

Roll No. ....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 7

**NOTE :** 1. Answer **ALL** Questions.

2. All references to sections relate to the Companies Act, 2013 unless stated otherwise.

**PART-I**

1. (a) A Ltd. is engaged in the business of manufacturing designer clothes. Due to lower demand during the COVID-19 period, the company started facing financial difficulties. The company has a consortium of 9 lenders out of which 5 lenders have provided term loan and remaining lenders have provided working capital loan. The operating margin of the company is continuously shrinking and the collections from the debtors are also not within the due dates. The company is facing severe financial crisis and finding it difficult to honour its debt commitments. Explain the restructuring options available with the company to deal with the situation.

(5 marks)

- (b) Discuss the obligations of Merchant Banker under SEBI (Buy-back of Securities) Regulations, 2018.

(5 marks)

: 2 :

- (c) Regardless of their category or structure, all mergers and acquisitions have one common goal – ‘they are all meant to create synergy that makes the value of the combined companies greater than the sum of the two parts’. Comment.

(5 marks)

- (d) Plasma Ltd. is contemplating making an open offer to acquire shares of Tic Toc Ltd. Director of Plasma Ltd. has approached you to understand that in the event of non-fulfilment of obligations under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1994 (or Takeover Regulations) by the Company, can SEBI direct the manager to the open offer to forfeit the escrow account or any amounts lying in the escrow account, either in full or in part ? If yes, whether the amount lying in the escrow account can be released ?

(5 marks)

*Attempt all parts of either Q. No. 2 or Q. No. 2A*

2. (a) Zoom Ltd. engaged in the business of software development is contemplating raising finance through ECB route. Explain different variants of ECB and the tenure for which the ECB can be raised to the Company Secretary of the Company.

(5 marks)

: 3 :

(b) Approval of the National Company Law Tribunal in relation to a scheme of arrangement involving merger is a conclusive proof that the merger has become successful and will yield desired results. Examine the statement.

(5 marks)

(c) Briefly describe the methods which are used for valuation of intangible assets.

(5 marks)

**OR (Alternate question to Q. No. 2)**

2A. (i) Kiran is a recently qualified lawyer who intends to appear before the National Company Law Tribunal (NCLT). Advise her on basic principles that shall be kept in mind while drafting of applications and petitions before NCLT.

(ii) Explain the term 'Economic Value Added'. Consider the facts below and determine whether the company is creating wealth or destroying wealth ?

Weighted average cost of capital	16.30%
Tax rate	33%
EBIT margin	20%
Market value of capital	₹ 3,75,00,000
Operating profit before taxes	₹ 85,00,000

(iii) Prepare a specimen disclosure to be made in accordance with Regulation 6(3) of SEBI (Issue of Sweat Equity Shares) Regulations, 2002. Suitable assumptions may be taken.

(5 marks each)

3. (a) Auditor of Jumbo Ltd. has informed following to the Board of directors :
- (i) Tax neutrality of a demerger may get affected on adoption of IND-AS 103.
  - (ii) Appointed Date has lost relevance if a company accounts the transaction in accordance with IND-AS 103.

Examine the correctness of the observations made by the auditor.

- (b) Board of directors of A Ltd. is evaluating merger of B Ltd. (wholly owned subsidiary of A Ltd.). B Ltd. has large parcels of land and several buildings in the same cities. Company Secretary of A Ltd. has advised that “Stamp Duty is exempted when amalgamation is between Holding and Subsidiary Companies”. Comment.
- (c) Define demerger as per section 2(19AA) of the Income-tax Act, 1961.
- (d) Explain the powers and functions of registrar under Rule 16 of National Company Law Appellate Tribunal Rules, 2016.
- (e) Explain *De Minimis* Exemption under the Competition Act, 2002.

(3 marks each)

#### PART-II

4. (a) State any five laws that were amended by Insolvency and Bankruptcy Code, 2016.

(5 marks)

- (b) Explain the term ‘Financial Debt’ as defined under the Insolvency and Bankruptcy Code, 2016.

(5 marks)

: 5 :

- (c) The Resolution Professional (RP) of a company receives a request from a member of the Committee of Creditors (CoC) (holding 30% share in the CoC) on 1<sup>st</sup> July, 2022 at 5.30 PM to convene a meeting on an urgent basis to discuss the matter relating to raising interim finance. Considering the urgency and citing the reason that a request has come to convene a meeting, the RP circulates the notice of the meeting on 2<sup>nd</sup> July, 2022 in the morning itself at 11 AM. During the meeting, other members of the CoC have informed the RP that his action of convening the meeting based on the request received and the duration of notice is not sufficient as per the provisions of the Insolvency and Bankruptcy Code, 2016. Discuss the validity of the action taken by the RP.

(5 marks)

- (d) Consider the following scenarios and examine whether the following resolutions stand approved in the meeting of the Committee of Creditors ?

S. No.	Agenda Item	% of members in value approving the item
1	Appointment of Valuers	50%
2	Replacement of the Resolution Professional	67%
3	Approval of the Resolution Plan	52%
4	Withdrawal of application u/s 12A of the Insolvency & Bankruptcy Code, 2016	85%
5	Appointment of technical consultant to assist the Resolution Professional	56%

(5 marks)

5. (a) Managing Director of Nimbo Ltd. (undergoing CIRP) states that since the powers of the Board of directors are suspended, he cannot be forced to perform duties as included in his employment contract with the company. Examine the correctness of the statement in light of the relevant provisions of Insolvency and Bankruptcy Code, 2016 along with relevant case law(s).
- (b) Ram is appointed as Interim Resolution Professional of CoCo Ltd. During the first meeting of the Committee of Creditors, he has stated that being a person from engineering background he cannot ensure compliances under all the laws applicable to the company. Examine the statement made by Ram in light of the relevant provisions of Insolvency and Bankruptcy Code, 2016.
- (c) Roco Ltd. is undergoing Corporate Insolvency Resolution Process (CIRP). In order to achieve the objective of value maximisation, the Resolution Professional of Roco Ltd. is contemplating filing an application against the debtors, who have not paid their dues from last 1 year, under section 9 of the Insolvency and Bankruptcy Code, 2016 (Code). However, his lawyer has opined that there exists no provision under the Code to initiate CIRP against another company by a company which itself is undergoing CIRP. Examine whether the opinion given by the lawyer is correct.
- (d) Distinguish between Insolvency Commencement Date and Initiation of CIRP citing relevant case law(s).
- (e) IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, lists down the mandatory contents of the resolution plan. Explain.

(3 marks each)

: 7 :

*Attempt all parts of either Q. No. 6 or Q. No. 6A*

6. (a) Elaborate the circumstances in which a liquidator can be removed by the Tribunal.  
(b) As per Rule 6 of Security Interest (Enforcement) Rules, 2002, list down the terms and conditions which are required to be uploaded on the website of the secured creditor by the authorized officer in relation to sale of movable secured assets.  
(c) Explain salient features of Chapter 11–Reorganization under US Bankruptcy Code.

*(5 marks each)*

*OR (Alternate question to Q. No. 6)*

- 6A. (i) What are the procedural requirements for issuance of Public Notice under Section 102 of the Insolvency and Bankruptcy Code, 2016 ?  
(ii) A practicing lawyer has sought your advice whether it is possible to terminate pre-packaged insolvency resolution process under Insolvency and Bankruptcy Code, 2016. Comment.  
(iii) “Though the procedure to be followed for voluntary liquidation proceedings under Chapter V is largely similar to the procedure to be followed for insolvent liquidation under Chapter III of the Code yet there are marked differences.” Elucidate.

*(5 marks each)*

————— o —————