

MOCK TEST PAPER 2

FINAL (New) GROUP – I

PAPER – 4: CORPORATE AND ECONOMIC LAWS

Division A is compulsory. In Division B, Question No.1 is compulsory. Attempt any Four questions out of the remaining Five questions.

Time Allowed – 3 Hours

Maximum Marks – 100

Division A: Multiple Choice Questions (30 Marks)

Integrated Case Scenario 1

Troy Ltd. is an unlisted public company, deriving its income mainly from trading in iron bars. It also derives some income from investments in immovable properties. It is the only subsidiary company of Wrim Ltd., a listed public company, which holds 55% equity in Troy Ltd. The shares of Wrim Ltd. are listed on the Bombay Stock Exchange as well as on the National Stock Exchange.

Net income of Troy Ltd. was Rs. 66 crore whereas the standalone income of Wrim Ltd. was Rs. 154 crore, as shown in the audited financial statements of both the companies for the financial year ended on 31st March, 2020. However, the net worth of Troy Ltd. was only 15% of the total net worth of both the companies as per the consolidated financial statements. Also, the contribution of Troy Ltd. in the consolidated turnover of both the companies was only 18%.

The Audit Committee of Wrim Ltd. has all the 7 directors of the company, as its members. The said Committee held a meeting on 25th April, 2020, for the purpose of reviewing the financial statements of Troy Ltd. which had been limited reviewed by the statutory auditors of Wrim Ltd. as required by Accounting Standard No. 21. Also, an omnibus approval was granted, in the said meeting, for some transactions to be entered by Wrim Ltd. with the related parties.

The meeting was scheduled 2nd time in the year and it was chaired by Mr. Suresh, an Independent Director of the company, who is also serving as an Independent Director on the Board of Troy Ltd. In the meeting, apart from Mr. Suresh, Mr. Dharmendra, another Independent Director and Mr. Vimal, an Executive Director with Chartered Accountancy qualification, were present.

On recommendation of Mr. Vaibhav, the Managing Director of Wrim Ltd., his brother, Mr. Jainim, has been appointed as the regular non-executive chairperson of the company, as Mr. Jainim possess the requisite qualifications for the said post, as also opined by the chairperson of the Nomination and Remuneration Committee of the company, Mr. Dharmendra. Mrs. Meena, is a qualified Chartered Engineer who has been appointed as the Woman Director, in the Board Of Directors of Wrim Ltd.

The Board Of Directors of Wrim Ltd., in one of its meetings, made a proposal to dispose of 6% equity holding in Troy Ltd., as the company received attractive offer for such shares from a foreign company based in Netherland, also engaged in the business of iron bars trading. Also, the board made a proposal to sell 22% assets of Troy Ltd. under a scheme of arrangement approved by NCLT as most of the business of Troy Ltd. was going to be automated in the upcoming years and due to which, use of some of the assets, as requiring intervention of workers, may become obsolete.

In the same meeting, the Board discussed on the quarterly financial statements of the company which had been limited reviewed by the statutory auditors of the company. The minutes of the previous Board Meeting of its subsidiary company, Troy Ltd., were also discussed, as it was placed in the Board Meeting of Wrim Ltd.

Wrim Ltd. made the following compliances for the June' 2020 quarter, as required by SEBI(LODR) Regulations, 2015 :-

- (1) It submitted its unaudited quarterly financial statements to the recognised stock exchange on 31st July, 2020.

- (2) It submitted its quarterly compliance report on corporate governance on 10th July, 2020.
- (3) It submitted a statement showing holding of securities and shareholding pattern separately for each class of securities on 21st July, 2020. There was no capital restructuring done in the company during the said quarter, resulting in change exceeding 2% of the total paid up share capital.

Multiple Choice Questions (Question nos.1- 5 of 2 marks each)

