



# PRESIDENCY UNIVERSITY

BENGALURU

Roll No.													
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## End - Term Examinations –MAY 2025

Date: 26-05-2025

Time: 09:30 am – 12:30 pm

<b>School:</b> SOL	<b>Program:</b> BALLB/BBALLB/BCOMLLB (Hons.)	
<b>Course Code:</b> LAW4034	<b>Course Name:</b> Merger and Acquisition	
<b>Semester:</b> VIII	<b>Max Marks:</b> 100	<b>Weightage:</b> 50%

CO - Levels	C01	C02	C03	C04	C05
Marks	16	50	22	12	-

### Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Do not write anything on the question paper other than roll number.
- (iii) All references to the 'Act' or 'Indian Legal Framework' here refer to the Companies Act 2013 unless otherwise provided.
- (iv) 'M&A' here stands for Merger & Acquisitions.

### Part A

Answer ALL the Questions. Each question carries 2marks.

10Q x 2M=20M

1.	Name two corporate restructuring events in the contemporary Indian corporate market.	2 Marks	L2	C01
2.	Define a 'Vertical merger' and cite one real-life example.	2 Marks	L1	C01
3.	True or False: In case of applicability of "Deal Value Threshold" along with CCI, the parties also have to notify the Ministry of Information and Technology. Support your answer.	2 Marks	L3	C02
4.	List any two differences between a takeover and an acquisition with examples.	2 Marks	L1	C01
5.	Fill in the blank: Under SEBI (SAST) Regulations, an open offer must be made when an acquirer holds more than ___% of shares or voting rights.	2 Marks	L1	C03
6.	What do you understand by 'fast-track mergers'? Who can enter into such mergers?	2 Marks	L1	C02

7.	Provide the legal framework governing cross-border transactions in India.	2 Marks	L1	CO2
8.	Give one reason why tax neutrality is significant in a merger scheme.	2 Marks	L2	CO4
9.	What is the meaning of the term 'slump sale' in a business transfer context?	2 Marks	L1	CO2
10.	Briefly state the prerequisite for 'minority buyout' under section 235 of the Companies Act 2013.	2 Marks	L1	CO2

## Part B

### Answer the Questions.

**Total Marks 80M**

11.	a.	Discuss the disclosure obligations imposed on listed entities under the SEBI Master Circular for Schemes of Arrangement (SEBI/HO/CFD/POD-2/P/CIR/2023/93) dated June 20, 2023.	10 Marks	L3	CO 2
Or					
12.	a.	Critically examine the 'Deal Value Threshold' framework under the Competition Act, 2002, with specific reference to the Combination Regulations 2024.	10 Marks	L3	CO 2
Or					
13.	a.	Discuss the tax neutrality of 'mergers' under the Income Tax Act, 1961.	10 Marks	L2	CO 4
Or					
14.	a.	Explain the tax implications of a 'slump sale' in an M&A transaction.	10 Marks	L2	CO 4
Or					
15.	a.	Differentiate the rationality of undertaking a 'Product Extension Merger' in comparison to 'Market Extension Merger.' Substantiate with real market examples.	10 Marks	L1	CO 1
Or					
16.	a.	Explain the current M&A outlook (2025) of India.	10 Marks	L3	CO 1
Or					
17.	a.	A foreign parent company, Z Corp, holds 98% of the equity in its Indian subsidiary, Z India Pvt. Ltd., after a series of acquisitions over the last two years. Z Corp now intends to make Z India a wholly owned subsidiary and has offered to buy out the remaining 2% from the minority shareholders under Section 236.	15 Marks	L5	CO 2

		<p>However, some of the Indian minority shareholders refuse to sell their shares, claiming that Section 236 cannot be enforced unilaterally by the majority shareholder and that their consent is required. They argue that Z Corp must follow the process prescribed under SEBI regulations for delisting, even though the company is unlisted.</p> <p>Question:</p> <p>Analyse whether Z Corp can compel the minority shareholders to sell their stake under Section 236. Substantiate your arguments with applicable legal provisions, case laws and legal reasoning.</p>			
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**Or**

