Time Allowed: 3 Hours **Full Marks: 100**

The figures in the margin on the right side indicate full marks.

SECTION – A (Compulsory)

1. (a) Choose the correct option: **[15 x 2 = 30]**

Keena Limited is a company with paid up capital of ₹62.5 crore and turnover of ₹387.5 crore. Mr. Rajesh Kumar, who is promoter and MD of the company, wants to run the company complying with all laws and regulations. The chairman is non-executive and is an eminent academician. There are two more directors, one is Director (Finance), Mr Joshi and Director (commercial) Mr. Nirmal Kumar, who is related to the promoter. Company is in the process of taking substantial loan for capital investment from SBI, where SBI will nominate a director in the Board.

Answer the question from (i) to (iv) based on the above case study:

(i) What is the compliance issue in the composition of its Board?

A. The Company must appoint at least three independent directors.
B. The company must appoint at least one-woman director.
C. The company must have a minimum of six directors.
D. There is no compliance issue; the Board is properly constituted.

(ii) Can Mr. Nirmal Kumar, who is related to the promoter, be considered an independent director under the Companies Act, 2013?

A. Yes, since he is a full-time executive director.
B. Yes, if the Board approves his independence.
C. No, because being a relative of the promoter disqualifies him.
D. No, unless he holds less than 2% shareholding.

(iii) If SBI nominates a director to the Board of ABC Limited as part of its loan conditions, what will be the status of that director?

A. Alternate Director
B. Additional Director
C. Nominee Director
D. Independent Director

(iv) If the SBI-nominated director happens to be a woman, can she also satisfy the requirement for appointment of a woman director under the Companies Act, 2013?

A. No, only a non-executive woman director appointed by the company can fulfil the requirement.

B. Yes, the woman nominee director shall be considered to fulfil the requirement of a woman director in terms of the Act.
C. No, a nominee director cannot be counted for the purpose of meeting gender diversity requirements.
D. Only if the woman nominee also qualifies as an independent director can she fulfil the requirement.

(v) A company shall inform the auditor concerned of his or its appointment, and also file a notice in the Form ____
A. ADT-4
B. ADT-1
C. ADT-6
D. ADT-3

(vi) If _____ of the directors require that a resolution under circulation be placed in the Board meeting for decision, it has to be complied with.
A. All director
B. Two-third
C. One-third
D. Three-fourth

(vii) As per section 22(1) The first meeting of the COC will be held within _____ days of constitution
A. 5
B. 6
C. 7
D. 8

(viii) Which will not qualify as CSR expenditure
A. Direct donation to a unrecognised charitable organisation
B. Contribution to fund under schedule VII of the Act
C. Any activity under schedule VII
D. Direct implementation of a CSR project by the company

(ix) Corporate Governance ratings are done by:
A. Commercial banks
B. RBI
C. SEBI
D. Credit Rating Agencies

(x) A hostile takeover is defined as:

- **A. Takeover supported by the board of directors**
- **B. Takeover without the consent of the promoters**
- **C. Acquisition through stock exchange block deals**
- **D. Acquisition initiated with shareholder approval**

(xi) Selling products/services below the cost is called _____.

- **A. Undercut pricing**
- **B. Under invoicing**
- **C. Predatory pricing**
- **D. Introductory pricing**

(xii) SEBI has three functions rolled into one body. Which of the following is not the function of SEBI?

- **A. Quasi-legislative**
- **B. Quasi-judicial**
- **C. Quasi-executive**
- **D. Quasi-official**

(xiii) The judicial authority under SARFESI is:

- **A. SEBI**
- **B. RBI**
- **C. DRT**
- **D. MCA**

(xiv) NSIC stands for:

- **A. National Social Institute Corporation**
- **B. National Small Institute Corporation**
- **C. National Scheme for Industries and companies**
- **D. National Small Industries Corporation.**

(xv) Where two persons claim for the same Domain Name either by claiming that they had registered the name first on by right of using it before the other or using something similar to that previously. Which type of Cybercrime it is?

- **A. Squatting**
- **B. Vandalism**
- **C. Trespass**
- **D. None of the above**

Answer:

(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(xi)	(xii)	(xiii)	(xiv)	(xv)
B	C	C	B	B	C	C	A	D	B	C	D	C	D	A

SECTION – B

(Answer any five questions out of seven questions given. Each question carries 14 Marks.)

