


Name:		
Enrolment No:		
UNIVERSITY OF PETROLEUM AND ENERGY STUDIES End Semester Examination, December 2021		
Course: Corporate Restructuring Program: B.B.A.,LL.B. (Hons)(Corporate Laws) 2018 Course Code: CLCP4001		Semester: VII Time 03 hrs. Max. Marks: 100
SECTION A		
1. Each Question will carry 2 Marks		
S. No.		CO
Q 1	Why does a company go for buyback of shares?	CO2
Q2	How is a resolution plan implemented under RBI's Prudential Framework on Resolution of Stressed Assets 2019?	CO1
Q3	Define the term 'promoter group'. In the light of the pandemic, is there any relaxation with regard to open offer obligations provided to promoter acquisitions, under the Takeover Code?	CO1
Q4	What is a 'spin-off' transaction?	CO2
Q5	When does an amalgamation of two companies under Section 232 of the Companies Act, 2013 require CCI's approval?	CO3
SECTION B		
1. Each question will carry 5 marks		
Q 7.	What are Material Adverse Change Clauses (MAC) and state their relevance with regard to Regulation 23 of the Takeover Code, 2011?	CO2
Q 8	Can stamp duty be imposed on an order sanctioning a scheme of amalgamation? Support your answers with recent cases.	CO4
Q 9	Do protective rights in transactions lead to a change in control? Answer with reference to appropriate regulation and case law.	CO2
Q 10	Briefly state why the judgement of Dharani Sugar v. UOI struck down RBI's Prudential Framework on Resolution of Stressed Assets 2018.	CO3
SECTION C		
1. Each Question carries 10 Marks.		
Q 11.	<i>"Section 230(11) and 230(12) of the Companies Act, 2013 read with Rule 5 & 6 of Companies (Compromises, Arrangement and Amalgamation) Rules 2016 are likely to serve as another avenue for majority shareholders to squeeze out minority shareholders from a company. Before these provisions got notified, squeeze outs were accomplished by way of selective reduction of share capital under Section 66 of the Companies Act, 2013. In fact, the newly introduced takeover rules appear to be in consonance with the jurisprudence that has sprung up regarding the squeeze out of minority shareholders through such selective reduction. For instance, the framework set in place by the above provisions does not envisage any inherent right of minority shareholders to retain their shares in the face of fair consideration being offered to them." – Do you agree?</i>	CO3
Q 12.	<i>"Under the Foreign Exchange Management (Cross Border Merger) Regulations, 2018, a 'cross-border merger' is defined to include an arrangement in addition to a merger and amalgamation as</i>	CO4

	<p><i>contemplated under the relevant provisions of the Companies Act. However, Section 234 of the Companies Act and Rule 25A of the Companies (Compromises, Arrangement or Amalgamation) Rules, 2016 refer to 'mergers and amalgamations' without any express mention of 'arrangement'. Therefore, the possibility of a foreign company demerging its business undertaking to an Indian company or vice-versa is not covered under the regime relating to cross border mergers."</i> – Comment.</p>	
<p>SECTION D</p>		
<p>1. Each Question carries 25 Marks.</p>		
<p>Q13</p>	<p>Lannister Ltd. is an unlisted company, it has 10,000 shares of which 8,000 are owned by the Lannister Family. The company has three subsidiaries- one is the wholly owned subsidiary Cersei Pvt Ltd, one is the listed company Jamie Ltd (of which Lannister Ltd holds 51% of the shares and Cersei Pvt Ltd holds 24% of the shares) and one is the listed company Tyrion Ltd of which Lannister Ltd. holds 30% of the shareholding. Tyrion Ltd had initially been promoted by Lannister Ltd in 2010. Tyrion Ltd has two kinds of shares- Class A shares of which each share holds one vote and Class B shares of which each share holds 1/100 th of a vote. When the IPO for Tyrion Ltd was conducted, only Class B shares were offered to the public. While Daenerys Ltd purchased 40% of these shares, the rest are distributed to a diversified general public. Daenerys Ltd, a listed company, has 20,000 issued shares, with the Targaryen Family owning 51% of these shares and the rest issued to the general public.</p> <p>As an advisor to Lannister Ltd, briefly highlight what are the obligations (of itself and other parties) when the following restructuring transactions happen (assume that the transactions are independent of each other). Please also highlight the applicable regulation (s).</p> <ol style="list-style-type: none"> a) Lannister Ltd wishes to merge with Cersei Pvt Ltd b) Daenerys Ltd purchases 5% more shares of Tyrion Ltd from the general public c) Lannister Ltd purchases 5% more shares of Tyrion Ltd from the general public d) Lannister Ltd buys back 500 shares e) Lannister Ltd. acquires 4000 shares of Daenerys Ltd. f) Jamie Ltd purchases 51% of the shareholding in Cersei Pvt Ltd g) Lannister Ltd wants to demerge Jamie Ltd h) Cersei Pvt Ltd, Lannister Ltd, Jamie Ltd and Tyrion Ltd all purchase 1500 shares each of Daenerys Ltd. i) Same as h, but Tyrion Ltd purchases 1500 convertible preference shares instead. j) Lannister Ltd makes a bid for 20% of the available shares of Tyrion Ltd at Rs. 100 a share. In response, Cersei Ltd makes a bid for the same shares at Rs. 125 a share. 	<p>CO4</p>
<p>Q 14.</p>	<p>If X acquires 40% shares of Y along with majority control of Y which, in turn, holds 70% shares of Z, along with majority control of Z, then,</p> <ol style="list-style-type: none"> a) When does X's open offer obligation arise towards Y and Z? b) Does Y have an open offer obligation towards Z? c) What type of acquisition does X have over Z? d) When can an indirect acquisition be treated as a direct acquisition? e) Identify the acquirer and person acting in concert of Z f) If X additionally acquires 5% in Y, does it attract any open offer obligation towards Y and Z? g) If X is a promoter company of Y, will it make a difference? <p>Answer the above provisions by citing appropriate laws and regulations. X, Y and Z are all public listed companies.</p>	<p>CO4</p>