<b>18.</b>	<b>a.</b>	<p>Alpha Pharma Ltd., a major pharmaceutical company in India, proposes to acquire 100% of the share capital of Beta Biotech Pvt. Ltd., a domestic start-up engaged in biologic drugs. The combined turnover and assets of both entities cross the prescribed thresholds under Section 5 of the Competition Act. However, Alpha Pharma failed to notify the Competition Commission of India (CCI) prior to the consummation of the deal, arguing that the target company's market presence was negligible and hence not "appreciably adverse to competition."</p> <p>Six months after the acquisition, a rival firm lodges a complaint with the CCI, alleging that the acquisition has reduced competition in the niche biosimilar segment. CCI initiates a suo motu inquiry under Section 20(1) and issues a show-cause notice under Section 6(2) for gun-jumping.</p> <p>Question:</p> <p>Analyse the legal consequences of Alpha Pharma's failure to notify the CCI before completing the acquisition. How do Sections 5, 6, and 20 interact in such cases? What factors will CCI consider in assessing whether the combination causes an appreciable adverse effect on competition (AAEC)?</p>	<b>8+7=15 Marks</b>	<b>L5</b>	<b>CO 2</b>
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<b>19.</b>	<b>a.</b>	<p>Saffron Tech Ltd., a listed company with a paid-up share capital of ₹10 crore and 500 creditors, proposes a scheme of arrangement involving the demerger of its IT services division. The company files an application under Section 230 of the Companies Act, 2013, before the NCLT and claims that the proposed scheme has the support of the majority of shareholders and creditors.</p> <p>The company's process includes the following steps:</p>	<b>15 Marks</b>	<b>L4</b>	<b>CO 2</b>
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		<ol style="list-style-type: none"> <li>1. It seeks dispensation of the meeting of secured creditors on the ground that 90% of them have given written consent to the scheme.</li> <li>2. It serves notice of the meeting to shareholders and unsecured creditors through email and a newspaper publication in an English daily.</li> <li>3. The explanatory statement annexed to the notice contains a summary of the scheme and mentions that it does not adversely affect creditors.</li> <li>4. The scheme is approved by 75% in value of shareholders present and voting, but only 30% in value of unsecured creditors present and voting.</li> <li>5. The company files the result with the NCLT and requests sanction of the scheme.</li> </ol> <p>As a legal advisor, critically examine whether Saffron Tech Ltd. has complied with the mandatory requirements under Section 230 of the Companies Act, 2013.</p>			
<b>Or</b>					
<b>20.</b>	<b>a.</b>	<p>Harvest BioChem Ltd., a private company involved in agri-biotech, enters into a scheme of amalgamation with AgriNova Pvt. Ltd. under Section 230 of the Companies Act, 2013. The scheme is approved by 92% in value of the shareholders of Harvest BioChem Ltd. However, a small group of dissenting minority shareholders holding 8% of the total equity oppose the merger.</p> <p>After the NCLT sanctions the scheme, the majority shareholders of Harvest BioChem Ltd. initiate steps under Section 235 to acquire the shares of the dissenting minority. The following actions are undertaken:</p> <ol style="list-style-type: none"> <li>1. The company sends individual notices to dissenting shareholders within 3 months of the scheme's approval, offering to purchase their shares at ₹180 per share.</li> <li>2. The offer is accompanied by a valuation certificate signed by an in-house finance officer.</li> <li>3. No formal offer is filed with the Registrar of Companies.</li> <li>4. No evidence is provided to show the transfer of funds into a separate account or that the amount is held in trust for non-consenting shareholders.</li> </ol>	<b>15 Marks</b>	<b>L4</b>	<b>CO 2</b>

		<p>5. The company proceeds to issue new share certificates in the name of the transferee company without any formal resolution authorising the same.</p> <p>Critically examine whether Harvest BioChem Ltd. has complied with the mandatory requirements under Section 235 of the Companies Act, 2013, for the acquisition of shares from dissenting shareholders. Support your answer with legal reasoning, reference to statutory provisions, and judicial interpretations, if any.</p>			
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<b>21.</b>	<b>a.</b>	<p>Mr. A holds 23% of the equity share capital of AlphaTech Ltd., a listed company. Ms. S is his wife. During the financial year 2024–25, the following transactions took place involving Mr. A:</p> <ul style="list-style-type: none"> <li>On 15th May 2024, Mr. A purchases 2% shares through a market transaction.</li> <li>On 10th July 2024, he sells 1% shares to his relative.</li> <li>On 5th October 2024, he acquires another 2.5% shares through a market transaction.</li> <li>On 15th January 2025, S purchases 2% shares on the stock exchange.</li> <li>On 20th March 2025, A Acquires 1% shares from C.</li> </ul> <p>Assuming the acquisition window is counted from 1st April 2024 to 31st March 2025, calculate whether Mr. A has complied has triggered obligations under Regulation 3(1) and (2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, with specific mention of the legal provisions involved.</p>	<b>20 Marks</b>	<b>L6</b>	<b>CO 3</b>
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**Or**

<b>22.</b>	<b>a.</b>	<p>Mr. X is the Managing Director of SunBeam Ltd., a listed company. He holds 12% shares. The following individuals and entities also hold shares in the company:</p> <ol style="list-style-type: none"> <li>Mrs. X (his wife) – 4%</li> <li>Mr. Y, his brother, who independently holds 3% shares and runs a different business</li> <li>XY Holdings Pvt. Ltd., a private company where Mr. X and Mrs. X together hold 60% shares, has 3% in Sun Beam Ltd.</li> </ol>	<b>20 Marks</b>	<b>L6</b>	<b>CO 3</b>
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		<p>4. Mr. Z, a close friend of Mr. X, who regularly consults with him on investment decisions but has no formal agreement or common shareholding</p> <p>5. Mr. A, an independent investor who co-invested with Mr. X in another unrelated listed entity but has no connection to SunBeam Ltd.</p> <p>Together, these parties acquire additional shares amounting to 6% of the total voting rights of SunBeam Ltd. in the financial year 2024–25.</p> <p>With reference to the SEBI (SAST) Regulations, 2011, particularly the definition and legal criteria for “persons acting in concert” (PACs), examine whether the above individuals and entities can be considered PACs for the purpose of triggering an open offer obligation. Provide legal reasoning, refer to relevant provisions and any applicable case law, and conclude whether an open offer is required in this case.</p>			
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