

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 4

NOTE : All references to sections relate to the Companies Act, 2013 unless stated otherwise.

PART – A

*(Answer Question No.1 which is compulsory
and any three of the rest from this part.)*

1. (a) State with reasons in brief, whether the following statements are true or false citing relevant provisions of the law/case law :
- (i) Companies can raise entire funds for any scheme of merger or takeover through employee stock option scheme.
 - (ii) BIFR can make distinctive provisions in a scheme of rehabilitation of a sick company through reverse merger.
 - (iii) Since surrender of shares is the initiative of a member or shareholder, it will be binding on the company whenever it is exercised by the member/ shareholder.
 - (iv) Slump sale is more tax efficient in comparison to demerger.
 - (v) Free cash flow is a financial tool mainly used in valuation of securities.
- (2 marks each)*
- (b) "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 valuation of the brand, there must be a constant attempt from the company on various aspects." Comment on this statement highlighting various aspects which a company must consider to protect value of the brand.
- (8 marks)*
- (c) "No company shall directly or indirectly buy-back its own shares or other specified securities under the circumstances which prohibit buy-back of shares or other specified securities under the Companies Act, 2013." Elucidate.

(7 marks)

2. (a) Comment on the following statements :
- (i) Issue of certificate by Registrar of Companies with respect to reduction of capital is a conclusive evidence irrespective of its legality or validity.
 - (ii) Court can sanction a scheme even in the case of a company where an order of winding-up has been passed and a liquidator has been appointed.
- (3 marks each)*
- (b) Mention the common mistakes made by corporates leading to pitfalls in mergers and acquisitions.
- (4 marks)*
- (c) "There have been occasions when shareholders holding miniscule shareholdings have made frivolous objections against the scheme, merely with the objective of stalling or deferring the implementation of scheme. The Courts have, on a number of occasions, overruled their objections." Comment on this statement with the help of relevant citation of two case laws.
- (5 marks)*
3. (a) ABC Ltd. is contemplating the purchase of XYZ Ltd. ABC Ltd. has 6,00,000 shares having market price of ₹60 per share and XYZ Ltd. has 2,00,000 shares selling at ₹40 per share. The earnings per share (EPS) for ABC Ltd. and XYZ Ltd. are ₹4.00 and ₹3.00 respectively. Management of both companies are discussing for exchange of 0.5 share of ABC Ltd. for one share of XYZ Ltd. (0.5:1).
- You are required to —
- (i) Calculate the earnings per share (EPS) after merger.
 - (ii) Show the effect of merger on EPS with share exchange ratio of 0.5:1 for ABC Ltd.
- (8 marks)*
- (b) "Due diligence starts much before the process of restructuring and helps in better negotiation of deals, to handle taxation and stamp duty aspects in better manner, to minimise and resolve the human and cultural issues that may arise out of mergers/amalgamation, etc." Comment on the statement in view of the fact that due diligence is considered as 'background check'.
- (7 marks)*

: 3 :

4. (a) Enumerate the circumstances under which amount lying in escrow account can be released in view of Regulation 17(10) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
(7 marks)
- (b) Draft a Board resolution for 'offer by offeror company' in respect of takeover.
(4 marks)
- (c) What are the corrective measures required to be undertaken by an over-capitalised company ?
(4 marks)
5. (a) "Takeover is an inorganic growth device." Explain. Also discuss the various kinds of takeover.
(7 marks)
- (b) What is meant by persons acting in concert (PAC) in the context of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ?
(4 marks)
- (c) "P/E ratio cannot be calculated in the case of unlisted companies, as the market price of the shares is not available." Discuss the statement in view of valuation of shares of unlisted companies.
(4 marks)

PART – B

(Answer ANY TWO questions from this part.)

6. (a) What kind of order containing directions against disposal of assets be passed under the Sick Industrial Companies (Special Provisions) Act, 1985 and when ?
(4 marks)
- (b) (i) Which provision prevails in case of any contradiction between immunity under section 22 of the Sick Industrial Companies (Special Provisions) Act, 1985 vs. any other law as in force ?
(2 marks)

- (ii) State, with reasons in brief, whether the following statements are true or false :
- (a) Section 22 of SICA does not grant immunity from criminal proceedings against the company or its directors. *(1 mark)*
- (b) Section 22 of SICA cannot be used as a shield against the recovery of debts such as unpaid price of goods particularly when the goods have been purchased after the reference has been registered. *(1 mark)*
- (iii) Briefly explain the sickness indicators when 'going concern' status of an entity is affected ? *(3 marks)*
- (c) Explain the steps involved in securitisation process. Who are the parties involved in securitisation ? *(4 marks)*
7. (a) 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)*
- (b) "Settlements arrived at Lok Adalats are not legally enforceable by themselves." Examine the statement in the light of provisions of the Legal Services Authorities Act, 1987. *(5 marks)*
- (c) Explain the following under the UNCITRAL model law :
- (i) Establishment *(2 marks)*
- (ii) Foreign non-main proceeding. *(3 marks)*
8. (a) Discuss briefly 'cross examination of witness' in view of the Supreme Court ruling for Debt Recovery Tribunals (DRTs). *(5 marks)*
- (b) Give any four examples of 'misfeasance'. *(4 marks)*
- (c) There might be some situations where winding-up cannot be ordered even if it is 'just and equitable' to order winding-up of the company. Examine such cases. *(6 marks)*