[5x14=70]

2. (a) Explain the provisions relating to the appointment of Trustees for Depositors under Rule 7 and the duties of such Trustees as prescribed under Rule 8. [7]

(b) Describe the legal provisions under Section 152 of the Companies Act, 2013 concerning the appointment of directors and the manner of filling vacancies caused by retiring directors. [7]

Answer:

(a) Appointment of Trustee for Depositors (Rule 7)

a) No eligible company shall issue a circular or advertisement inviting secured deposits unless the company has appointed one or more trustees for depositors for creating security for the deposits. Trustees shall not be related to the directors and shall not have pecuniary interest on the company.

b) The company shall execute a deposit trust deed in Form DPT-2 at least seven days before issuing the circular or circular in the form of advertisement.

c) No person including a company that is in the business of providing trusteeship services shall be appointed as a trustee for the depositors, if the proposed trustee:

(1) is a director, key managerial personnel or any other officer or an employee of the company or of its holding, subsidiary or associate company or a depositor in the company.

(2) is indebted to the company, or its subsidiary or its holding or associate company or a subsidiary of such holding company.

(3) has any material pecuniary relationship with the company.

(4) has entered into any guarantee arrangement in respect of principal debts secured by the deposits or interest thereon.

(5) is related to any person specified in clause (a) above.

d) No trustee for depositors shall be removed from office after the issue of circular or advertisement and before the expiry of his term except with the consent of all the directors present at a meeting of the board.

Provided that in case the company is required to have independent directors, at least one independent director shall be present in such meeting of the Board.

Duties of Trustees (Rule 8)

It shall be the duty of every trustee for depositors to:

(a) ensure that the assets of the company on which charge is created together with the amount of deposit insurance are sufficient to cover the repayment of the principal amount of secured deposits outstanding and interest accrued thereon.

(b) satisfy himself that the circular or advertisement inviting deposits does not contain any information which is inconsistent with the terms of the deposit scheme or with the trust deed and is in compliance with the rules and provisions of the Act.

(c) ensure that the company does not commit any breach of covenants and provisions of the trust deed.

(d) take such reasonable steps as may be necessary to procure a remedy for any breach of covenants of the trust deed or the terms of invitation of deposits.

(e) take steps to call a meeting of the holders of depositors as and when such meeting is required to be held.

(f) supervise the implementation of the conditions regarding creation of security for deposits and the terms of deposit insurance.

(g) do such acts as are necessary in the event the security becomes enforceable.

(h) carry out such acts as are necessary for the protection of the interest of depositors and to resolve their grievances.

(b) Appointment of Directors [Section 152]

(1) Where no provision is made in the articles of a company for the appointment of the first director, the subscribers to the memorandum who are individuals shall be deemed to be the first directors of the company until the directors are duly appointed. [Section 152 (1)]

In case of a One Person Company, an individual being member shall be deemed to be its first director until the director or directors are duly appointed by the member in accordance with the provisions of this section. [Section 152 (1)]

(2) Every director shall be appointed by the company in general meeting, unless any specific method of appointment is provided in the Articles of Association. [Section 152 (2)].

(3) No person shall be appointed as a director of a company unless he has been allotted the Director Identification Number (DIN) under section 154. [Section 152 (3)].

(4) Every person proposed to be appointed as a director by the company in general meeting or otherwise, shall furnish his Director Identification Number (DIN) and a declaration that he is not disqualified to become a director under this Act. [Section 152 (4)].

(5) A person appointed as a director shall not act as a director unless he gives his consent to hold the office as director and such consent has been filed with the Registrar within 30 days of his appointment in Form DIR-12 along with the fee as prescribed [Section 152(5)]

The Ministry of Corporate Affairs has clarified via Notification No. 463(E) and 466(E) dated 5th June, 2015, that section 152 (5) shall not apply:

a) where appointment of such director is done by the Central Government or State Government, as the case may be.

b) to a section 8 company.

Vacancy in case of retiring director [Section 152(7)]

(a) If the vacancy of the retiring director is not so filled-up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a holiday, at the same time and place.

(b) If at the adjourned meeting also, the vacancy of the retiring director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring director shall be deemed to have been re-appointed at the adjourned meeting, unless:

(1) at that meeting or at the previous meeting a resolution for the re-appointment of such director has been put to the meeting and lost.

(2) the retiring director has, by a notice in writing addressed to the company or its Board of directors, expressed his unwillingness to be so re-appointed.

(3) he is not qualified or is disqualified for appointment.

(4) a resolution, whether special or ordinary, is required for his appointment or re appointment by virtue of any provisions of this Act.

(5) Section 162 is applicable to the case.

Non applicability of section 152 (6) and 152 (7)

The provisions relating to retirement, shall not apply to:

(1) A Government company in which the entire paid up share capital is held by the Central Government, or by any State Government or Governments or by the Central Government and one or more State Governments;

(2) A subsidiary of a Government company, referred to in (a) above, in which the entire paid up share capital is held by the Government company.

3. (a) Explain the provisions of Section 174 of the Companies Act, 2013 relating to the quorum requirements for meetings of the Board of Directors. [7]

(b) Explain the provisions of Section 232 of the Companies Act, 2013 relating to the merger and amalgamation of companies. [7]

Answer:

(a) Quorum for meetings of Board (Section 174)

A quorum is the minimum number of qualified persons who must be present in order to transact business at a duly convened Board meeting. A meeting shall not be deemed to have been properly held unless the quorum was present at that meeting. Presence of requisite Quorum validate decision taken at a meeting.

