

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—A

1. (a) “Corporate Restructuring aims at significant change in a Company’s business model, management team or financial structure to address challenges and increase shareholders’ value.” Elucidate the statement with relevance to business strategy.
(5 marks)
- (b) “Restructuring is resorted to in various forms with objectives such as profitability improvement, augmenting more resources, relief from competition and methods take the forms like acquisition, merger, takeover, leveraged buy outs, slump sale, overseas acquisitions etc.” Illustrate certain instances that have happened in India setting examples of benefits in Corporate Restructuring.
(5 marks)
- (c) “Scheme of Reconstruction pursuant to order of competent authority does not trigger open offer under SEBI (SAST) Regulations.” Explain the regulation with reference to any event occurred since promulgation of said regulation in 2011.
(5 marks)

: 2 :

- (d) As a Company Secretary, one should advise the Board regarding compliances under various legislations. Referring the cases of mergers or amalgamations, state the circumstances that warrant compliances under any or all of such legislations.

(5 marks)

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

2. (a) “Events taking place outside India but having an effect on competition in India is also subject to jurisdiction of Competition Commission of India.” Comment on extra territorial jurisdiction provided under Competition Act, 2002.

(5 marks)

- (b) State the distinctive features of Ind AS 103 in contrast to existing AS 14 for accounting treatment in cases of amalgamations and combinations.

(5 marks)

- (c) ABC Bank Ltd. contemplates to merge with PQR Bank Ltd. Accordingly, draft scheme of amalgamation is placed before the Board of Directors of both the banks. The said scheme is aimed to be placed in the shareholders meeting thereafter. Mention the aspects which board of both the companies should consider in approving draft scheme of amalgamation.

(5 marks)

OR (Alternate question to Q. No. 2)

- 2A. (i) “A Scheme, even approved by majority, can be rejected by Court but such a Scheme must be held to be unfair to the meanest intelligence.” Analyse the statement citing important judicial pronouncements.

(5 marks)

: 3 :

- (ii) “In amalgamation of two or more banking companies, Company Law is not applied.”
Comment, briefly explaining the procedure for amalgamation of banking companies.
(5 marks)
- (iii) Apart from availing the benefit of set off and carry forward of unabsorbed depreciation and accumulated losses, what are the other tax benefits if the strategy of the acquirer to merge with a loss making company is in the form of a reverse merger ?
(5 marks)
3. (a) “Optimum capitalization is desired to maintain robust financial health of an enterprise.”
Identify the symptoms of over capitalization or under capitalization.
(3 marks)
- (b) “Reduction of capital requires the approval of National Company Law Tribunal (NCLT) is a general perception.” Elucidate.
(3 marks)
- (c) What are the key indicators that need to be measured apart from expected financial results such as earnings and cash flow to evaluate extent of success of merger ?
(3 marks)
- (d) State the salient features of Reconstruction that differs with Demerger.
(3 marks)
- (e) What is a Voluntary Offer in acquiring shares in another company ? State the restrictions in terms of SEBI (SAST) Regulations, 2011.
(3 marks)

PART—B

4. (a) In calculating fair value, element of guesswork or arbitrariness is imminent. Comment.
(5 marks)

- (b) Balance Sheet of Smileheavy Ltd as at 31-3-2017 reveals as under :

Liabilities	Amount in INR
1,50,000 equity shares of ₹ 10/- each fully paid up	15,00,000
2,00,000 equity shares of ₹ 6/- each fully paid up	12,00,000
60,000 12% cumulative preference shares of ₹ 10/- each fully paid up	6,00,000
Secured Loans	14,00,000
Trade Payables	6,50,000
Total	53,50,000

Assets	Amount in INR
Land & Buildings	23,00,000
Furniture, Fixture & Fittings	3,90,000
Profit & Loss Account Debit Balance	13,00,000
Inventories	8,30,000
Trade Receivables	4,10,000
Balance with Bank	1,20,000
Total	53,50,000

: 5 :

Current value of Land & Buildings is ₹ 30,00,000/-, Furniture, Fixture & Fittings is ₹ 2,50,000/-. Inventory is valued at ₹ 9,11,000/-. Debtors are expected to realise 90% of their book value. You are informed that preference dividend has not been paid for the last 5 years. Calculate the intrinsic value of per equity shares by Net Assets Method.

(5 marks)

- (c) “Courts and Tribunals do not substitute or impose their opinion on the valuation report unless there are noticeable irregularities.” Offer your comments with certain judicial pronouncements.

(5 marks)

5. (a) The net profits earned during the last 5 years of XYZ Ltd. was ₹ (in lacs) 42, 47, 45, 39 and 47 respectively on the capital employed during all the period was ₹ 4 Crores. Market peers in the said industry expect 10% return of capital employed.

You are required to calculate the goodwill of XYZ Ltd. using :

— Capitalization of Average Profit Method and

— Capitalization of Super Profit Method.

(5 marks)

- (b) What are the preliminary steps that are to be followed for a proper valuation ?

(5 marks)

- (c) What are the common strategies that warrant valuation of shares, business or even an undertaking ?

(5 marks)

PART—C

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

6. (a) What is meant by Principle of Supremacy of International Obligations as enunciated in Article 3 of Model Law.
- (5 marks)
- (b) Who are entitled and who are not eligible to make application to adjudicating authority for corporate insolvency resolution process as per Insolvency & Bankruptcy Code, 2016 ?
- (5 marks)
- (c) “Insolvency & Bankruptcy Code, 2016 as on date is an offshoot of reports by several committees established to make Indian economy free from industrial sickness resulting in loss of production and to boost the economy.” Explain the evolvement of Insolvency & Bankruptcy Code, 2016 through recommendations from various committees with consequent reforms made in India over a period of time.
- (5 marks)
- (d) What is a securitisation and who are the parties involved in securitization ? Briefly explain the action points or steps in securitisation ?
- (5 marks)

OR (Alternate question to Q. No. 6)

6A. (i) “Liquidator appointed by the Tribunal has unquestionable sole authority to deal and disburse the properties during liquidation process.” Elaborate your answer citing circumstances in which a liquidator can be removed.

(5 marks)

(ii) What were the reasons that prompted enactment of Insolvency & Bankruptcy Code, 2016 ? How does Corporate Insolvency Resolution Process differ with revival plans under repealed SICA or liquidation under Company Law ?

(5 marks)

(iii) State the procedure for serving notice to foreign creditors under UNICITRAL Model Law.

(5 marks)

(iv) “Recovery Officer acts in an arbitrary manner.” Analyse the statement in the light of the provisions of Recovery of Debts and Bankruptcy Act, 1993 citing judicial pronouncements, if any.

(5 marks)