

Roll No.....

NATIONAL LAW UNIVERSITY, DELHI
LL.M. Degree Programme, II-Semester (Batch of 2018)
End-Semester Examinations, April - 2019
Paper: Mergers and Acquisitions

Time: 3:00 Hours

Total Marks: 50

Instructions:

1. Read the questions carefully and answer.
2. The examination is an open book examination. Students are allowed to bring books, journals, printed articles and other printed materials. No handwritten materials are allowed. No access to laptops or internet is permitted during the examination. All questions are compulsory.
3. No clarification shall be sought on the question paper.
4. Do not write anything on the question paper except your roll no.

Q1. The board of directors of Amazing Pvt. Ltd. (APL), Incredibles Pvt. Ltd (IPL) and Wonderz Pvt Ltd.(WPL) propose a scheme of arrangement with each other. APL is a company incorporated in 2013 with turnover of 5 crore rupees and paid up capital of 1,00,000 rupees with a registered office in Delhi. It runs a textile business. IPL is a company incorporated in 2013 with turnover of 6 crore rupees and paid up capital of 50,000 rupees. It runs a tie and dye business with a registered office in Mumbai. WPL is a company incorporated in 2015 with turnover of 5 crore rupees and paid up capital of 2 lakh rupees. It is an online fashion and traditional apparel retailer and has a JV with a Canadian fashion apparel company SmartYou. With reference to the above details, explain the nature of the restructuring scheme, its rationale and benefits for the companies involved in the scheme. Also, considering all the legal provisions which apply to such an arrangement, draft a scheme of arrangement between these companies.

(12 Marks)

Q2. “An overtly hostile transaction should be evaluated carefully, as it can be quite costly to the acquirer and target, it can “put the target in play” and thereby force the originating bidder to pay a higher premium than it ordinarily might if the transaction were friendly, and it can create a public relations debacle.” In the light of the above- mentioned statement critically discuss the different unsolicited approaches along with its advantages and disadvantages. Support your answer with examples.

(10 Marks)

Q3. “Shareholder activism and corporate takeovers have been viewed as mutually exclusive channels for disciplining management”. Critically analyse the statement.

(10 Marks)

Q4. “Developed economies with better accounting standards and larger shareholder protection laws experience a greater volume of M&A activity as compared to economies with lower shareholder protection laws and poor quality of accounting standards.” In the light of the above mentioned statement, give an account of the different provisions for better corporate governance standards through M&A in India and also discuss the different recourse to shareholder protection under corporate restructuring schemes in India.

(12 Marks)

Q5. “In situations where the board adopts a defensive posture in response to a takeover threat or it approves a transaction involving a sale of control or the break up of a company, the board is subject to “enhanced scrutiny” rather than merely the traditional business judgment rule”. Comment.

(6 Marks)