(a) The quorum for a Board Meeting shall be one-third of its total strength or two directors, whichever is higher.

(b) The directors who participate by video conferencing or by other audio visual means shall also be counted for the purpose of quorum.

(c) The continuing directors may act notwithstanding any vacancy in the Board; but, if the number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing (remaining) directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company and for no other purpose.

(d) Where at any time the number of interested directors exceeds or is equal to two third of the total strength of the Board of Directors, the quorum shall be the number of directors who are present at the meeting and not interested directors and are not be less than two.

(e) Interested director means every director of a company who is in anyway, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement which is placed in agenda of the meeting.

Notes:

(1) Section 8 Companies under the Act shall constitute quorum for the Board meeting, either eight members or 25% of its total strength whichever is less. Provided that quorum shall not be less than two members. [Vide Notification G.S.R.466(E) dated 5th June 2015]

(2) The provisions of section 174 are not applicable to one-person company in which there is only one director on its Board of directors.

(3) For the purpose of calculating quorum, any fraction of a number shall be rounded off as one.

(4) Total strength shall not include directors whose places are vacant.

(5) As per the SS-1 (Secretarial Standards on the Meeting of Board):

a) Quorum shall be present throughout the meeting.

b) In case of committee meetings, the presence of all members of any committee constituted by the Board is necessary to form the quorum for the meetings of such committee unless otherwise stipulated in the Act, or any other law, or the Articles or by the Board.

(b) Merger and Amalgamation of Companies [Section 232]

(a) U/s 232(1), when an application is made to the Tribunal under Section 230 for the sanctioning of a compromise or an arrangement proposed between a company and any such persons as are mentioned in that Section, and it is shown to the Tribunal:

(1) that the compromise or arrangement has been proposed for the purposes of, or in connection with, a scheme for the reconstruction of the company or companies involving merger or the amalgamation of any two or more companies, and

(2) that under the scheme, the whole or any part of the undertaking, property or liabilities of any company is required to be transferred to another company, or is proposed to be divided among and transferred to two or more companies, the Tribunal may on such application, order a meeting of the creditors or class of creditors or the members or class of members, as the case may be, to be called, held and conducted in such manner as the Tribunal may direct and the provisions of Section 230 shall apply mutatis mutandis.

(b) Such order shall also require to circulate the following for the meeting so ordered by the Tribunal, namely:

(1) the draft of the proposed terms of the scheme drawn up and adopted by the directors of the merging company.

(2) confirmation that a copy of the draft scheme has been filed with the Registrar;

(3) a report adopted by the directors of the merging companies explaining effect of compromise on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders specifying out in particular the share exchange ratio, specifying any special valuation difficulties.

(4) the report of the expert with regard to valuation, if any.

(5) a supplementary accounting statement if the last annual accounts of any of the merging company relate to a financial year ending more than 6 months before the first meeting of the company summoned for the purposes of approving the scheme.

The Tribunal, after satisfying itself that the procedure of holding meeting has been complied with, may, by order, sanction the compromise or arrangement or by a subsequent order, make provision for the following matters, namely:

(1) the transfer to the transferee company of the whole or any part of the undertaking, property or liabilities of the transferor company from a date to be determined by the parties.

(2) the allotment or appropriation by the transferee company of any shares, debentures, policies or other like instruments in the company which, under the compromise or arrangement, are to be allotted or appropriated by that company to or for any person:

(3) the continuation by or against the transferee company of any legal proceedings pending by or against any transferor company on the date of transfer.

(4) dissolution, without winding-up, of any transferor company.

(5) the provision to be made for any persons who, within such time and in such manner as the Tribunal directs, dissent from the compromise or arrangement.

(6) where share capital is held by any non-resident shareholder under the foreign direct investment norms or guidelines specified by the Central Government or in accordance with any law for the time being in force, the allotment of shares of the transferee company to such shareholder shall be in the manner specified in the order;

(7) the transfer of the employees of the transferor company to the transferee company.

(8) when the transferor company is a listed company and the transferee company is an unlisted company:

a) the transferee company shall remain an unlisted company until it becomes a listed company.

b) if shareholders of the transferor company decide to opt out of the transferee company, provision shall be made for payment of the value of shares held by them and other benefits in accordance with a pre-determined price formula or after a valuation is made, and the arrangements under this provision may be made by the Tribunal:

(9) where the transferor company is dissolved, the fee, if any, paid by the transferor company on its authorised capital shall be set-off against any fees payable by the transferee company on its authorised capital subsequent to the amalgamation; and

(10) such incidental, consequential and supplemental matters as are deemed necessary to secure that the merger or amalgamation is fully and effectively carried out:

A certificate by the company's auditor has been filed with the Tribunal to the effect that the accounting treatment, if any, proposed in the scheme of compromise or arrangement is in conformity with the accounting standards.