1. Whether Troy Ltd. can be considered as a material subsidiary of Wrim Ltd. and whether it will violate the law, if no more independent director of Wrim Ltd. is appointed on the board of Troy Ltd., as Mr. Suresh, an independent director, is already appointed there?
 - (a) Yes, it can be considered as a material subsidiary of Wrim Ltd. and as Mr. Suresh is on the board of Troy Ltd., statutory requirements are satisfied and it will not violate the law if no more independent director of Wrim Ltd. is appointed on the board of Troy Ltd.
 - (b) No, it cannot be considered as a material subsidiary of Wrim Ltd. and apart from Mr. Suresh, one more independent director of Wrim Ltd. needs to be appointed as independent director on the board of Troy Ltd., to satisfy the statutory requirements, otherwise it will violate the law.
 - (c) No, it cannot be considered as a material subsidiary of Wrim Ltd. and as Mr. Suresh is on the board of Troy Ltd., statutory requirements are satisfied and it will not violate the law if no more independent director of Wrim Ltd. is appointed on the board of Troy Ltd.
 - (d) Yes, it can be considered as a material subsidiary of Wrim Ltd. and apart from Mr. Suresh, one more independent director of Wrim Ltd. needs to be appointed as independent director on the board of Troy Ltd., to satisfy the statutory requirements, otherwise it will violate the law.
2. How many directors and independent directors, apart from Mr. Suresh should have attended the meeting of audit committee to constitute a valid quorum present for the meeting and what in particular, the Audit Committee should have reviewed during the meeting at the time of reviewing the financial statements of Troy Ltd.?
 - (a) 1 director and one more independent director, apart from Mr. Suresh, should have attended the meeting of audit committee to constitute a valid quorum present for the meeting and the audit committee should have reviewed in particular, the loans advanced by and taken by Troy Ltd.
 - (b) 3 directors and one more independent director, apart from Mr. Suresh, should have attended the meeting of audit committee to constitute a valid quorum present for the meeting and the audit committee should have reviewed in particular, the investments made by Troy Ltd.
 - (c) 1 director and one more independent director, apart from Mr. Suresh, should have attended the meeting of audit committee to constitute a valid quorum present for the meeting and the audit committee should have reviewed in particular, the main income source of Troy Ltd. i.e. sales and operations of iron bars trading business.
 - (d) 2 directors and one more independent director, apart from Mr. Suresh, should have attended the meeting of audit committee to constitute a valid quorum present for the meeting and the audit committee should have reviewed in particular, the investments made by Troy Ltd.
3. What shall be the last date of submission of quarterly financial statements to the stock exchange for Wrim Ltd., in case Wrim Ltd. was not able to submit the same on 31st July, 2020, and whether it can be submitted in unaudited form also?
 - (a) 15th August, 2020 and no, it needs to be submitted in audited form.
 - (b) 31st August, 2020 and yes, it can be submitted in unaudited form.
 - (c) 31st July, 2020 and no, it needs to be submitted in audited form.
 - (d) 15th August, 2020 and yes, it can be submitted in unaudited form.

4. How many more independent directors and woman directors should be atleast there on the board of Wrim Ltd., apart from Mr. Suresh and Mrs. Meena, respectively?
 - (a) 3 more independent directors are required and no more woman director is required to be appointed, as Mrs. Meena is already there.
 - (b) 3 more independent directors are required and 1 more woman director is required to be appointed, apart from Mrs. Meena.
 - (c) 2 more independent directors are required and no more woman director is required to be appointed, as Mrs. Meena is already there.
 - (d) No more independent woman director is required to be appointed due to presence of 1 independent director and 1 woman director, in the board, already.

5. Whether special resolution shall be required to be passed by the company in the general meeting, to dispose of 6% equity holding in Troy Ltd., and also to sell 22% assets of Troy Ltd. under a scheme of arrangement approved by NCLT?
 - (a) Yes, special resolution in the general meeting needs to be passed for disposing of 6% equity holding in Troy Ltd. However, for selling 22% assets of Troy Ltd., special resolution shall not be required.
 - (b) Yes, special resolution in the general meeting needs to be passed for disposing of 6% equity holding in Troy Ltd. as well as for selling 22% assets of Troy Ltd.
 - (c) There is no requirement of passing special resolution in the general meeting, only board resolution for the same is sufficient.
 - (d) No, ordinary resolution in the general meeting is sufficient for disposing of 6% equity holding in Troy Ltd. However, for selling 22% assets of Troy Ltd., board resolution for the same is sufficient.

Integrated Case Scenario 2

The Registrar of Companies (ROC) by a written notice had required for certain information from Retq Ltd., under section 206 of the Companies Act, 2013.

