

**MOCK TEST PAPER**  
**FINAL COURSE GROUP I**  
**PAPER 4: CORPORATE AND ECONOMIC LAWS**

Time Allowed: 3 Hours

Maximum Marks: 100

**DIVISION A: MULTIPLE CHOICE QUESTIONS (TOTAL OF 30 MARKS)****Instructions: All questions are compulsory****Case scenario 1**

Mr. Success, the Managing Director (MD), of Aloe vera Products Limited, was removed by the Board of Directors of the company with the agreement that he shall be compensated for his early vacation of his office. Mr. Success vacated the office of MD on 31.07.2022 though his original tenure of appointment with Aloe vera Products Limited was to continue upto 31.12.2024.

The remuneration drawn by Mr. Success since the date of his joining the office is as follows:

Financial Year	Remuneration (₹ in lakh)
2020-21	55
2021-22	62
2022-23 (upto 31-07-2022)	15

The data collected from the Balance Sheet of Aloe vera Products Limited as on 31.03.2022 is as follows:

Particulars	(₹ in lakh)
Paid-up Share Capital	2000
Share Application Money	400
General Reserve	1000
Revaluation Reserve	500
Securities Premium	600
Long term loans	800
Funded Interest Term Loan (Payable after 1 year)	200
Working capital loan	400
Mutual Fund Investments	700
Miscellaneous Expenditure not written off	100

Mr. Great was appointed as the new Managing Director of Aloe vera Products Limited on 31.10.2022 in place of Mr. Success. The company decided to pay remuneration to Mr. Great as per Section 197 (4) of the Companies Act, 2013. Mr. Best, one of the members of Aloe vera Products Limited, wanted to inspect contract of service entered into by Aloe vera Products Limited with Mr. Great for assigning him the office of Managing Director but he was denied to have such inspection on the grounds that the contract with Mr. Great was not in writing.

**Answer the following questions in the light of the given facts and figures as per the Companies Act, 2013: [5 MCQs of 2 marks each]**

1. The maximum amount of compensation to which Mr. Success is entitled for premature termination of his office as Managing Director shall be -
  - (a) ` 1.11 crore
  - (b) ` 1.28 crore
  - (c) ` 1.36 crore
  - (d) ` 1.55 crore
2. Choose from the following options, 'effective capital' of Aloe vera Products Limited as on 31.03.2022:
  - (a) ` 19 crore
  - (b) ` 21 crore
  - (c) ` 34 crore
  - (d) ` 38 crore
3. Regarding the request of Mr. Best to inspect the contract of service entered by company with Mr. Great, MD, identify the incorrect statement out of followings;
  - i. Such contract of service shall be kept at registered office of the company.
  - ii. Member may inspect the contract of service only after payment of prescribed fee
  - iii. Member can inspect the contract of service with MD or WTD only if authorised by Article.

**Option**

- (a) i, ii, and iii
  - (b) i and ii
  - (c) i and iii
  - (d) ii and iii
4. What was the last date till which Mr. Great should have been appointed, in case he was not appointed on 31.10.2022?
    - (a) 30.11.2022
    - (b) 31.12.2022
    - (c) 31.01.2023
    - (d) 28.02.2023
  5. Whether contention of Aloe vera Products Limited for denying inspection to Mr. Best was correct and if not, what are the consequences of the same?
    - (a) Not correct, as contract of service with a Managing Director should have been made in writing and kept at registered office of the company. Aloe vera Products Limited is liable to pay ` 25,000 and every officer in default is liable to pay ` 5,000 for each default, as a penalty.
    - (b) Partially correct, the member has no right to inspect copy of contract of service entered into with Managing Director but Aloe vera Products Limited has defaulted in not making the contract in writing and accordingly is liable to pay ` 25,000 and every officer in default is liable to pay ` 5,000 for each default, as a penalty.
    - (c) Not correct, if contract of service is not in writing then a written memorandum should have been prepared by Aloe vera Products Limited depicting the terms of contract of service with Mr. Great and kept at Registered Office of the company. Aloe vera Products Limited is liable to pay ` 25,000 and every officer in default is liable to pay ` 5,000 for each default, as a penalty.