(11) Any property or liabilities, shall be transferred to the transferee company and the liabilities shall be transferred to and become the liabilities of the transferee company and any property

may, if the order so directs, be freed from any charge which shall by virtue of the compromise or arrangement, cease to have effect.

(12) Certified copy of the order to be filed with the registrar Section 232(5) within thirty days of the receipt of certified copy of the order.

(13) Effective date of the scheme

Section 232 (6) states that the scheme under this Section shall clearly indicate an appointed date from which it shall be effective and the scheme shall be deemed to be effective from such date and not at a date subsequent to the appointed date.

(14) Annual statement certified by CA/CS/CMA to be filed with Registrar every year until the completion of the scheme.

Every company in relation to which the order is made shall, until the completion of the scheme, file a statement in such form and within such time as may be prescribed with the Registrar every year duly certified by a chartered accountant or a cost accountant or a company secretary in practice indicating whether the scheme is being complied with in accordance with the orders of the Tribunal or not.

4. (a) Three Board meeting of A Ltd. were held on 01.01.2024, 01.04.2024, 01.07.2024. In the fourth Board meeting scheduled for 27.10.2024, no matter could be discussed since the required quorum was not present, and so it was adjourned till 03.11.2024. In the adjourned Board meeting held on 03.11.2024, 5 matters were discussed and voted upon. Assess the situation, has the company contravened any of the provisions of the Companies Act, 2013? [7]

(b) X & Co. is a LLP firm wants to convert their firm into a corporate entity as per the provisions contained in Sec. 366 of the Companies Act ,2013 and the Companies (Authorized to registered) Rules, 2014. They have conducted a meeting for conversion of and to decide the name of the company summoned for the purpose of registering the LLP. In the meeting 1/4th partners want for the conversion into a Pvt. Ltd company, and ¾th partners want for a new corporate entity with the word "Public Limited". There are 6 partners in the firm. Recommend an appropriate decision and steps to be taken by the firm. [7]

Answer:

(a) As per section 173 (1), at least four Board meetings shall be held in each calendar year and not more than 120 days shall intervene between two consecutive meetings of the Board. In the present case, the Board meeting held on 27.10.2024 was adjourned, and the adjourned Board meeting was held on 03.11.2024. The Board meeting held on 27.11.2024 and adjourned Board meeting held on 03.11.2024 shall not be deemed to be separate Board meetings, since an adjourned meeting is a mere continuation of the original meeting. Accordingly, the Board meeting held on 27.10.2024 and the adjourned Board meeting held on 03.11.2024 shall be counted as one Board meeting only. Thus, the company has held 4 Board meetings during the calendar year 2024. The gap between first and second Board meeting was not more than 120 days. Similarly, the gap between the 2nd and third Board meeting was not more than 120 days. Regarding the gap between the third and fourth Board meeting, the date of third board meeting and forth original board meeting should be considered. This is so because the Board meeting only, it shall be deemed that

only one Board meeting was held on 27.10. 2024.As is evident, the gap between the third Board meeting 1.07.2024 and fourth Board meeting is not more than 120 days. Since A ltd has held four Board meetings during the calendar year 2024, and the gap between no two consecutive Board meetings is more than 120 days, A Ltd has complied with section 173.

(b) An LLP can be converted into a Pvt. Ltd. Company as per the provisions contained in section 366 of the companies act 2013 and the companies (Authorised to Registered) Rules, 2014.

This steps can be initiated in 2 ways as enumerated below:

(i) Incorporation of a new corporate entity.

(ii) Conversion of existing entity (e.g. LLP/Partnership Firm) into a Company There are various requirements which need to be satisfied for converting an LLP into a private Ltd.

1. An LLP must have at least 7 partners (however as per Companies Amendment Act ,2017 LLP with 2 partners can be converted into company).
2. Approval from all partners is required.
3. Advertisement in newspaper is to be done in a local and national newspaper.
4. No objection certificate (NOC) is required from ROC where such LLP is registered

However, if an LLP crosses an annual turnover of Rs.40 lakhs or a capital contribution of more than Rs.25 lakhs, the compliance requirements for LLP and Private Limited Company become almost similar, making the private limited company a better choice. Further that a company with less than 7 members shall register as a private company, whether the majority is for a new corporate entity with the word "Public Limited".