The ROC, through perusal of such information received in response to notice issued to Retq Ltd., observed that the complaints of the investors were not being redressed for a long time, from the statements filed by Grievance Redressal Department of Retq Ltd., established in compliance of Regulation 13 of the SEBI (LODR) Regulations, 2015, for the quarter ended March, 2020 and June, 2020, which showed that the number of complaints pending at the beginning of the quarter and received during the quarter, were much more than that disposed off during the said quarters as shown below:-

Particulars	Quarter ended March, 2020	Quarter ended June, 2020
Complaints pending at the beginning quarter	120	130
Complaints received during the quarter	50	60
Complaints disposed of during the quarter	40	30
Complaints remaining unresolved at the end of the quarter	130	160

Also, the ROC, noticed from the reports called from the Audit Committee, that many complaints were filed with the Audit Committee by the employees under the Vigil Mechanism of the company, the details of establishment of vigil mechanism was disclosed in Retq Ltd.'s website and board report as well. However, the ROC also noticed that, one employee, Mr. Tapan, was reprimanded by the chairman of Audit Committee for complaints filed repeatedly without any purpose or were of no value.

The ROC, thus on the basis of information available with him, passed an order for carrying out inquiry by exercising its power under section 206 of the Companies Act, 2013, after informing the company the grounds of allegation against it.

After the inquiry was conducted, the ROC submitted its report to the Central Government which included a recommendation for further investigation into the affairs of Retq Ltd. but the reasons for the same were not mentioned.

Meanwhile, an Extra-ordinary General Meeting was conducted for passing a resolution for the purpose of conducting investigation by a statutory authority into the affairs of Retq Ltd. by the Central Government which could not materialize due to the reason that the votes were not adequate in favour of such resolution.

However, 8 members holding 20% shares in Retq Ltd., out of total 120 members, made an application to the tribunal as they were having good reason for seeking an order of investigation into the affairs of the company. Such application was supported by evidence to show that an investigation into the affairs of Retq Ltd. was necessary. The tribunal passed an order for conducting such investigation, as it was satisfied that it was necessary.

The Central Government, thereafter, passed an order for investigation into the affairs of Retq Ltd. and appointed 2 persons, Mr. Vipul and Mr. Mehul, as the inspectors. The said inspectors duly initiated the task of investigation as per the procedure prescribed under section 217 of the Companies Act, 2013, read with rule 6 of the Companies (Inspection, Investigation and Inquiry) Rules, 2014.

Multiple Choice Questions (Question nos. 6 to 9 of 2 Marks each):

6. Whether the details of establishment of vigil mechanism needs to be disclosed mandatorily on the website of Retq Ltd. and also whether reprimanding, Mr. Tapan, just for filing repeated complaints by the chairman of audit committee can be considered as a valid act?
 - (a) Yes, provided the company has a website. The act of reprimanding, Mr. Tapan, can be considered as valid as the complaints filed by him were frivolous in nature.
 - (b) No, as disclosing such details in the board report suffices the requirements. The act of reprimanding, Mr. Tapan, cannot be considered as valid as the chairman of audit committee does not have any authority to do so.
 - (c) Yes, even if the company does not have website, then it needs to create one and then disclose such details. The act of reprimanding, Mr. Tapan, can be considered as valid as the complaints filed by him were frivolous in nature.
 - (d) Yes, provided the company has a website. The act of reprimanding, Mr. Tapan, only on the grounds that the complaints filed by him were frivolous in nature, cannot be considered as valid.
7. Whether non-mentioning of reasons in his report recommending investigation by ROC, can be considered valid and what type of resolution was required to be passed by Retq Ltd. so that investigation could have been initiated into the affairs of Retq Ltd. by the Central Government?
 - (a) No, as reasons are required to be given in order to support the recommendations for investigation made by him. Special resolution was required to be passed by Retq Ltd.
 - (b) Yes, as giving reasons is optional as making recommendations for investigation itself depends upon the discretion of ROC. Resolution with members holding not less than 90% of the shares, was required to be passed by Retq Ltd.
 - (c) No, as reasons are required to be given in order to support the recommendations for investigation made by him. Resolution with majority of members representing 3/4th in value of the shares was required to be passed by Retq Ltd.
 - (d) Yes, as giving reasons is optional as making recommendations for investigation itself depends upon the discretion of ROC. Ordinary resolution was required to be passed by Retq Ltd.