- (d) Correct, if contract is not in writing then member cannot ask for inspection of the same and accordingly there are no consequences on Aloevara Products Limited for such denial.

### **Case Scenario 2**

Amrish Patel a renowned businessman of Gujarat started sport business after incorporating Ahmedabad Sport Limited (ASL). Due to stiff competition and lack of facilities/ incentive to sports goods manufacturers in the state, ASL became unprofitable and faced a cash crunch. Mr. Amrish is also director on board of ASL

ASL was unable to serve the debt, hence financial creditor moved to NCLT with an application for corporate insolvency resolution process and suggested the name of CA. Ranjan (which is a qualified insolvency professional) as interim resolution professional on the first day of March, 2023. Adjudicating Authority after ascertaining the existence of default, accepted the application and appointed CA. Ranjan as Interim Resolution Professional on 12th March 2023.

The first meeting of the committee of creditor held on 28th March, 2023 where a simple majority of financial creditor, approved the appointment of CA. Rajan as Resolution Professional.

Moratorium is also declared in regard to ASL. One of creditor put claim against Mr. Amrish who is personal guarantor. Mr. Amrish, hold credence that section 14 of the Insolvency and Bankruptcy Code, 2016 (IBC) would apply to the personal guarantor as well, as a result of which proceedings against the personal guarantor and his property would have to be stayed, if moratorium declared.

He also has started Elite Real Estate Private Limited (EREPL) around 20 year back. Mr. Rajendra who is one among such allottee (of Ashiyana project of EREPL) even file the application under Insolvency and Bankruptcy Code 2016 against EREPL for intimation of CIRP because EREPL and took money from him against allotment of flat with commitment of interest payment if delay is observed in construction schedule, but failed to fulfill its promise. Legal consultant of EREPL are of opinion since he is operational creditor hence cannot file application under section 7.

EREPL in compliance to provision enumerated in the Companies Act, 2013, granted loan to ASL to bail out from eroded working capital situation but instead of preventing ASL from insolvency it also started witnessing cash crunch. It defaulted in payments to building material suppliers, who in result advanced an application under section 9 of Insolvency and Bankruptcy Code 2016 for initiation of CIRP. Mr. Amrish immediately conducted a meeting with such operational creditors and assured them payments but also requested them to resolve issue amicably as well as withdrawal of the application they advanced under section 9.

### **Multiple Choice Questions [3 MCQs of 2 marks each]**

6. Is the appointment of CA Ranjan as the interim resolution professional at ASL is valid & if yes then what will be the latest possible date till when he can assume the office of interim resolution professional
- (a) Invalid, because the action under IBC can't be initiated against ASL on mere application advanced under section 7 and existence of default.
  - (b) Valid, till the date of appointment of resolution professional
  - (c) Valid, till 30th March 2023
  - (d) Valid, till 30th April 2023
7. Can application advanced under section 9 by building material suppliers against EREPL for initiation of CIRP be withdrawn?
- (a) Yes, but at the sole discretion of adjudicating authority, either on application or suo-moto
  - (b) Yes, but at the sole discretion of adjudicating authority in response to the application in writing from the applicant under section 9
  - (c) Yes, by adjudicating authority, but only at the application from the applicant under section 9 with the approval of 66% of the voting share of the committee of creditors.

