

   Assets (₹ in lakh)
   Land and building 6,500
   Plant and machinery 2,000
   Furniture and fixtures 20
   Trade receivables 1,000
   Cash and cash equivalents 30
   Spares 10

   Outside Liabilities
   Trade payables 20
   Long-term loans 2,000
   Outstanding expenses 5

2/2015/CRVI (N/S) Contd .......
Worldwide Wind Energy Ltd. (WWEL) is ready to take over WUL by paying 35% premium over the market value of assets and liabilities as goodwill. Calculate the price which WWEL is ready to pay to shareholders of WUL.

(5 marks)

(b) You are a Company Secretary of Modern India Ltd., which is planning to go for an IPO. The Managing Director of your company asked you to advise about the differential pricing norms necessarily to be followed by the issuer company as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Advise the company about the conditions for differential pricing.

(5 marks)

(c) Write a note on the procedure adopted by the government when amalgamation of government companies is in public interest.

(5 marks)

PART — C

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

6. (a) Genre Ltd. having registered office at Noida (U.P.) entered into an agreement with Parsu Trading for supply of raw material worth ₹2 crore. It was clearly mentioned in the agreement that all disputes will be referred to the Delhi High Court. Genre Ltd. has defaulted in payments. The management of Parsu Trading has approached you for opinion about jurisdiction since they want to file winding-up petition. Give your advice with decided case laws.

(5 marks)

(b) In relation to insolvency laws, mention four reforms carried out in India in 21st Century.

(5 marks)
(c) Fair Deal Ltd. (FDL) is aggrieved by the order of the Debt Recovery Tribunal (DRT). The management of FDL has decided to file an appeal against the order of DRT. Advise.

(5 marks)

(d) Labour union of MG Textile Ltd. (MGL) filed a winding-up petition for unpaid wages of workmen. Will the petition be maintainable? Based on case laws, give your opinion as to the workers' right in winding-up.

(5 marks)

OR (Alternate question to Q.No. 6)

6A. (i) Auto Components Ltd. (ACL), an industrial company became sick and the Board of directors of the company referred it to the BIFR on 15th March, 2013. Credit Bank Ltd. (CBL), a secured creditor of ACL took possession of the land and building of the company on 18th November, 2013 under section 13(4) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. The company has challenged the action of the bank on the ground that the company is under reference to BIFR. Give your opinion as to whether the contention of the company will hold good.

(5 marks)

(ii) Lalit Hardware Ltd. (LHL) was ordered to be wound-up and Nayan was appointed as the official liquidator. The official liquidator sought to sell the goods, which were imported by availing duty exemption granted in favour of 100% export oriented unit under the scheme without payment of any customs duty by bonding the goods to the Department. Since export obligations were not fulfilled, the Commissioner of Customs claimed recovery of customs duty and central excise duty and requested the official liquidator to incorporate in the sale notice that the removal of the goods are subject to payment of duty components as the goods are bonded goods. Official liquidator refused to accept this condition. The Commissioner of Customs filed writ petition seeking prevention of removal of goods without settlement of customs duty, central excise duty and interest payable thereon. Based on the above facts, give your opinion whether writ petition in the case of a company which is in the process of liquidation by the order of company court is maintainable?

(5 marks)
(iii) Mention the effects of recognition of foreign main proceedings under the UNCITRAL Model Law.

(5 marks)

(iv) Subrata, one of the guarantors for debt facilities taken by Krishna Ltd., is aggrieved against the order of recovery officer of the Debt Recovery Tribunal (DRT). He intends to initiate action against order of the recovery officer. Advise him about next course of action.

(5 marks)