

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-I**

1. (a) “Corporate Restructuring is the process of significantly changing a company’s business model, management team or financial structure to address challenges and increase shareholders value. Elucidate the statement indicating need and scope of Corporate Restructuring.  
(5 marks)
- (b) Upon public announcement by an Acquirer, the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 places certain obligations on the Target Company. Comment.  
(5 marks)
- (c) The projected Cash Flow of ABC Limited is as following :

Year	Cash Flow	DCF@20%
1	700000	0.833
2	900000	0.694
3	1100000	0.578
4	1300000	0.482
5	1500000	0.401

: 2 :

Assuming the Discount Rate for ABC Limited to be 20%. Terminal Value is estimated to be ₹ 1800000 and estimated year of exit is 5. Calculate the Total Present Value. (5 marks)

- (d) “Courts look into fair and reasonableness of any scheme of Compromise or arrangement made in good faith and mere complaint of minority Oppression does not suffice”. Justify the statement supported by judicial pronouncements. (5 marks)

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

2. (a) “Amount standing in the credit of the Escrow Account created pursuant to the Securities and Exchange Board of India (Substantial Acquisition and Takeover) Regulations, 2011 in case of an open offer, shall not be released in any circumstances”. State the exceptions to the statement. (5 marks)
- (b) Soham Limited is proposing to purchase Aham Limited. Information available for both the companies are as follows :

	<b>Soham Limited</b>	<b>Aham Limited</b>
Paid up share capital	5,00,000 equity shares of ₹ 10 each	2,50,000 equity shares of ₹ 10 each
Market value per share	₹ 40.00 per share	₹ 30.00 per share
EPS	₹ 5.00 per share	₹ 4.00 per share

Following two alternatives are being explored for exchange of shares :

- (i) In proportion to the relative earnings per share of the two companies.  
(ii) 1 share of Soham Limited for 2 shares of Aham Limited.

: 3 :

Calculate :

- (i) Earnings Per Share (EPS) after amalgamation under the above two options.
- (ii) Impact of EPS for the shareholders of the two companies under both options. (5 marks)
- (c) A clean and clear drafting of the Petition is required to be submitted to the NCLT, which would make process easier. Elaborate the standard guidelines for presenting an application or petition before NCLT, prescribed in National Company Law Tribunal Rules, 2016 and Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. (5 marks)

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

- 2A. (i) “A business valuation involves logical application/analysis of historical/future tangible and intangible attributes of business”. Do you agree with this statement ? What are the aspects involved in the preliminary study of valuation ? (5 marks)
- (ii) Zen Limited is proposing to take over Ken Limited at an exchange ratio of 4 : 5.

Following information is available for the companies :

	Zen Limited	Ken Limited
Profit before Tax (in crore)	20	14
No. of shares (in crore)	30	20
P/E Ratio	12	10

Consider Corporate Tax @ 30%.

: 4 :

You are required to calculate :

- (i) Market Value of both the companies
- (ii) Value of original shareholders
- (iii) Price per share after merger.

(5 marks)

- (iii) A Ltd. was a listed company with Kanpur Stock Exchange but delisted in 2012. In the year 2017, the Board passed a resolution approving a scheme of arrangement and petitioned before the National Company Law Tribunal (NCLT). Subsequent to that, scheme was placed before the members. Two (2) shareholders holding 80% shares opposed the scheme. As a Company Secretary, what would you advice to the Board next course of action(s) pursuant to the provisions of the Companies Act, 2013.

(5 marks)

3. (a) Explain the term “relevant geographic market” and “relevant product market” in terms of the Competition Act, 2002.

(3 marks)

- (b) “Stamp Duty is exempted when amalgamation is between Holding and Subsidiary Companies”. Comment.

(3 marks)

- (c) Internal accruals are an important source of funding mergers and takeovers. Comment on the statement with reference to issue of equity instruments with differential voting rights.

(3 marks)

- (d) Mention anticipated benefits and challenges for business ventures involving Cross Border Mergers.