8. Whether the application to tribunal was filed by adequate number of members for purpose of conducting investigation into the affairs of Retq Ltd. and whether the Central Government holds discretion for ordering investigation in case of order passed by Tribunal for the same or report received from the registrar recommending investigation?
- (a) No, the application was not filed by adequate number of members. Central Government shall mandatorily order for investigation in case of order passed by Tribunal and it holds discretion for ordering investigation in case of report received from the registrar.
 - (b) Yes, the application was filed by adequate number of members. Also, the Central Government holds discretion for ordering investigation in case of order passed by Tribunal or report received from the registrar.
 - (c) No, the application was not filed by adequate number of members. Central Government shall mandatorily order for investigation in case of order passed by Tribunal or in case of report received from the registrar.
 - (d) Yes, the application was filed by adequate number of members. Central Government shall mandatorily order for investigation in case of order passed by Tribunal and it holds discretion for ordering investigation in case of report received from the registrar.
9. Whether opportunity of being heard is required to be given by ROC before issuing notice for information and also by the Tribunal, before passing order for investigation, to Retq Ltd., respectively?
- (a) Yes, opportunity of being heard is required to be given in case of ROC but not required to be given in case of tribunal.
 - (b) Yes, opportunity of being heard is required to be given in case of both ROC as well as tribunal, respectively.
 - (c) No, opportunity of being heard is not required to be given in case of both ROC in case of both ROC as well as tribunal, respectively.
 - (d) No, opportunity of being heard is not required to be given in case ROC but in case of tribunal, it is required to be given.

Independent MCQS Nos. 10- 20

10. The members of H Limited apply to the National Company Law Tribunal under section 241 of the Companies Act, 2013 on grounds of oppression and mismanagement by the Board of Directors. The NCLT passed an order removing the Managing Director of the Company, Mr. M. One year later, Mr. M is now a changed man and the Board of Directors want Mr. M back, as Manager of the company. The Board of Directors seek your expert opinion as to what they should do to get Mr. M appointed as the Manager of the Company. State your opinion, in light of the relevant provisions of the Companies Act, 2013.
- (a) Mr. M cannot be appointed as the Manager of the company for a period of 5 years from the date of order of the NCLT and the only solution available in this regard to the Board is to wait for 4 more years.
 - (b) Mr. M can be appointed as Manager if the special approval of the Central Government is obtained.
 - (c) Mr. M can be appointed by way of making an application to the NCLT.
 - (d) None of the above. **(2 Marks)**
11. X Ltd., a foreign company along with the financial statement of FY 2020-2021 of its Indian business operations have to file statement of related party transactions, repatriation of profits and statement of transfer of funds with the Registrar latest by:
- (a) April 30,2021
 - (b) June 30,2021

- (c) September 30, 2021
- (d) December 31, 2021 **(1 Marks)**
12. The Tribunal while passing an order of winding up of a company, for advising the company liquidator and to report to the Tribunal on winding up matters may direct for constitution of –
- (a) Audit committee
- (b) Advisory committee
- (c) Standing committee
- (d) Liquidation committee **(1 Mark)**
13. State which statement is correct as regards the preservation of books and papers of amalgamated company:
- (a) It can be disposed any time after 1 year with permission of Board of Directors of Transferee Company.
- (b) It can be disposed with permission of Central Government after 5 years
- (c) Not be disposed of without prior permission of the Central Government
- (d) It cannot be disposed. **(1 Mark)**
14. State whether, Mr. R, the director of Roma Ltd. who is already been subjected to a penalty for default under the Companies Act, 2013, repeats such default, shall be liable for subsequent defaults –
- (a) No
- (b) Yes, if default is committed with in period of 1 year from the date of commission of first default.
- (c) Yes, if default is committed with in period of 1 year from the date of order passed by NCLT
- (d) Yes, if default is committed with in period of 3 years from the date of order imposing such penalty passed by the Adjudicating officer. **(1 Mark)**
15. Minimum Average Maturity Period prescribed for ECB raised for working capital purposes or general corporate purposes under the ECB framework is:
- (a) 1 year
- (b) 5 year
- (c) 7 year
- (d) 10 year **(1 Mark)**
16. The Reserve Bank may cancel a certificate of registration granted to an Asset Reconstruction Company, if such company-
- (a) ceases not to carry on the business of securitisation or asset reconstruction;
- (b) ceases not to receive or hold any investment from a qualified buyer;
- (c) has comply with any conditions subject to which the certificate of registration has been granted to it;
- (d) fails to maintain accounts in accordance with the requirements of any law or any direction or order issued by the Reserve Bank. **(1Mark)**
17. Mr. Ramnik purchased a property out of an unaccounted money in the joint name of his wife and son. On complaint, Adjudicating Authority, served a notice to seek information regard the sources of income and other particulars. State as per the PMLA, 2002, to whom notice may be served by the Adjudicating Authority:

