

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) “Smaller is manageable but Bigger is Beautiful” are not the only reasons for indulging Corporate Restructuring exercise by the Management in managing the establishments. Elucidate the statement indicating need, scope and modes of corporate restructuring. (5 marks)
- (b) ABC Ltd. intends to delist its shares from Delhi Stock Exchange for which the company has made required public announcement. Surewin Ltd., substantial shareholder in the said Company, made a counter offer. Apprise the Board with a short note regarding the outcome. (5 marks)
- (c) “Dissatisfactory implementation of sanctioned compromise and arrangement for amalgamation or merger may lead to liquidation.” Examine the statement in relation to powers of Tribunal in terms of Companies Act, 2013. (5 marks)

: 2 :

- (d) “Non-compliance or contravention of the requirements prescribed under the Companies Act, 2013 and rules framed thereunder in framing or implementing the scheme of a compromise, arrangement involving transferor and transferee Companies may lead to prosecution.” Briefly explain.

(5 marks)

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

2. (a) Internal accruals accumulate to reserves prompts management to venture more avenues through acquisitions or mergers but during and after the process, funds available internally are inadequate. Suggest available avenues to fund the bids for Takeovers and Mergers in addition to internal accruals.

(5 marks)

- (b) Persuasion Performers Ltd. has defaulted in payment of certain instalments of Bank Loan during the year 2012. On 17th October, 2016, Board passed a resolution to convene a general meeting to pass a resolution authorising Board to buy-back its shares to the extent not more than 20% of paid up capital and reserves. It is noted by the Board that the default to Bank was accidental and that has been made good by July 2013. The Extra-ordinary General Meeting has been scheduled for Friday 18th November, 2016. Can you help the Board as to legality of the proposal stating any other aspect to be looked, that prohibits buy-back of securities ?

(5 marks)

: 3 :

- (c) “Contracts entered into and in force need to be replaced by fresh contracts after merged or takeovers entities that have been integrated pursuant orders passed by Courts or Tribunals.” Do you agree ?

(5 marks)

OR (Alternate Question to Q. No. 2)

- 2A.** (i) “Fairness, reasonableness and made in Good Faith are the premises on which the Judicial Authority approves any scheme for amalgamation, merger or demerger.” Offer your comments supported by any judicial pronouncements.
- (ii) Threshold limits triggering public announcement for acquiring shares in listed public Companies are not applicable in case of a listed company undergoing Corporate Insolvency Resolution Process (CIRP) in terms of Insolvency and Bankruptcy Code 2016 — explain indicating the threshold limits that can be ignored in case of CIRP ?
- (iii) “Advocate may accompany a person summoned by the Director General in investigation under Competition Act, 2002.” Briefly offer comments.

(5 marks each)

3. (a) “Orders sanctioning amalgamation or absorption are covered by the Indian Stamp Act as if it were a Conveyance Deed.” Justify the statement with judicial pronouncements.
- (b) In cases of takeovers or demergers, dissenting shareholders have a right to voice a grievance — enumerate briefly the procedure.
- (c) Rama Khadi Industries Ltd. is a fully owned subsidiary of Karishma Gramudyog Ltd. a State Government Company. The State Govt. took a policy decision to amalgamate the former with the latter. Illustrate briefly the steps to be taken in the matter.
- (d) Several Credits Finance Company Ltd., a Non-Banking organisation is in the discussion for a merger with Hatak Bank Ltd., a scheduled Bank. Recommend the action points briefly.
- (e) Saravana Synthetics Ltd. passed a resolution for reduction of capital that has been approved by the Tribunal. Being aggrieved on the valuation process employed Mr. Suman, a shareholder, holding about 4% of total capital, appealed against the said order. Will he be successful ?

(3 marks each)

PART—B

4. (a) “Fair Value of shares is in fact not fair but a compromise effort for bringing the parties to an agreement, just like sudden death in Hockey or Football”. Justify with your views.

(5 marks)

: 5 :

- (b) Management of a Company seeks your advice whether to go for sales in a nearby foreign country. They have furnished the following historical data :
- Units — 4,200, Wages — ₹ 12,600, Materials — ₹ 21,000, Fixed cost — ₹ 7,000, Variable cost — ₹ 2,100, Total — ₹ 42,700. Selling price in domestic market is ₹ 15. In the foreign land about 800 units may be sold only at ₹ 10 and additional 25 paise per unit will be expenses as freight etc. What would be your advice ?
- (5 marks)
- (c) Makeover More-growth Financials Ltd. is in the process of making Further Public Offer (FPO). Can you advise the Board on the precautions to be taken in fixing the price and price-band for the proposed FPO ?
- (5 marks)
5. (a) Paramhans Pharmaceuticals Ltd. is a listed company but the management decided to get the shares in the Company delisted from the stock exchange. The Directors desire to seek advice how to fix offer price. In the meantime Corporate Insolvency Resolution Process (CIRP) is initiated and a Resolution Plan has been resolved by the Committee of Creditors and awaiting approval of the Adjudicating Authority — Offer your advice.
- (5 marks)
- (b) Brands build benefits of future business-inspect the statement with a view to dwell upon the importance of Brand valuation.
- (5 marks)

: 6 :

- (c) “In comparison to demerger, slump sale is not generally tax efficient.” Comment briefly with any case that had taken place.

(5 marks)

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

6. (a) “Default by Debtor was a crime punishable with imprisonment or death” — forgotten preception in the Law of Bankruptcy, transformed the phrase by giving opportunity to a Bankrupt or Insolvent for revival — express your views on evolution of Insolvency Law in Britain and U.S.A. ?
- (b) Progress of enforcement of Insolvency and Bankruptcy Code, 2016 depends on four pillars apart from the Adjudicating Authorities — briefly state the role of such pillars.
- (c) Samadhan Assets Management Company Ltd. is an Asset Reconstruction Company duly registered by the Reserve Bank in India. However, registration of the AMC is cancelled. The directors of the Co. seek your advice on their rights and obligations.
- (d) Perfect Polyesters Ltd. is undergoing Corporate Insolvency Resolution Process as per Insolvency and Bankruptcy Code, 2016. Committee of Creditors is constituted. In the meantime, a Corporate Debtor — Perfect Polyesters Ltd. made a settlement with the applicant financial creditor and desires to get the application withdrawn and seeks your advice.

(5 marks each)

OR (Alternate question to Q. No. 6)

- 6A.** (i) In the “Resolution Process”, define the functions of Insolvency Professionals. Is their contribution being noticed ?
- (ii) UNICITRAL Model Law is binding on member countries but at the best *obiter dicta* for Courts of the Member Countries’ dealing in disputes relating to Cross Border Insolvency and International Trade — elucidate.
- (iii) “Appointment of Voluntary Liquidator does not require approval of Tribunal but Company can be dissolved on the orders of National Company Law Tribunal.” Discuss the above in the background of initiation of voluntary liquidation and consequent dissolution of a company.
- (iv) “Banks and Financial Institutions do have a free hand to take possession of assets of a defaulting debtor under Securities and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.” Are there any exceptions under that Act ?

(5 marks each)