(3 marks)

: 5 :

- (e) NCLT and NCLAT have opened a plethora of opportunities for Company Secretary in practice. Comment.

(3 marks)

**PART-II**

4. (a) Committee of Creditors of ABC Limited undergoing CIRP have approved a Resolution Plan with 75% vote. The Resolution Plan has been presented to NCLT for its approval thereof. However, an Operational Creditor (OC) raised objection that provision for repayment of Financial Creditor under resolution plan has ignored the interests of OCs and thus not viable.

In the light of judicial pronouncement/(s), discuss whether NCLT can disapprove a Resolution Plan on grounds of lack of viability and question the commercial wisdom of the Committee of Creditors.

(5 marks)

- (b) Mr. X, is a Director and holds 15 percent shares in HRK Limited and 1 percent equity share in ABC Limited, and his father, Mr. Y holds 3 percent equity shares in ABC Limited, subsequently insolvency proceedings are instituted against HRK Limited which owes a debt of Rs. 75 lacs to ABC Limited.

Discuss whether ABC Limited is a “related party” as per The Insolvency and Bankruptcy Code, 2016 ?

(5 marks)

- (c) Explain the provisions pertaining to termination of pre-packaged insolvency resolution process.

(5 marks)

- (d) “Corporate Insolvency Resolution Process (CIRP) shall be mandatorily completed within 330 days”. Comment.

(5 marks)

5. (a) Extreme Finance Limited wants to take possession of immovable property belonging to Amar pursuant to an order of Debt Recovery Tribunal (DRT). Discuss whether it can take assistance from the Chief Metropolitan Magistrate or the District Magistrate under SARFAESI Act, 2002 to take possession of secured assets and procedure therefor.
- (b) State the situations under which the Adjudicating Authority can order liquidation of a corporate person in terms of Insolvency & Bankruptcy Code, 2016 (IBC)
- (c) “Though the procedure to be followed for voluntary liquidation proceedings under Chapter III is largely similar to the procedure to be followed for insolvent liquidation under Chapter III of the Code yet there are marked differences”. Point out some differences between two.
- (d) “Section 29A was introduced in the Insolvency and Bankruptcy Code, 2016 to prevent certain persons from applying as resolution applicant.” Comment.
- (e) The liquidator is equipped with the powers to take possession of assets of the Corporate Debtor under liquidation forming part of liquidation estate yet some Assets need to be excluded”. Elucidate.

(3 marks each)

: 7 :

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

6. (a) The Resolution Professional of Arc Private Limited has to issue notice of meeting of Committee of Creditors. Specify :
- Category of persons entitled to receive notice of the meeting.
  - Category of persons not entitled to vote at the meeting.
- (b) Under section 80 of Insolvency and Bankruptcy Code, 2016, a person unable to pay a “Qualifying Debt” can apply for “fresh start process” subject to fulfillment of certain conditions. What do you mean by “Qualifying Debt” and “Excluded Debt” under IBC, 2016 ?
- (c) “Any modification suggested by creditors need consent of the debtor in respect of Repayment plan in case of individual or firm solvency.” Comment briefly on the statement narrating the provisions in respect of conducting meetings and rights of secured creditors to attend ?

(5 marks each)

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

- 6A. (i) Enumerate the measures under Regulation 37 of CIRP that can be provided under a Resolution Plan for maximization of value of assets of the Corporate Debtor. Can a Resolution Plan envisage corporate restructuring of the Corporate Debtor under Corporate Insolvency Resolution Process (CIRP) ?

(5 marks)

(ii) Of late, Insolvency and Bankruptcy Code, 2016 has provisions to tackle the issue of Cross Border Insolvency. Justify the statement with any recent case law.

*(5 marks)*

(iii) Who can be an Interim Resolution Professional (IRP), a Resolution Professional (RP), a Liquidator or a Voluntary Liquidator under Insolvency and Bankruptcy Code, 2016 ? Briefly enumerate eligibility conditions.

*(5 marks)*

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