Topic: Part-I Test-1 Chp-1 To 7

Total Marks - 50
Time allowed – 1.5 hours

Q1.A. Explain the reasons for Mergers & Acquisitions.

Q1.B. ''Once open offer is made there is no question of withdrawal yet there are exceptions.'' Comment with your views in terms of the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011- SAST Regulations.

Q1.C. What are the various forms prescribed under the NCLT Rules?

Q1.D. Big Limited is proposed to be merged with Small Limited by means of share exchange. Big Limited has 2,50,000 shares and Small Limited has 1,25,000 shares. Market price of shares of Big Limited and Small Limited is `20 and `10 respectively. Earnings after tax of companies is: Big Limited `5,00,000 Small Limited `1,25,000
Calculate :
(1) EPS and P/E ratio of both the companies before merger.
(2) Exchange Ratio if the EPS of Big Limited remains the same after the merger.

(5 marks each x 4 = 20 marks)

Q2.A. An unlimited company can reduce the share capital of the company in a manner specified in the articles of association of the company without the confirmation of NCLT. Comment.

Q2.B. In cases of takeovers or demergers, dissenting shareholders have a right to voice a grievance — enumerate briefly the procedure.

Q2.C. ''External Commercial Borrowings (ECB) framework enables permitted resident entities to borrow from recognised non-resident entities.'' Comment.

Q2.D. Accounting Standard-14 is applicable to demerger. Comment.

Q2.E. Proponents of the 'poison pills' argue that poison pills do not prohibit all takeovers but enhance the ability of the Board of directors to bargain for a 'fair price'. Comment.

(3 marks each x 5 = 15 marks)

Q3.A. Persuasion Performers Ltd. has defaulted in payment of certain instalments of Bank Loan during the year 2012. On 17th October, 2016, Board passed a resolution to convene a general meeting to pass a resolution authorising Board to buy-back its shares to the extent not more than 20% of paid up capital and reserves. It is noted by the Board that the default

to Bank was accidental and that has been made good by July 2013. The Extra-ordinary General Meeting has been scheduled for Friday 18th November, 2016.
Can you help the Board as to legality of the proposal stating any other aspect to be looked, that prohibits buy-back of securities ?

Q3.B. Funding through Leveraged Buyouts is an innovative method of financing. Elucidate.

Q3.C. What are the steps involved in the merger and amalgamation?

(5 marks each x 3 = 15 marks)