The following steps to be taken by the firm:

1. Hold a meeting of the partners to decide the name of the company. To authorize partners to take all steps necessary and to execute all papers, deeds, documents etc. pursuant to register of the LLP as a Company. The major advantages are that the business can be run under the same name as that of the LLP except that in addition to the name of LLP the words Limited or private limited has to be added. The accepted name by the authority will be valid for 60 days.
2. After obtaining name approval, apply for Digital Signature Certificate (DSC) and Director Identification Number (DIN) for the member of the LLP who will be the directors of the Private Limited Company after conversion. n case of non-applicability of DIN, the applicant needs to provide address proof, identity proof and photographs along with the application. Therefore, obtain DIN directly through filing incorporation form.
3. Further, Form URC-1 needs to be filed by the applicant; furnish the following list of documents along with the form URC-1.
   - Provide details such as name, address and shares held by the members along with the member's list.
   - Provide details such as Name, Address, DIN, passport number along with an expiry date of all the directors of the Private Limited Company.
   - An affidavit is required from the first directors of the Private Limited Company stating that they are not banned from being a director

- Also, file all mandatory documents with the Registrar of Companies for the registration of the company.
- Note: The details provided by the company should be complete, correct and accurate to the best of their knowledge.
- Copy of Limited Liability Partnership agreement with a list containing the name and address of the partners of LLP and a certified copy of registration which is duly verified by at least two designated partners of LPP is required.
- The statement with the details of the nominal share capital of the firm and the number of shares separated, the number of shares taken and the amount remitted for each share and the name of the firm with the word private limited to be provided.
- The no-objection certificate from all the creditors has to be provided.
- Duly certified accounts statement of the company by the auditor, which should not be less than six days from the date of application and the copy of the newspaper advertisement is required.

4. Draft the Memorandum of Association (MOA) and Articles of Association (AOA) and submit to the Registrar of Companies. After the approval of the company name, the Register of Companies sanctions the form URC-1.

5. (a) Examine the provisions under the Insolvency and Bankruptcy Code, 2016 relating to the appointment and remuneration of a liquidator, and discuss the powers and duties vested in the liquidator. [7]

(b) KBC Private Limited (Corporate Debtor) is a company incorporated on 01.01.2020 under the provisions of Companies Act, 1956, having its registered office at Mumbai. The Authorised Share Capital of the company is ₹10,00,00,000/- and Paid up Share Capital of the company is ₹9,90,00,000/-. UGC Private Limited (Operational Creditor) is a company incorporated on 01.01.2021 under the provisions of Companies Act, 1956 having its registered office at Kolkata.

KBC Private Limited approached UGC Private Limited for purchase of inputs for his production. It was specifically agreed that upon procuring the inputs by KBC Private Limited and raising of invoices by UGC Private Limited, the entire payment for such invoices shall be made in a timely manner. As per the arrangement, the KBC Private Limited placed various purchase orders for supply of inputs. UGC Private Limited supplied the goods as per the orders placed by KBC Private Limited and raised invoices against the said supply. The invoices were duly acknowledged by KBC Private Limited and an amount as part payments were also made. But thereafter, inspite of various requests made and reminders sent by UGC Private Limited, the KBC Private Limited had neither responded nor repaid the remaining claim. On failure to pay the outstanding dues by the KBC Private Limited, the UGC Private Limited sent a demand notice dated 01.01.2025 under Section 8 of the Insolvency and Bankruptcy Code, 2016 to the respondent asking them to make the entire outstanding payments of ₹ 20,00,000/- (Rupees Twenty Lakhs) inclusive of interest within 15 days from receipt of the notice, failing which the UGC Private Limited shall initiate the Corporate Insolvency Resolution process against the KBC Private Limited. Despite the demand notice, the

KBC Private Limited did not pay the amount demanded, neither raised any notice of dispute nor replied to the said notice. As a next action UGC Private Limited filed an application before National Company Law Tribunal (NCLT), seeking to unfold the process of Corporate Insolvency Resolution Process (CIRP).

Based on the above fact, answer the following:

(i) Can UGC Private Limited make application before the Adjudicating Authority and where to file such application to initiate the Corporate Insolvency process in the given case.

(ii) Examine who is authorized to appoint an Interim Resolution Professional in case Resolution Professional is not appointed by the UGC Private Limited? Discuss the moratorium as envisaged under the provisions of Section 14(1) to (4) of the Insolvency and Bankruptcy Code, 2016 in relation to the Corporate Debtor. [7]

Answer:

(a) Appointment and remuneration of Liquidator

The resolution professional appointed for the corporate insolvency resolution process shall, subject to the submission of the written consent, act as the liquidator unless replaced by the Adjudicating Authority. All powers of the board of directors, key managerial personnel and the partners of the corporate debtor, as the case may be, shall cease to have effect and shall be vested in the liquidator.

The personnel of the corporate debtor shall extend all assistance and co-operation to the liquidator.

The Adjudicating Authority shall by order replace the resolution professional, if-

(a) the resolution plan submitted by the resolution professional was rejected for failure to meet the requirements of the Code;

(b) the Board recommends the replacement of a resolution professional to the Adjudicating Authority for reasons to be recorded in writing;

(c) the Resolution professional fails to submit written consent.

