

## CORPORATE RESTRUCTURING --LAW & PRACTICE

# 335

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 3

**NOTE :** 1. Answer SIX questions including Question No.1 which is compulsory.  
2. All references to sections relate to the Companies Act, 1956 unless stated otherwise.

1. (a) Define the term 'strategic planning'. Discuss its salient features and importance in today's competitive world. (6 marks)
- (b) State, briefly citing relevant provisions of the law, whether the following statements are true or false :
- (i) Once the scheme of amalgamation is approved by majority then it cannot be withdrawn.
  - (ii) No special power in the objects clause of memorandum of association of a company is necessary for its amalgamating with other company.
  - (iii) It is the duty of the court to launch an investigation upon the commercial merits or demerits of the scheme, if the scheme as a whole is fair and reasonable.
  - (iv) Every notice of a meeting called as per order of the court should include an explanatory statement.
  - (v) Where the scheme involves reconstruction of any company or companies, the court cannot make provision for dissolution without winding-up of the transferor company.
  - (vi) The order made by the court should be filed with the Registrar of Companies. If the order is not filed with the Registrar of Companies, it will not have any effect.
  - (vii) There can be a situation where a merger can take place without court's intervention.

(2 marks each)

2. Attempt the following citing relevant legal provisions and case law, if any :
- (a) A meeting of members of a company was convened under the orders of court to consider a scheme of compromise and arrangement. The meeting was attended by 200 members holding 5,00,000 shares in aggregate. 70 Members holding 4,00,000 shares voted in favour of the scheme. The remaining members voted against the scheme. Examine whether the scheme is approved by the required majority.

(4 marks)

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- (b) A scheme of arrangement confirmed by the court provided for change in the name of the company. After the scheme was confirmed, the company applied to the Registrar of Companies to effect the changed name. Registrar of Companies wanted the company to comply with the requirements of section 21. Is the stand of Registrar of Companies correct ? Give reasons.  
(4 marks)
- (c) In the scheme of amalgamation, can the Registrar of Companies submit conflicting reports in the capacity as representative of Regional Director and Official Liquidator ?  
(4 marks)
- (d) Can a company reduce its share capital by paying fair value to their non-promoter shareholders only ?  
(4 marks)
3. (a) Explain the procedure for valuation of shares by using discounted cash flow method.  
(6 marks)
- (b) Raman holds 24,000 equity shares in Good Health Ltd., the nominal and paid-up capital of which consists of —  
(i) 80,000 Equity shares of Re.1 each.  
(ii) 20,000, 8% Preference shares (non-participating) of Re.1 each.  
It is ascertained that —  
— The nominal annual profit of the company is Rs.24,000.  
— The nominal rate of transfer to general reserve is 10%.  
— The nominal return by way of dividend on the paid-up equity share capital for the type of business carried on by the company is 15%.  
Prepare a share valuation report for Raman showing the value of his shareholdings in Good Health Ltd. on the basis of above parameters.  
(6 marks)
- (c) “Demerger can be carried out partially or completely.” Comment.  
(4 marks)
4. (a) An unlisted public company proposes to buy-back 21% of its equity share capital. Draft a resolution in an appropriate manner.  
(10 marks)
- (b) What do you understand by the term ‘strategic business alliances’ ? How does alliance lead to synergy ?  
(6 marks)

5. (a) Explain the compliances to be made for competitive bid, under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 with recent examples. (8 marks)
- (b) What are the defences available against hostile takeover ? (6 marks)
- (c) Explain the concept of 'hostile takeover'. (2 marks)
6. Write notes on **any four** of the following :
- (i) Cross cultural alliances
  - (ii) Franchising
  - (iii) Operational synergy
  - (iv) Bail-out takeovers
  - (v) Slump sale.
- (4 marks each)
7. (a) Draft a specimen format of an offer document. (6 marks)
- (b) What would be the penalty for non-disclosure of substantial acquisition of shares and takeovers ? (6 marks)
- (c) Sunil Traders supplied material to IDL Ltd. after a reference was registered under the Sick Industrial Companies (Special Provisions) Act, 1985. IDL Ltd. failed to make payment. Sunil Traders filed a winding-up petition against IDL Ltd. Whether the petition is maintainable ? (4 marks)
8. (a) "Core competencies are not fixed, but flexible." Explain. (6 marks)
- (b) How can post merger efficiency be measured ? (5 marks)
- (c) Enumerate the material documents available for inspection by the public in connection with takeover under the SEBI regulations. (5 marks)