- (d) Yes, by adjudicating authority, but only at the application from the applicant under section 9 with the approval of 90% of the voting share of the committee of creditors.
8. Regarding the credence of Mr. Amrish (as personal guarantor) on effect of moratorium, identify the correct statement out of following;
- (a) The credence that section 14 of the Insolvency and Bankruptcy Code, 2016 (IBC) would apply to the personal guarantor as well is valid.
  - (b) The credence that section 14 of the Insolvency and Bankruptcy Code, 2016 (IBC) would apply to the personal guarantor as well is valid, but in his case will not applicable as he is promoter director.
  - (c) The credence that section 14 of the Insolvency and Bankruptcy Code, 2016 (IBC) would apply to the personal guarantor as well is partially valid, as proceeding against the property of personal guarantor to be stayed but not against him.
  - (d) The credence that section 14 of the Insolvency and Bankruptcy Code, 2016 (IBC) would apply to the personal guarantor as well is invalid.
9. In a listed entity, who among the following shall not be entitled to any stock option:
- (a) Managing Director
  - (b) Woman Director
  - (c) Whole-time Director
  - (d) Independent Director (1 Mark)
10. A person shall not be a director in more than:
- (a) Five listed entities
  - (b) Six listed entities
  - (c) Seven listed entities
  - (d) Eight listed entities (1 Mark)
11. Aditi is a Managing Director in a listed entity. She is also on the Board of some listed companies as an Independent Director. In how many companies she can be an Independent Director in listed entities:
- (a) Not allowed
  - (b) One
  - (c) Two
  - (d) Three (2 Marks)
12. Mr. Atul is an employee of the company ABC Limited, and an investigation is going on him under the provisions of Companies Act, 2013. The company wants to terminate Mr. Atul as investigation is going against him. The company has filed the application with the Tribunal for approval of Mr. Atul's termination. The company has not received any reply from the Tribunal within 30 days of filling an application. After expiry of 30 days, the company considered it as deemed approval and terminated Mr. Atul.
- Analyse the given situation and decided whether ABC Limited can terminate Mr. Atul?
- (a) No, the termination of Mr. Atul is not valid, and company has attracted penal provisions under the Law.
  - (b) No, the termination of Mr. Atul is not valid because the company cannot consider the non-reply of the Tribunal as deemed approval.
  - (c) Yes, the termination of Mr. Atul made by the company is valid in law and the company can do so by considering deemed approval of Tribunal.

- (d) Yes, the termination of Mr. Atul made by the company is valid in law as filing an application to the Tribunal is not required in this case and the company on its own can terminate Mr. Atul. (2 Marks)
13. In respect of a scheme of compromise submitted by Sridhar Portland Cement Limited to the jurisdictional National Company Law Tribunal (NCLT), a meeting of the shareholders was held on the specified date and time and at the designated place. The company had 1200 shareholders holding equity shares of ₹ 1,20,00,000 (12,00,000 equity shares of ₹ 10 each) who all voted using the prescribed modes. However, 100 shareholders holding ₹ 36,00,000 worth of shares voted against the approval of the scheme of compromise. Choose the correct option which is applicable in the given situation:
- (a) The scheme of compromise is not approved
  - (b) The scheme of compromise is approved since shareholders holding more than one-half worth of shares in value voted in favour of the scheme
  - (c) The scheme of compromise is approved since shareholders holding more than fifty-five percent worth of shares in value voted in favour of the scheme
  - (d) The scheme of compromise is approved since shareholders holding more than sixty percent worth of shares in value voted in favour of the scheme (2 Marks)
14. Ritika Hospitality Services Limited having registered office in Bhikaji Cama Place, New Delhi is providing various kind of services, major components of which are tours and travels, both in India and abroad. In addition to six directors, Andrezej, a resident of Warsaw, Poland also held directorship in the company as foreign director. However, due to his extremely busy schedule at Warsaw, he resigned and requested the company to relieve him from the directorship w.e.f. 23<sup>rd</sup> July, 2023. With a view to intimate the Registrar regarding resignation of Andrezej, the company filed DIR-12 on 26<sup>th</sup> July, 2023. In respect of signing and filing of DIR-11, which of the following persons in India can be authorised by Andrezej in addition to a practising Chartered Accountant, a Cost Accountant in practice and a Company Secretary in practice who can sign and file the said Form DIR-11 on his behalf:
- (a) His professional friend Shailja, an advocate practising in Delhi High Court
  - (b) His cousin Bartek residing in India and holding directorship in an unlisted company, namely, Mithila Dairy Products Limited
  - (c) His co-director Kritika, a resident director of Ritika Hospitality Services Limited who filed DIR-12 on behalf of the company intimating the Registrar regarding resignation of Andrezej
  - (d) His close friend Devansh, Managing Director of Sunshine Travels Limited which is a listed company (2 Marks)
15. Mr. High with his friends and relatives incorporated a Nidhi company under the name Dhan Laxmi Nidhi Limited, on 20<sup>th</sup> August, 2017. As on 31<sup>st</sup> March 2023, the paid-up share capital of Dhan Laxmi Nidhi Limited was ₹ 95,00,000 (9,50,000 equity shares of ₹ 10 each). Its deposits were to the extent of ₹ 315 crore with 12,000 members. The loans aggregated to ₹ 275 crore. Keeping in view the sufficiency of profits, the company declared a dividend of ₹ one per share.
- Requirement:** Enumerate, how much the excess paid-up share capital Dhan Laxmi Nidhi Limited had when it started its operations in 2017 and what shall be maximum amount of dividend that Dhan Laxmi can declare for the Financial Year 2022-23.
- (a) Dhan Laxmi Nidhi Limited had excess paid-up share capital of ₹ 75,00,000 when it started its operations and can declare maximum permitted dividend of ₹ two per share.
  - (b) Dhan Laxmi Nidhi Limited had excess paid-up share capital of ₹ 85,00,000 when it started its operations can declare maximum permitted dividend of ₹ two and fifty paise per share.
  - (c) Dhan Laxmi Nidhi Limited had excess paid-up share capital of ₹ 90,00,000 when it started its operations can declare maximum permitted dividend of ₹ three per share.