- (a) Mr. Ramnik
 - (b) Mr. Ramnik's wife
 - (c) Mr. Ramnik's son
 - (d) To all the three i.e., Mr. Ramnik, his wife and son. **(1 Mark)**
18. X Ltd. Submitted an application on 31st August, 2020 for renewal of certificate to Central Government for acceptance of foreign contribution under FCRA, 2010, shall be renewed latest by:
- (a) 30th September 2020
 - (b) 29th November 2020
 - (c) 28th February 2021
 - (d) 31st July 2021 **(1 Mark)**
19. Under which circumstances the arbitration process comes to an end as per the Arbitration and Conciliation Act, 1996:
- (a) When Arbitrator denies to pass final award
 - (b) When arbitrator fails to pass the award within 12 months
 - (c) When the parties decide to no longer continue with issue.
 - (d) Where the parties decide to refer the matter before the court. **(1 Mark)**
20. A meeting of committee of creditors shall quorate if members of the CoC representing -----are present either in person or by video/audio means:
- (a) at least thirty three percent of the voting rights
 - (b) at least Fifty one percent of the voting rights
 - (c) at least sixty six percent of the voting rights
 - (d) at least ninety percent of the voting rights **(1 Mark)**

Descriptive question (70 Marks)

1. (A) The Petitioners were directors in NPP Limited. Due to default in NPP Limited under section 164(2)(a) of the Companies Act, 2013 on the account of non-filing of financial statements for continuous period of three financial years, the said Petitioners were disqualified to be as director in one or the other companies.
- They came for the legal counselling against their holding of disqualifications as directors in order to challenge before the Tribunal. Following were the position of the petitioners: One of the petitioner, Mr. X, was also holding directorship in GPS Ltd. and CDM Ltd. Whereas the petitioner, Mr. Y was appointed one month before in NPP Ltd.. Whereas Petitioner, Mr. Z, was within a year of commission of default, offered directorship by RSM Ltd.
- Advise, in the light of the given facts, the following legal issues:
- (a) On the validity of attracting of disqualification of Petitioners in NPP Ltd. and vacation of their directorship.
 - (b) What will be consequences of default caused in NPP Ltd. on the holding of Mr. X's directorship in GPS Ltd. and CDM Ltd.
 - (c) On the validity of offered directorship to Mr. Z by RSM Ltd.
 - (d) Legal position of Mr. Y who was appointed one month before, in NPP Ltd. **(8 Marks)**
- (B) Mr. Rajat, a Managing Director of XYZ Ltd. a listed company, authorised by Mr. Giri, the director in the Board of the Company, to enter into contact with Mr. Kushal, a brother in law of Mr. Giri for

supply of furniture's during the setup of new branch in the city. Mr. Rajat enquires with Mr. Giri for seeking approval of the Board. Mr. Giri said that there is no need for such approval however we may get it ratified by the Board in the meeting.

Examine the given situations in the light of the relevant provisions of the Companies Act, 2013 and answer the following:

- (i) Validity of the said contract entered by the Mr. Rajat with Mr. Kushal for supply of furniture's for setup of new office.
 - (ii) Consequences in case of non –compliance for seeking of approval by the Board. **(6 Marks)**
2. (A) B, S, and D hold 33%, 33% and 34% of equity shares of BSD Private Limited respectively. S and D are directors and D is looking after the whole of the management and administration of the company without being formally appointed as a Managing Director. Since from last three years the company is incurring heavy losses and could not declare a dividend. Being aggrieved, B filed a complaint before the Tribunal on the grounds of oppression and mismanagement of the company such as running of a company continuously in losses, non-declaration of dividend and managing the affairs of the company by a director who has not been formally appointed as a managing director. The complaint is thereby made soliciting the directors for payment of compensation by way of salary to him as like other directors and such other direction as may be deemed suitable by the Tribunal to remove oppression and mismanagement of the Company. Examine the maintainability of his complaint in law in the light of the provisions of the Companies Act, 2013. **(8 Marks)**
- (B) Mr. Raman decided to prefer an appeal under section 18(1) of the SARFAESI Act, 2002 against the measures taken by the secured creditor. Mr. X lodged a caveat on 1st January 2021 claiming a right to appear before the appellate tribunal on the hearing of such an appeal. After caveat lodged, Mr. X served notice of caveat by registered post on Mr. Raman. An appeal was filed before the appellate Tribunal by Mr. Raman on 15th March, 2021. Appellant Tribunal served a notice of appeal filed by the Mr. Raman on caveator. Discuss on the validity period of the enforcement of the caveat in the given case and on the legality of lodged caveat. **(6 Marks)**
3. (A) Prathmikhta Life Insurance Limited incorporated on 01.04.2020 could not commence its business till 01.04.2021. The Company filed an application to the Registrar of Companies with a special resolution to remove its name from the register of the companies maintained by the Registrar and give effect to the dissolution of the Company. Rejecting the application on the ground that the application has not been supported by approval of the regulatory authority, the Registrar asked the Company to re-submit it after marking necessary compliances. Examine the validity of rejection of the application of Prathmikhta Life Insurance Limited by explaining the procedure to be followed for removal of the name of the Company and get it dissolved under the provisions of the Companies Act 2013 (the Act) without taking a recourse to the regular winding-up procedure provided under chapter XX of the Act. **(8 Marks)**
- (B) Based on the provisions of the PMLA,2002, analyse with reasons, the contentions of the Adjudicating Authority with regard to the following:
- (a) Whether interest created in a property prior to event of money laundering leading up to the attachment of property, takes priority over the attachment?
 - (b) Whether a mere nexus between the attached property where it did not qualify as "proceeds of crime" under the PMLA and the party accused of money laundering was sufficient for the attachment to take place? **(6 Marks)**
4. (A) 'X' Stock Exchange Limited was granted recognition by Securities and Exchange Board of India (SEBI). The stock brokers of the Stock Exchange did not pay much heed to the concept of governance and focused on increasing their wealth and snubbed the protection of investors. Their