The Adjudicating Authority may appoint another Insolvency Professional as liquidator on recommendation of the Board.

Powers and duties of liquidator

The liquidator will work under overall directions of the Adjudicating Authority and have the following powers and duties.

(a) to verify claim of all the creditors.

(b) to take into his custody or control all the assets, property, effects and actionable claims of the corporate debtor.

(c) to evaluate the assets and property of the corporate debtor.

(d) to take such measures to protect and preserve the assets and properties.

(e) to carry on the business of the corporate debtor for its beneficial liquidation as he considers necessary.

(f) To sell the immovable and movable property and actionable claims of the corporate debtor in liquidation other than to those who are not eligible to be a resolution applicant.

(g) to draw, accept, make and endorse any negotiable instruments

(h) to take out, in his official name, letter of administration to any deceased contributory and to do in his official name any other act necessary for obtaining payment of any money due and payable from a contributory or his estate.

(i) to obtain any professional assistance from any person or appoint any professional

(j) to invite and settle claims of creditors and claimants and distribute proceeds in accordance with the provisions of this Code.

(k) to institute or defend any suit, prosecution or other legal proceedings, civil or criminal, on behalf of the corporate debtor.

(l) to investigate the financial affairs of the corporate debtor to determine undervalued or preferential transactions

(m) to take all such actions, steps, or to sign, execute and verify any paper, deed, receipt document, application, petition, affidavit, bond or instrument.

(n) to apply to the Adjudicating Authority for such orders or directions as may be necessary for the liquidation of the corporate debtor and to report the progress of the liquidation process

(o) to perform such other functions as may be specified by the Board.

The liquidator may but consult any of the stakeholders entitled to a distribution of proceeds such consultation shall not be binding on the liquidator.

(b) i. Yes, UGC Private Limited can make application before the Adjudicating Authority.

As per Section 6 of the Insolvency and Bankruptcy Code, 2016, where any corporate debtor commits a default, a financial creditor, an operational creditor or the corporate debtor itself may initiate corporate insolvency resolution process in respect of such corporate debtor in the manner as provided under Chapter II of the Part II of the Insolvency and Bankruptcy Code, 2016. It may be noted that in terms of Section 5(20) of the Insolvency and Bankruptcy Code, 2016 operational creditor means a person to whom an operational debt is owed and includes any person to whom such debt has been legally assigned or transferred;

Application to initiate the Corporate Insolvency process may be filed before the Adjudicating Authority. In terms of Section 5(1) of the Insolvency and Bankruptcy Code, 2016, Adjudicating Authority means National Company Law Tribunal constituted under section 408 of the Companies Act, 2013. According to Section 9 of the Insolvency and Bankruptcy Code, 2016, Application for initiation of corporate insolvency resolution process by operational creditor shall be filed in such form and manner and accompanied with such fee as may be prescribed.

ii. Adjudicating Authority (National Company Law Tribunal) appoint Interim Resolution Professional in case Resolution Professional is not appointed by the Operational Creditor (UGC Private Limited).

Section 14 of the Insolvency and Bankruptcy Code, 2016 deals with Moratorium. Section 14(1) provides that subject to provisions of sub-sections (2) and (3), on the insolvency commencement date, the Adjudicating Authority shall by order declare moratorium for prohibiting all of the following, namely: -

(a) the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgement, decree or order in any court of law, tribunal,

arbitration panel or other authority;

(b) transferring, encumbering, alienating or disposing off by the corporate debtor any of its assets or any legal right or beneficial interest therein;

(c) any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

(d) the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.

Section 14(2) states that the supply of essential goods or services to the corporate debtor as may be specified shall not be terminated or suspended or interrupted during moratorium period.

As per Section 14(3) the provisions of sub-section (1) shall not apply to —

(a) such transaction as may be notified by the Central Government in consultation with any financial regulator;

(b) a surety in a contract of guarantee to a corporate debtor.

Section 14(4) provides that the order of moratorium shall have effect from the date of such order till the completion of the corporate insolvency resolution process. It may be noted that where at any time during the corporate insolvency resolution process period, if the Adjudicating Authority approves the resolution plan under sub-section (1) of section 31 or passes an order for liquidation of corporate debtor under section 33, the moratorium shall cease to have effect from the date of such approval or liquidation order, as the case may be.

6. (a) Corporate governance is important in a family business also. Discuss the key points in evolving corporate governance in family businesses. [7]

(b) Explain the benefits of business intelligence and identify the various types of business intelligence tools and applications. **[7]**

Answer:

(a) Corporate Governance in Family Business – Summary

1. Balancing Family and Business Interests

Family businesses often struggle to balance emotional family ties with professional business decisions. Good governance helps manage conflicts, ensures objectivity, and separates personal issues from business matters.

