

*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-I**

1. (a) XYZ Ltd. is going for reduction of capital, but the Board of directors of the company expects objection from some of the creditors of the company. The Board seeks your opinion as a company secretary with respect to this matter. Express your opinion in light of the provisions of Companies Act, 2013.
- (b) The Board of directors of MNM Ltd., a small company is considering to merge with BRQ Ltd., another small company. The Board wants the merger to be fast and seeks your opinion about the conditions to be complied in this respect. Render your opinion based on the provisions of Companies Act, 2013.
- (c) “Circumstances or reasons that prompt or motivate Management to resort to Corporate Restructuring” — Briefly analyse the phrase giving or citing certain noted mergers or demergers during the last couple of years.
- (d) Mergers and acquisitions have one common goal of creating synergy that makes the value of the combined companies greater than the sum of the parts — Analyse briefly to focus on the visible benefits of such combinations.

*(5 marks each)*

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

2. (a) GKL Ltd., an Indian company intends to amalgamate with PS International Ltd., a foreign company. Examine the legal provisions that have to be complied with for such an amalgamation.
- (b) Whatever may be the degree of complexity and method of satisfaction, valuation is always an estimate — explain citing principles to be kept in mind for valuation.
- (c) “Under Companies Act, 1956 small companies were deterred from entering into mergers owing to the lengthy process and the Companies Act, 2013 provided a solution”.  
Comment.

*(5 marks each)*

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

- 2A. (i) Sun Ltd. (listed company) has paid dividend of ₹ 10 per share in the current year. The estimated annual growth rate of the dividend is 5% per annum and share price is ₹ 120. Moon Private Ltd. (unlisted company), has paid dividend of ₹ 2 per share. The annual growth rate of the company is estimated to be 10% per annum. Calculate the rate of return of the listed company, Sun Ltd. and apply the same to unlisted company to compute the value of the share of the unlisted company Moon Private Ltd. (Assuming annual growth rate will continue for the future also.)

*(5 marks)*

: 3 :

(ii) Draft balance sheet of Mentos Ltd. as on 31st March, 2019 :

(₹ in '000)

Liabilities	Amount	Assets	Amount
Share Capital		Land & Building	7,500
Equity shares (₹ 10 each)	10,000	Plant & Machinery	3,700
16% Preference shares (₹ 100 each)	3,000	Furniture	730
General Reserve	1,050	Investments	1,620
18% debenture	600	Inventory	550
Other current liabilities	350	Trade receivables	750
		Cash at bank	150
	<b>15,000</b>		<b>15,000</b>

**Additional information :**

- (i) Zeus Ltd. will take over Mentos Ltd. on 10th May, 2019.
- (ii) Debentureholder of Mentos Ltd. are discharged by issuing 12% debenture of Zeus Ltd. at a premium of 15%.
- (iii) Intrinsic value per share of Mentos Ltd. is ₹ 40 and that of Zeus Ltd. ₹ 50. Zeus Ltd. will issue shares on basis of intrinsic value to satisfy the equity shareholder of Mentos Ltd. However the entry should be made at par value only. The nominal value of each equity share of Zeus Ltd. is ₹ 10.
- (iv) 16% preference shareholder of Mentos Ltd. are discharged at a premium of 20% by issuing necessary number of 10% preference share of Zeus Ltd. (Face value ₹ 100 each).

Compute the purchase consideration.

(5 marks)

- (iii) Brakes Ltd., a small company manufacturing brakes proposes to merge with Lubricants Ltd., another small company. Registrar of Companies (ROC) objected the scheme on the ground that it is not in the interest of the creditors. Comment on further steps as per Companies Act, 2013.

(5 marks)

3. (a) Certain ambiguities are cleared with the notification of Competition Commission of India (Procedure in regard to transactions of business relating to Combinations) Amendment Regulations, 2018 on 9th October 2018 — Briefly comment.
- (b) Distinguish between merger and an acquisition (any *three* points).
- (c) Write a short note on Leveraged buyout.
- (d) “Small Companies can only opt for Fast Track Mergers” — Elucidate briefly for identifying small companies.
- (e) “Cross Border Mergers not only bring benefits but also assume risks”. — Briefly comment with specific provision under Companies Act, 2013.

(3 marks each)

#### PART-II

4. (a) Global Finance Bank Ltd. has extended ₹ 100 crore to GEO Ltd. against mortgage of 50 acre of landed property with building. GEO Ltd. is being liquidated. Global Finance Bank Ltd. seeks to realise the mortgaged property given as security. Advise Global Finance Bank Ltd. about realising its security

(5 marks)

: 5 :

- (b) Terms “Insolvency” and “Bankruptcy” are synonymous in result but practically refer to different situations and consequences — Briefly explain.  
(5 marks)
- (c) “Any security interest created in favour of any secured creditor may be enforced, without the intervention of the court or tribunal, by such creditor”. Explain the procedure for enforcement of security interest under Securitisation and Reconstruction of Financial Asset and Enforcement of Security Interest Act, 2002 (SARFAESI).  
(5 marks)
- (d) While adjudication was available for each kind of insolvency and bankruptcy, do you feel the necessity of a single code in the name of Insolvency and Bankruptcy Code, 2016 — Discuss with relevant background.  
(5 marks)
5. (a) On or after promulgation of Insolvency and Bankruptcy Code, 2016 only the qualified person can be appointed as a Resolution Professional or a Liquidator of a Corporate Body — Discuss briefly.  
(3 marks)
- (b) Debt for Equity swaps can be used as a tool not only for 230-231 of Companies Act, 2013 but for resolution plans formulated under Insolvency and Bankruptcy Code, 2016 — Present your views briefly.  
(3 marks)
- (c) Define “bankrupt” under Insolvency and Bankruptcy Code, 2016.  
(3 marks)

(d) In a case of Individual Insolvency, creditors resolved to replace the Resolution Professional and approached you for an advice. Offer your views for replacing the Resolution Professional.

(3 marks)

(e) Central Government has power to examine the books and papers, financial reports even after sanction of the scheme by National Company Law Tribunal — Elaborate the issue in relation to preservation of records of amalgamated companies.

(3 marks)

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

6. (a) A model Law is a legislative text that needs legislative guide to outline the core issues to be incorporated in the substantive law — Discuss the relevance in having Legislative Guide by United Nations Commission for International Trade Law (UNCITRAL) to supplement UNCITRAL Model Law on cross border insolvency.

(b) A resolution plan has been submitted in respect of the company PQR Ltd. and the resolution plan is yet to be confirmed. The committee of creditors resolved to liquidate PQR Ltd. approved by not less than sixty-five percent of the voting share. Can liquidation be ordered ?

(c) “The Insolvency and Bankruptcy Code makes significant changes in the priority of claims for distribution of liquidation proceeds”. Comment

(5 marks each)

: 7 :

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

- 6A.** (i) EST Ltd. is aggrieved by the order of National Company Law Tribunal (NCLT) and seeks your advice for further steps in the matter.
- (ii) The National Company Law Tribunal (NCLT) has confirmed the reduction of share capital of MGF Ltd. Explain when the reduction of share capital will take place as per the Companies Act, 2013
- (iii) Explain the major amendments introduced in SEBI (Substantial Acquisition of Shares Takeovers) Regulations, 2011 notified on September 21, 2011.

*(5 marks each)*

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