activities were against the interest of the trade and general public.

- (i) Examine whether the Central Government / SEBI has the power to withdraw the recognition granted to 'X' Stock Exchange Limited under the provisions of Securities Contracts (Regulations) Act, 1956?
- (ii) Whether a person can be a member of an unrecognized Stock Exchange for the purpose of performing any contracts in Securities? **(8 Marks)**
- (B) Mr. Ghia started a juice point in the heart of the City. He contacted Mr. Bhajiwala for supply of fruits and vegetables. On the communication made over email, they decided the payment, terms and other conditions of service. Initially, Mr. Ghia was regular in making payment to Mr. Bhajiwala for the supply of fruits and vegetables, but later on gapped and defaulted in making payments. Mr. Bhajiwala filed a suit against Mr. Ghia in a Court. However Mr. Ghia, contended that the matter should be settled through Arbitration. Considering the relevant provision of the Arbitration and Conciliation Act, 1996, determine the validity of the contention stated by Mr. Ghia. **(6 Mark)**
5. (A) Z Limited, a Foreign Company, incorporated in Japan has a branch office in Hyderabad in India. Mr. Bhartiya, the Indian Citizen holds preference shares of Z Limited which comprises 10% of the paid-up share capital of the company. Deshi Limited, a company incorporated in India holds equity shares of Z Limited which comprises 45% of the paid-up share capital of the company. During the financial year 2019-20, there has been alteration in the particulars of the documents mentioned under section 380 of the Act and the company has failed to submit the alterations to the Registrar within 30 days. Analyse in the light of the applicable laws the consequences of failure on the validity of any contracts entered into by the foreign company? **(8 Marks)**
- (B) OLAF Limited (Corporate Debtor) borrowed a loan of Rs. 250 crore for expansion of his business under the consortium arrangement in the proportion of 50%, 30% and 20% from A, B & C Banks respectively. The corporate insolvency resolution process has begun by order of the Tribunal on an application made by the Financial Creditor. The Interim Insolvency Resolution Professional, constituted a Committee of Creditors (CoC) which noted that total financial debt owed by the Corporate Debtor is Rs. 500 crore in aggregate. Examine who shall be the member of CoC and what shall be their voting share in the CoC as per the provisions of the Insolvency and Bankruptcy Code, 2016. **(6 Marks)**
6. (A) GSTL Ltd., a listed company, has total number of 20 directors on its board. Following is the composition given as under:
- 6 directors are independent directors as per the provisions of the Companies Act, 2013,
- 3 directors are nominee directors appointed by State Bank of India (the financial institution from whom GSTL has taken financial assistance) and
- 2 directors are nominee directors appointed by Finance Limited to represent its interest (a financial institution with whom the company has long-term lease agreement of land).
- Advise Board of Director as to computation of total number of directors who are rotational directors and total number of directors who are liable to retire by rotation. **(8 Marks)**
- (B) Discuss the jurisdiction for the nature of offences triable by the special court under the Prevention of Money Laundering Act. What will be the consequences, if the court which has taken cognizance of the scheduled offence, is other than the offence of money laundering on which Special Court has taken cognizance upon a complaint made by an authority. **(3 Marks)**
- (C) Discuss on the statement "Resolution applicant ineligible if connected person is ineligible". **(3 Marks)**