

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 is one of the means employed by the company to achieve strategic and financial synergies. It is a process undertaken by corporates for arranging the business for increased efficiency and profitability. In context of the above statement, briefly discuss the scope and modes of corporate restructuring.

(5 marks)

(b) What is the procedure for regulation of combination by Competition Commission of India ? Which institutions are exempt from giving a notice to the Commission regarding the proposed combination ?

(5 marks)

(c) Ramesh, who is promoter of Green Ltd. holds 20% of paid-up share capital of the company. The shares of the company are listed on National Stock Exchange. Ramesh intends to pledge his shares for obtaining loan. State the requirements for disclosure of pledged shares under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(5 marks)

: 2 :

- (d) “Amalgamation of Government Companies requires a simplified procedure for compliance”. List out the steps involved upto the stage of approval by Central Government for amalgamation of Government companies.

(5 marks)

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

2. (a) Using any evident case, explain the concept of funding through leveraged buy-out for the acquisition of a company.
- (b) The incidence of stamp duty is an important consideration for the planning of any merger. Discuss the stamp duty payable when amalgamation is between a holding company and a subsidiary company.
- (c) What is meant by demerger ? Differentiate it with the slump sale.

(5 marks each)

*OR (Alternate Question to Q. No. 2)*

- 2A. (i) Going global is rapidly becoming the Indian company’s mantra of choice. What are the benefits and challenges involved in cross border takeover ? Name some recent cross border takeovers.

(5 marks)

: 3 :

(ii) Explain Inbound and Outbound merger as defined in the Foreign Exchange Management (Cross Border Merger) Regulations, 2018.

*(5 marks)*

(iii) The main purpose of a merger or acquisition is to achieve the expected financial results namely the earnings and cash flow. But there are certain other measures that serve as key indicators for measuring post merger efficiency. What are these key indicators ?

*(5 marks)*

3. Comment on the following :

(a) Negotiated deals, private arrangement and spot transaction methods of buy back of shares are allowed under SEBI (Buy Back of Securities) Regulation, 1998.

(b) An open offer made under SEBI (SAST) Regulations, 2011 cannot be withdrawn except under certain circumstances.

(c) A conditional offer and a competing offer are one and the same under SEBI (SAST) Regulations, 2011.

(d) Securities premium can be utilized for reducing share capital.

(e) Accounting Standard-14 is applicable to demerger.

*(3 marks each)*

**PART—B**

4. (a) Fund Raising is an important exercise for any business activity. What are the important parameters to be kept in mind while doing valuation for fund raising ?
- (b) Merger and Amalgamation is one of the most attractive routes to enter into a new business. Explain the advantages of starting a new business through merger/amalgamation.
- (c) Firm A is a profit making firm whereas firm B has accumulated losses of ₹ 1,000 lakh. Firm A acquires firm B. The projected profits before taxes, of firm A, for the next three years are given in the table :

Year	Projected Profit Amount (₹ in lakh)
1	350
2	500
3	700

Determine the present value of tax gains which the firm A gains on account of merger with firm B.

Assume corporate tax rate 35 per cent. Discount rate 12 per cent.

Present Value (PV) factor at 12% : one year 0.893, two year 0.797, three year 0.712.

(5 marks each)

: 5 :

5. (a) The following information is available in respect of acquiring company FM Ltd. and target company VM Ltd. :

Particulars	FM Ltd	VM Ltd	Remarks
Earnings after Tax	₹ 2000 lakh	₹ 400 lakh	PAT
No. of Shares issued and paid up	200 lakh	100 lakh	Face Value ₹ 10
P/E Ratio	10	5	—

*You are required to calculate :*

- (i) Swap Ratio on Current Market Price. (2 marks)
- (ii) EPS of FM Ltd. after acquisition (1 mark)
- (iii) Expected Price per share of FM Ltd. after acquisition, assuming P E Ratio of FM Ltd. remaining unchanged. (1 mark)
- (iv) Total Value of Merged Company. (1 mark)
- (b) When no mistake is found in exchange ratio worked out by a recognized and reputed firm of Chartered Accountants and the same has been adopted by the shareholders/creditors with overwhelming majority, Court/Tribunal still can, substitute the exchange ratio. Do you agree ? Discuss. (5 marks)
- (c) 'Valuation is an art, not a science'. Explain this statement with reference to different methods to be applied while arriving at the fair value of shares. (5 marks)

**PART—C**

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

6. (a) The term 'Person' and 'Corporate Person' have been used differently at different places in the Insolvency and Bankruptcy Code, 2016. Define the term person and corporate person and explain the difference between the two.
- (b) A foreign representative has applied to the court for recognition of the foreign proceedings. When shall such a foreign proceedings be recognized under the UNCITRAL Model Law ?
- (c) You being a Registered valuer conducted valuation of a company. What is all that you will cover in your valuation report ?
- (d) What is the time limit for completion of the corporate insolvency resolution process under the IBC Code, 2016 ? A resolution process could not be completed within the specified time limit, what recourse is available to the Resolution Professional to get an extension of time period ?

*(5 marks each)*

***OR (Alternate question to Q. No. 6)***

- 6A. (i) Explain the term 'Security Interest' under the SARFAESI Act, 2002.

*(5 marks)*

- (ii) Discuss the functions and code of conduct of Insolvency Professional under the Insolvency and Bankruptcy Code, 2016.

*(5 marks)*

: 7 :

(iii) Though UNCITRAL model law is not a substantive law, yet it recommends protection to creditors and other interested persons. Briefly describe what are the protections provided under the UNCITRAL model law.

*(5 marks)*

(iv) Asset Reconstruction Company (ARC) acts as an agent for any bank or financial institution for the purpose of recovering their dues from borrowers. Explain the statement with legal provisions.

*(5 marks)*

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