

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) Discuss the provisions and powers of Competition Commission of India to impose penalty for non-furnishing of information on combination under the Competition Act, 2002.

(5 marks)

- (b) Comment on the following :

- (i) No offer of buy-back shall be made within a period of 180 days from the date of Board meeting or meeting of shareholders, as the case may be, in respect of the preceding offer of buy-back.
- (ii) In the event of forfeiture of the amount lying in the escrow account, the acquirer shall be paid one-third of the amount forfeited in terms of regulation 17(10) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (iii) An offer in which the acquirer has stipulated a minimum level of acceptance is known as 'conditional offer'.

(3 marks each)

- (c) "Certain disclosures are required to be made in the first financial statements prepared after the amalgamation orders." Mention such disclosures.

(6 marks)

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

2. (a) Explain the term 'persons acting in concert' (PACs) with reference to SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
(5 marks)
- (b) Toko Trading Corporation (TTC) is a listed Japanese corporate entity and is holding 24% paid-up equity in Toko Tara India Pvt. Ltd. TTC wishes to extend external commercial borrowings (ECB) to the extent of USD 4 million to its Indian entity. Can it do so ? Explain your answer with reference to the concept of 'recognised lender' under the ECB Guidelines.
(5 marks)
- (c) What does the term 'crown jewel' stand for, as a defence strategy in respect of a takeover bid ?
(5 marks)

OR (Alternate question to Q.No. 2)

- 2A. (i) 'General exemptions' under regulation 10 and 'Exemption by board' under regulation 11 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 are one and the same. Comment.
(5 marks)
- (ii) What are the documents that are required to be filed under the Companies (Court) Rules, 1959 so as to facilitate the court to sanction the scheme of demerger ?
(5 marks)
- (iii) "Prior approval of the Reserve Bank of India is required before acquiring controlling stake in a deposit taking NBFC." Do you agree ? Justify your answer.
(5 marks)

: 3 :

3. (a) Yellow Overseas Ltd. (YOL) merged with Yellow India Ltd. (YIL). YOL availed the benefit of amortisation of preliminary expenses only for two years till merger order. Whether YIL is eligible to avail this benefit for the remaining period ? Substantiate your answer.

(5 marks)

- (b) What is 'observation letter' issued by stock exchanges ? What are the obligations of listed companies in relation to 'observation letter' with reference to merger ?

(5 marks)

- (c) Ludhiana Berry Ltd. has proposed merger of Jalandhar Berry Ltd. with itself. The merger scheme has been approved by 76% shareholders of Ludhiana Berry Ltd. and 98% shareholders of Jalandhar Berry Ltd. (in value terms). Explain with the help of relevant provisions and decided cases, whether this will be binding on all the shareholders (including dissenting shareholders).

(5 marks)

PART — B

4. (a) Explain the provisions of the Income-tax Act, 1961 in relation to computation of capital gains arising out of slump sale.

(5 marks)

- (b) Write a short note on the valuation of stock options under SEBI (Share Based Employee Benefits) Regulations, 2014.

(5 marks)

- (c) Blue Springs Ltd. incorporated a new company namely Defence Springs Ltd. and transferred its defence component division to it on slump sale basis for a lump sum consideration of ₹255 lakh. The assets and liabilities of the defence component division are as under :

	₹ (in lakh)
<i>Assets :</i>	
Gross value of fixed assets	410
Accumulated depreciation till date	240
Current assets (<i>other than liquid assets</i>)	80
Liquid assets	30
<i>Liabilities :</i>	
Trade liabilities	60
Secured loans (<i>including short-term loans</i>)	80
Short-term loans	35

Calculate the following —

- (i) Aggregate value of total assets;
- (ii) Book value of net assets;
- (iii) Networth of the defence component division; and
- (iv) Capital gains as per section 50B of the Income-tax Act, 1961.

(5 marks)

5. (a) White Chicks Ltd. is listed on Bombay Stock Exchange. The management wishes to issue sweat equity shares to the new Chairman and Managing Director for which extra-ordinary general meeting is scheduled on 15th July, 2016.

: 5 :

Based on the following information, calculate the minimum value at which sweat equity shares can be issued, and submit your opinion to the management making your own assumptions, wherever required. Substantiate your answer with relevant provisions of SEBI Regulations.

<i>Particulars</i>	<i>(₹)</i>
Average of weekly high and low of the closing prices during last six months as on 'relevant date'	275.00
Average of weekly high and low of the closing prices during last six weeks as on 'relevant date'	285.00
Average of weekly high and low of the closing prices during last six years as on 'relevant date'	185.00
Average of weekly high and low of the closing prices during last two months as on 'relevant date'	282.00
Average of weekly high and low of the closing prices during last two weeks as on 'relevant date'	314.00
Average of weekly high and low of the closing prices during last two years as on 'relevant date'	214.00
	<i>(5 marks)</i>

- (b) "Market based approach to valuation is adopted for determination of price in the case of preferential allotment, buy-back and open offer. But the market price is not so reliable for the purpose of valuation." In the light of the statement, state the limitations of market based approach particularly in case of preferential allotment, buy-back and open offer.

(5 marks)

- (c) Apart from comprehensive analysis covering the past, present and future earnings and prospects of the company, several other factors are to be taken into account for the valuation of an enterprise.

List out the important factors that deserve consideration for proper valuation of an enterprise.

(5 marks)

PART — C

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

6. (a) Great Ltd. having registered office at Jaipur (Rajasthan), entered into an agreement with Newsome Trading for supply of raw material worth ₹4 crore. It was clearly mentioned in the agreement that all disputes will be referred to Delhi High Court. Now, Great Ltd. has defaulted in payments. The management of Newsome Trading has approached you for opinion about jurisdiction as they want to file recovery suit alongwith winding-up petition. Supporting with decided case laws, advise them.

(5 marks)

- (b) Constitution of National Company Law Tribunal (NCLT) will usher a new era as far as insolvency issues are concerned and will also open up new professional opportunities for Company Secretaries. Comment.

(5 marks)

- (c) Subrata, one of the guarantor for debt facilities taken by Great Herald Ltd. is aggrieved by an order of Debt Recovery Tribunal. Advise him about the further course of action.

(5 marks)

: 7 :

- (d) Debt Recovery Tribunal has passed an order for recovery of ₹5 crore against Prism Ltd. and its directors. What modes of recovery are available to recovery officer ? Advise.

(5 marks)

OR (Alternate question to Q.No. 6)

- 6A. (i) Write a note on the list of contributories in case of compulsory winding-up.

(5 marks)

- (ii) In relation to insolvency laws, mention any five reforms carried out in India in 21st century.

(5 marks)

- (iii) Oriental Bank of India (OBI) extended loan of ₹20 crore to Aamran Fabricators Ltd. (AFL). Debt Recovery Tribunal (DRT) has issued order against AFL for recovery of outstanding dues amounting to ₹28.5 crore as against the claim of ₹30 crore filed by OBI. Aggrieved by the order of Debt Recovery Tribunal, AFL wants to file appeal in Debts Recovery Appellate Tribunal under section 18 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Explain the pre-conditions to be fulfilled for filing of an appeal against the order of DRT.

(5 marks)

- (iv) Mention the other functions of securitisation company or reconstruction company as per the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

(5 marks)

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