2. Importance of Succession Planning

A major governance challenge is preparing for leadership transition. Clear succession plans reduce uncertainty, prevent disputes, and ensure business continuity across generations.

3. Formal Governance Structures

Introducing structured governance mechanisms like a board of directors, family council, and family constitution helps define roles, responsibilities, and decision-making processes, fostering transparency and accountability.

4. **Professionalization of the Business**
   Hiring non-family professionals and setting clear job descriptions and performance expectations reduces nepotism, enhances efficiency, and ensures business decisions are made on merit.
5. **Conflict Resolution Mechanisms**
   Family businesses are prone to internal conflicts. Having pre-agreed mechanisms (e.g., mediation clauses, voting rights, conflict resolution committees) ensures smooth functioning and preserves relationships.
6. **Communication and Transparency**
   Open communication builds trust between family members and non-family stakeholders. Regular meetings, clear financial reporting, and shared vision statements are critical for alignment.
7. **Preserving Family Legacy and Values**
   Governance is not only about business—it also protects the family's long-term values and legacy. A documented set of shared principles (e.g., mission, vision, code of ethics) guides behaviour and preserves identity.

(b) Benefits of business intelligence

A successful BI program produces a variety of business benefits in an organization. For example, BI enables C-suite executives and department managers to monitor business performance on an ongoing basis so they can act quickly when issues or opportunities arise. Analyzing customer data helps make marketing, sales and customer service efforts more effective. Supply chain, manufacturing and distribution bottlenecks can be detected before they cause financial harm. HR managers are better able to monitor employee productivity, labor costs and other workforce data.

Overall, the key benefits that businesses can get from BI applications include the ability to:

(i) speed up and improve decision-making;
(ii) optimize internal business processes;
(iii) increase operational efficiency and productivity;
(iv) spot business problems that need to be addressed;
(v) identify emerging business and market trends;
(vi) develop stronger business strategies;
(vii) drive higher sales and new revenues; and
(viii) gain a competitive edge over rival companies.

BI initiatives also provide narrower business benefits -- among them, making it easier for project managers to track the status of business projects and for organizations to gather competitive intelligence on their rivals. In addition, BI, data management and IT teams themselves benefit from business intelligence, using it to analyze various aspects of technology and analytics operations.

Types of business intelligence tools and applications

The list of BI technologies that are available to organizations includes the following:

Ad hoc analysis. It's the process of writing and running queries to analyze specific business issues 0n casual or temporary basis.

Online analytical processing (OLAP). OLAP tools enable users to analyze data along multiple dimensions, which is particularly suited to complex queries and calculations. bases.

Mobile BI. Here, BI applications and dashboards available on smartphones and tablets. This may only display two or three data visualizations and KPIs so they can easily be viewed on a device's screen.

Real-time BI. In real-time BI applications, data is analyzed as it's created, collected and processed to give users an up-to-date view of business operations, customer behavior, financial markets and other areas of interest. The real-time analytics process often involves streaming data and supports decision analytics uses, such as credit scoring, stock trading and targeted promotional offers.

Operational intelligence (OI). Also called operational BI, this is a form of real-time analytics that delivers information to managers and frontline workers in business operations.

Open source BI (OSBI). Business intelligence software that is open source typically includes two versions: a community edition that can be used free of charge and a subscription-based commercial release with technical support by the vendor.

Embedded BI. Embedded business intelligence tools put BI and data visualization functionality directly into business applications. That enables business users to analyze data within the applications they use to do their job. Embedded analytics features are most commonly incorporated by application software vendors, but corporate software developers can also include them in home grown applications.

Collaborative BI. This is more of a process than a specific technology. It involves the combination of BI applications and collaboration tools to enable different users to work together on data analysis and share information with one another. For example, users can annotate BI data and analytics results with comments, questions and highlighting via the use of online chat and discussion tools.

Location intelligence (LI). This is a specialized form of BI that enables users to analyze location and geospatial data, with map-based data visualization functionality incorporated. Location intelligence offers insights on geographic elements in business data and operations. Potential uses include site selection for retail stores and corporate facilities, location-based marketing and logistics management.

7. (a) Discuss "connected person" in context of insider trading. [7]

(b) Examine the concepts of "Abuse of Dominant Position" and "Predatory Pricing" under the Competition Act, 2002. [7]

Answer:

(a) According to Regulation 2 (1) (d) of SEBI (Prohibition of Insider Trading) Regulations, 2015, "connected person" means-any person who is or has during the 6 months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access. The following persons shall be considered to be connected persons unless the contrary is established, -

(a) an immediate relative of connected persons specified in clause (i); or
(b) a holding company or associate company or subsidiary company; or
(c) an intermediary as specified in section 12 of the Act or an employee or director thereof; or
(d) an investment company, trustee company, asset management company or an employee or director thereof; or
(e) an official of a stock exchange or of clearing house or corporation; or
(f) a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
(g) a member of the board of directors or an employee, of a public financial institution; or
(h) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
(i) A concern, firm, Hindu undivided family, company, or an association of persons wherein a director of the company or his immediate relative or banker of the company, has more than ten percent of the holding of interest.

