

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**

Course: Corporate Law-II
Semester-VII (Batch: 2015-20)

End Semester Examination: Oct-Nov. 2018

Date: 24th October, 2018

Duration: 3 hours

Max. Marks: 50

Instructions:

- Read the questions properly and write the answers in the given answer book.
- The respective marks for each question are indicated in line.
- Do not write anything on the question paper.
- Indicate correct question numbers in front of the answers.
- No questions or clarifications can be sought during the exam period, answer as it is, giving reason, if any.

Answer any five questions:

Marks

- Q.1 Mr S, a secured creditor of a company ABC Ltd., wants to file an application with the tribunal under section 253 of the Companies Act 2013, for declaring the company sick on the ground that the company has been making losses in the previous three years and that more than half of its net worth has been eroded due to losses. (10)
Based on the afore-stated facts, answer the following:
- (a) Would Mr S succeed?
 - (b) According to the 2013 Act, who is/are and under what circumstances authorised to make a reference or application to the tribunal to determine a company sick?
 - (c) What are the remedies available to the creditors presently?
- Q.2 A company had 10,000 shareholders holding 100,000 shares of ₹ 10 each. A meeting of the shareholders was called, in pursuance of the order passed by the tribunal for sanctioning a scheme of reconstruction. The scheme was placed for voting and the voting pattern is as follows: (10)
One shareholder who was holding 30,000 shares along with other shareholders holding 4999 shares, to the aggregate holding of 82490, voted in favour of the scheme. However 5000 shareholders with 17510 oppose the scheme.
- (a) Can the scheme be said to be approved by the shareholders?
 - (b) In considering a petition for sanction of a scheme, the tribunal has to act in supervisory capacity, even though all the conditions specified in the Act have been fulfilled. Before the tribunal sanctions a scheme, it will need to be satisfied on certain matters. Explain the same.
- Q.3 'The Tribunal has very wide powers in sanctioning or rejecting a scheme of compromise or arrangement'. With the help of decided cases, explain the powers of the tribunal. (10)
- Q.4 Briefly explain 'The Insolvency and Bankruptcy (Amendment) Act 2018'. Also critically analyse the changes brought in, the reasoning for the change and the consequences of the amendments. (10)

Q.5 Global Developers Ltd Co. is being wound up by the tribunal. The Official Liquidator is appointed who is responsible for the realisation of the assets. On realisation, the amount is ₹ 35,00,000 at his disposal towards payment of the creditors of the company. The payments to be made are as follows: (10)

- | | |
|---|---------------|
| (a) Taxes and revenue payable to the government | – ₹ 3,00,000 |
| (b) Dues to the secured creditors | – ₹ 25,00,000 |
| (c) Unsecured creditors | – ₹ 40,00,000 |
| (d) Dues to workers | – ₹ 20,00,000 |

Explain the procedure to be followed for the payment of the dues as provided in the Companies Act 2013, assuming that the company has created a charge on the assets of the company in favour of the secured creditors.

Q.6 Write Short Notes on **any two**:

- (a) Consequences of winding up
- (b) Cross border Mergers
- (c) Creeping Acquisition

(2x5=
10)
