

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 8

NOTE : 1. Answer **ALL** Questions.

2. **All** references to sections relate to the Companies Act, 2013, unless stated otherwise.

PART—A

1. (a) “Approval of a scheme of amalgamation between two banking companies requires Board of Directors of the involved banking Companies to pay attention particularly on certain matters.”
- Explain briefly the guidelines mandated by Reserve Bank of India in this regard.
- (b) “Profit on slump sale is a capital receipt.” Explain and support the statement with decided case laws.
- (c) “A bungled corporate restructuring scheme can turn a good idea into a disaster.” In the light of the given statement outline the keys for a successful corporate restructuring' scheme.
- (d) One of the parties to a combination, situated outside India, is likely to have appreciable adverse effect on competition in India. Discuss the jurisdiction of the Competition Commission of India to inquire into such combinations and to pass orders.

(5 marks each)

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

2. (a) “Corporate Restructuring is the panacea for every corporate turbulence.” Elucidate.
- (b) Which is a better option; an over-capitalized company or an under-capitalized company ? Support your answer with reasons. Also suggest some remedies to rectify both in a company.
- (c) “Amendments brought in on 8th August, 2017 to Lesser Penalty Regulations will bring clarity to the existing leniency regime in India and provide incentives for companies and individuals to proactively assist in cartel enforcement under Competition Act, 2002.” Elucidate.

(5 marks each)

OR (Alternate Question to Q. No. 2)

- 2A. (i) “Once open offer is made there is no question of withdrawal yet there are exceptions.” Comment with your views in terms of the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011- SAST Regulations.
- (ii) “In any merger or amalgamation taking care of financial aspects is of prime importance.” Highlight at least *five* financial aspects that you would consider important whether it is a case of amalgamation or merger.
- (iii) What is a depository receipt ? Discuss the benefits of depository receipt as a means of funding of mergers and takeovers.

(5 marks each)

: 3 :

3. (a) An unlimited company can reduce the share capital of the company in a manner specified in the articles of association of the company without the confirmation of NCLT. Comment.
- (b) Whether any exemption notifications have been issued for section 5 and section 6 of Competition Act, 2002 in relation to Banking Companies ?
- (c) Proponents of the 'poison pills' argue that poison pills do not prohibit all takeovers but enhance the ability of the Board of directors to bargain for a 'fair price'. Comment.
- (d) "External Commercial Borrowings (ECB) framework enables permitted resident entities to borrow from recognised non-resident entities." Comment.
- (e) Voluntary Liquidations are death under Companies Act, 2013 or the Insolvency & Bankruptcy Code, 2016. Elucidate with relevant provisions.

(3 marks each)

PART—B

4. (a) Normally market based approach is used for the purpose of valuation but there are circumstances that do not suit such an approach especially in case of valuation of shares and securities—justify with your comments.

(5 marks)

: 4 :

- (b) Bell Ltd. is taking over Ring Ltd. shareholders of Ring Ltd. would get 0.8 shares in Bell Ltd. for every share held in Ring Ltd. Data in respect of both the companies is as given below :

	Bell Ltd.	Ring Ltd.
Net Sales (₹ in crore)	335	118
Profit after Tax (₹ in crore)	58	12
Number of Shares (in crore)	12	3
Earning per share (in ₹)	4.83	4
Market value per share (in ₹)	30	20
Price Earning Ratio	6.21	5

Calculate the following in respect of 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.

Note :

- (1) Assume that same financial results continue for the next year.
- (2) Present calculations upto 2 decimals ignoring the rest.

(5 marks)

: 5 :

- (c) Big Limited is proposed to be merged with Small Limited by means of share exchange. Big Limited has 2,50,000 shares and Small Limited has 1,25,000 shares. Market price of shares of Big Limited and Small Limited is ₹ 20 and ₹ 10 respectively. Earnings after tax of companies is :

Big Limited ₹ 5,00,000 Small Limited ₹ 1,25,000

Calculate :

- (1) EPS and P/E ratio of both the companies before merger
- (2) Exchange Ratio if the EPS of Big Limited remains the same after the merger.

(5 marks)

5. (a) Brand Valuation is necessary to determine the worth of a company. Why is brand valuation important ? Discuss some methods of valuation of brand.

(5 marks)

- (b) What is the meaning of liquidation value ? Explain the process of computation of liquidation value of an enterprise.

(5 marks)

- (c) XYZ Company Ltd. (XYZ) is acquiring PQR Company Ltd. (PQR) . XYZ will pay its 0.5 share to the shareholders of PQR for each share held by them in PQR. The data for the two companies are as given below :

	XYZ	PQR
Profit after tax (₹ in lakh)	150	30
Number of shares (in lakh)	25	8
Earnings per share (₹)	6.00	3.75
Market price per share (₹)	78.00	33.75
Price-earnings ratio	13	9

: 6 :

Calculate the earnings-per share of the Resultant /amalgamated company. If the price earnings ratio of XYZ falls to 12 after the merger, what would have been the premium received by the shareholders of PQR. How far is the visible (financial) gain or loss to the shareholders of XYZ Ltd. on account of the merger ?

Note :

- (1) Assume that same financial results continue for the next year.
- (2) Present calculations upto 2 decimals ignoring the rest.

(5 marks)

PART—C

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

6. (a) Insolvency professionals are permitted to take assistance of legal, accounts or other professionals but not supposed to outsource any of his duties or responsibilities under Insolvency and Bankruptcy Code, 2016 and regulations made there-under—Offer your views in light of clarification issued by Insolvency and Bankruptcy Board of India (IBBI).
- (b) What are the modes of recovery which can be used by the recovery officer to recover the debts determined by the Debt Recovery Tribunal under the Recovery of Debts and Bankruptcy Act ?

(5 marks)

(5 marks)

: 7 :

(c) “An insolvency professional shall be eligible to be appointed as a liquidator if he, and every partner or director of the insolvency professional entity of which he is a partner or director is independent of the corporate person.” In the light of given statement, discuss the eligibility of insolvency professional to be appointed as a liquidator under Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017.

(5 marks)

(d) The UNCITRAL Model Law is not a law in its own right and has no force. It provides a legal text for incorporation into national law. Discuss the circumstances that necessitated the development of a Model Law on cross border insolvency.

(5 marks)

OR (Alternate question to Q. No. 6)

6A. (i) What are the provisions regarding disclaimer of onerous properties by the liquidator under the Companies Act, 2013 ?

(5 marks)

(ii) Insolvency and Bankruptcy Code, 2016 is dependent on adjudication and regulation. While adjudication is dealt by National Company Law Tribunal or Debt Recovery Tribunal, the regulations are framed by the Insolvency and Bankruptcy Board of India (IBBI)—describe in short the role and powers of IBBI as per Code.

(5 marks)

(iii) Discuss the obligations of the Asset Reconstruction Companies regarding modification of security interest and satisfaction of security interest under the SARFAESI Act, 2002.

(5 marks)

(iv) Define the following terms under SARFAESI Act, 2002 :

(a) Securitisation

(b) Secured Creditor

(c) Security Receipt

(5 marks)

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