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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) "Corporate restructuring aims at different things at different times for different companies but the single common objective in every restructuring exercise is to eliminate the disadvantages and combine the advantages." Comment on the statement highlighting various needs for undertaking corporate restructuring.

(5 marks)
- (b) What do you understand by 'over-capitalised' company ? Discuss the corrective measures required to be undertaken by an over-capitalised company.

(5 marks)
- (c) What is meant by 'goodwill on amalgamation' ? Which factors are to be taken into account in estimating useful life of goodwill ?

(5 marks)
- (d) Certain aspects should be ensured by designated authority other than the High Court while granting approval of amalgamation of a non-banking financial company (NBFC) with a banking company. Name the authority and discuss the aspects to be ensured.

(5 marks)

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

2. (a) "There have been occasions when shareholders holding miniscule shareholdings have made frivolous objections against the restructuring scheme, just with the objective of stalling or deferring the implementation of the scheme. The courts have, on a number of occasions, overruled their objections." Comment on the statement with relevant case law.  
(5 marks)
- (b) Elucidate the obligations of a merchant banker as per Regulation 20 of SEBI (Buy-back of Securities) Regulations, 1998.  
(5 marks)
- (c) Narrate the conditions precedent and subsequent to court's order sanctioning a scheme of arrangement.  
(5 marks)

*OR (Alternate question to Q.No. 2)*

- 2A. (i) Discuss in brief the provisions regarding carry forward and set-off of accumulated business losses and unabsorbed depreciation by an amalgamated company.  
(5 marks)
- (ii) Explain the tax aspects on slump sale.  
(5 marks)
- (iii) Describe the 'pooling of interests method' of accounting adopted by amalgamated company.  
(5 marks)

3. Comment on the following :

- (a) Poison pill defense is a strategy against hostile takeover.
- (b) Circumstances which prohibit buy-back of shares or other specified securities under the Companies Act, 2013.
- (c) Compliance of the Competition Act, 2002 in relation to merger and amalgamation.
- (d) Demerger may take the shape of spin-off, split-off or split-up.
- (e) Open offer can be withdrawn under Regulation 23 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

*(3 marks each)*

## **PART — B**

4. (a) "Brands do not command any value unless they are able to bring cash flows to the company that has adopted the same. In order to sustain the value of the brand, there must a constant effort by the company on various aspects." Comment.

*(5 marks)*

(b) Explain briefly the features which must be taken into consideration for arriving at valuation of equity shares of a company in a particular transaction.

*(5 marks)*

(c) Write a detailed note on discounted cash flows (DCF) valuation method.

*(5 marks)*

5. (a) "Brands belong to a different species. While physical resources could be created easily if augmenting financial resources is not a problem, same is not the case of brands. It is advisable to approach the brand valuation on the basis of premium price method." Comment on the statement highlighting valuation approach for brands.

*(5 marks)*

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- (b) Gama Pesticide Ltd. (GPL) is taking over Theta Fertilizer Ltd. (TFL). The shareholders of TFL would get 0.8 shares of GPL for each share held by them. The merger is not expected to yield in economies of scale and operating synergy. The relevant data of the two companies are as follows :

	GPL	TFL
Net sales ( <i>₹ in crore</i> )	335	118
Profit after tax ( <i>₹ in crore</i> )	58	12
Number of shares ( <i>crore</i> )	12	3
Earnings per share ( <i>₹</i> )	4.83	4.00
Market value per share ( <i>₹</i> )	30	20
Price-earnings ratio	6.21	5.00

You are required to calculate the following in respect of the resultant company after merger —

- (i) Earnings per share
- (ii) Price-earnings ratio
- (iii) Market value per share
- (iv) Number of shares; and
- (v) Total market capitalisation.

(5 marks)

- (c) Groves Ltd. and Wood Ltd. decided to merge and a new company Groves Wood Ltd. is formed. Following are the extracts from the financial records of Groves Ltd. and Wood Ltd. :

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(₹ in lakh)

*Groves Ltd.**Wood Ltd.****EQUITY AND LIABILITIES***

(1) Shareholders' funds		
(a) Share capital		
Equity shares of ₹10 each	800	1,600
(b) Reserves and surplus		
Reserve fund	400	600
Surplus	600	700
(2) Current liabilities		
Trade payables	700	800
TOTAL	2,500	3,700

***ASSETS***

(1) Non-current assets		
(a) Land and building	400	600
(b) Plant and machinery	900	1,500
(c) Intangible assets ( <i>goodwill</i> )	100	200
(2) Current assets		
(a) Inventories	300	400
(b) Trade receivables	400	300
(c) Cash and cash equivalents	400	700
TOTAL	2,500	3,700

The assets and liabilities of both the companies, excluding the intangible assets are taken over by Groves Wood Ltd. (new company). Compute the total number of shares to be issued to the shareholders of Groves Ltd. and Wood Ltd. of the face value of ₹10 each fully paid-up at a premium of ₹10 per share.

(5 marks)

**PART — C**

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

6. (a) A liquidator is not a trustee but since he is in a fiduciary position in relation to any property of the company and is in the position of a trustee, he is sometimes stated as 'statutory trustee'. Discuss the status of liquidator in compulsory winding-up by the court as well as in voluntary winding-up.

(5 marks)

- (b) Explain the meaning of non-performing assets and their classification. What is the role of Reserve Bank of India in connection with non-performing assets ?

(5 marks)

- (c) List out the cases where provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 are not applicable.

(5 marks)

- (d) Describe the World Bank's Insolvency Law System.

(5 marks)

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*OR (Alternate question to Q.No. 6)*

**6A.** (i) Are 'winding-up' and 'dissolution' synonymous ? Discuss.

*(5 marks)*

(ii) With the help of decided case law, comment on the constitutional validity of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993.

*(5 marks)*

(iii) What are the various measures taken by assets reconstruction or securitisation company for the purpose of assets reconstruction ? What are its other functions ?

*(5 marks)*

(iv) Discuss the provisions of UNCITRAL Model Law regarding co-ordination of more than one foreign proceeding.

*(5 marks)*

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