(b) Abuse of Dominant Position

(a) if an enterprise or a group directly or indirectly, imposes unfair or discriminatory—
  (i) condition in purchase or sale of goods or service; or
  (ii) price in purchase or sale (including predatory price) of goods or service; or
(b) limits or restricts—
  (i) production of goods or provision of services or market therefor; or
  (ii) technical or scientific development relating to goods or services to the prejudice of consumers; or
(c) indulges in practice or practices resulting in denial of market access in any manner; or
(d) makes conclusion of contracts subject to acceptance by other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts; or
(e) uses its dominant position in one relevant market to enter into, or protect, other relevant market.

"dominant position" means a position of strength, enjoyed by an enterprise, in the relevant market, in India, which enables it to—
  (i) operate independently of competitive forces prevailing in the relevant market; or
  (ii) affect its competitors or consumers or the relevant market in its favour.

"predatory price" means the sale of goods or provision of services, at a price which is below the cost, as may be determined by regulations, of production of the goods or provision of services, with a view to reduce competition or eliminate the competitors.

8. (a) Examine the key features of the Prevention of Money Laundering Act (PMLA), 2002, and Discuss any seven significant points. [7]

(b) Discuss the procedure for registration of an Asset Reconstruction Company [7]

Answer:

(a) Key features of PMLA

The Prevention of Money Laundering Act (PMLA), 2002, was enacted to prevent money laundering and to provide for the confiscation of property derived from or involved in money laundering. Here are seven key features of the Act:

1. **Definition of Money Laundering:**
   Under Section 3 of PMLA, money laundering is defined as any process or activity connected with the proceeds of crime, including its concealment, possession, acquisition, or use.
2. **Attachment of Property:**
   Authorities under PMLA can provisionally attach property believed to be involved in money laundering, to prevent its transfer or disposal before the completion of investigation.
3. **Adjudicating Authority:**
   An Adjudicating Authority is appointed to confirm the attachment of property and take further action regarding its confiscation.
4. **Special Courts:**
   Special Courts are designated under the Act to try offenses of money laundering. These courts are set up under the Prevention of Money Laundering Act in consultation with the Chief Justice of the High Court.
5. **Reporting Entities and KYC:**
   Banks, financial institutions, and intermediaries are required to maintain records and report suspicious transactions to the Financial Intelligence Unit – India (FIU-IND). They must also follow Know Your Customer (KYC) norms.
6. **Presumption in Certain Cases:**
   The Act presumes the existence of a money laundering offense in cases involving interconnected transactions and gives enforcement agencies more power in prosecution.
7. **Confiscation of Property:**
   Once a person is found guilty of money laundering, the involved property can be permanently confiscated by the government.

(b) A company can commence or carry on the business of securitisation or asset reconstruction only after obtaining a certificate of registration and having the owned fund of not less than two crore rupees or such other higher amount as the Reserve Bank, may be notification specify. The Reserve Bank may, by notification, specify different amounts of owned fund for different class or classes of asset reconstruction companies.

(i) The requirement for registration of AMC is as under-

(1) that the asset reconstruction company has not incurred losses in any of the three preceding financial years.

(2) that such asset reconstruction company has made adequate arrangements for realisation of the financial assets acquired for the purpose of securitisation or asset reconstruction and shall be able to pay periodical returns and redeem on respective due dates on the investments made in the company by the qualified institutional buyers or other persons.

(3) that the directors of asset reconstruction company have adequate professional experience in matters related to finance, securitisation and reconstruction.
(4) that any of its directors has not been convicted of any offence involving moral turpitude.
(5) that a sponsor of an asset reconstruction company is a fit and proper person in accordance with the criteria as may be specified in the guidelines issued by the Reserve Bank for such person.
(6) that the asset reconstruction company has complied with or is in a position to comply with prudential norms specified by the Reserve Bank.
(7) that the asset reconstruction company has complied with one or more conditions specified in the guidelines issued by the Reserve Bank for the said purpose.

(ii) RBI may impose restrictions/conditions as deemed fit. Reserve Bank approval is further required for-
(1) any substantial change in its management including appointment of any direction on the Board of Directors of the asset reconstruction company or managing director or Chief Executive Officer thereof.
(2) change of location of its registered office.
(3) change in its name.

The decision of the Reserve Bank, whether the change in management of an asset reconstruction company is a substantial change in its management or not, shall be final and binding. The expression "substantial change in management" means the change in the management by way of transfer of shares or change affecting the sponsorship in the company by way of transfer of shares or amalgamation or transfer of the business of the company.