(d) Dhan Laxmi Nidhi Limited had excess paid-up share capital of ₹ 93,00,000 when it started its operations and as declared maximum permitted dividend of Re. one per share, so it cannot declare dividend in excess of ₹ one per share. (2 Marks)

16. Pawan Limited appointed Mr. Vir, a person resident in India, as a Managing Director who has taken a charge of the post on 1<sup>st</sup> June, 2022. The remuneration package sanctioned to him is as below:

Sr. No.	Particulars	₹
1	Salary	60,00,000
2	Rent free accommodation	6,00,000
3	Children education allowance	3,00,000
4	Leave Travel Concession Package	3,00,000
5	Premium in respect of insurance taken for indemnification	5,00,000

What would be the amount of yearly remuneration for FY 2022-23 paid by Pawan Limited to Mr. Vir, the Managing Director who is appointed on 1<sup>st</sup> June, 2022?

- (a) ₹ 65,50,000  
 (b) ₹ 60,50,000  
 (c) ₹ 60,00,000  
 (d) ₹ 77,00,000

(2 Marks)

#### DIVISION B: DESCRIPTIVE QUESTIONS (70 MARKS)

**Question No. 1 is compulsory.** Attempt any **four** questions out of the remaining **five** questions.

1 (a) Modern Furniture Limited is in expansion mode. Recently it has established the branches and showroom in 25 different cities of India. Following are the balances shown on 9<sup>th</sup> December 2022 when Board of Modern Furniture is considering to borrow money for expansion activities:

Particulars	Amount in ₹ (in '000)
Share Capital	50,000
Free Reserves	1,16,000
Capital Redemption Reserve	28,000
Revaluation Reserve	59,400
Security Premium	32,000
Secured Debt/Loans	98,500
Unsecured Debt/Loan	33,200

Unsecured Debt/Loan includes temporary loans of ₹ 30 lakh, out of which ₹ 13 lakh was raised for the purpose of financial expenditure of a capital nature, whereas ₹ 8 lakh repayable on demand and remaining ₹ 9 lakh will be repayable in three equal instalment starting from next month.

Advice in the light of the provided facts, the legal position of the Board of Directors w.r.t. the borrowing powers:

- (i) Maximum permissible limit of borrowing.  
 (ii) Existing borrowing.  
 (iii) How much excess, if required, can be borrowed?

(iv) What will be consequences, if borrowing is beyond the permissible limit? (8 Marks)

- (b) India Wood and Craft Limited (IWCL) is leading name in furniture and hand-craft items of high quality which are exported to all parts of world. The company has vibrant working environment and diverse workforce. IWCL has five director Mr. Amar, Mr. Akbar, Mr. Amrinder, Mr. Anthony, and Ms. Bharti.

Mr. Amrinder, being the director placed at head office has been authorized by article to affix the common seal of the company to any document. While Mr. Akbar, who was a practicing advocate in securities laws prior to joining the company as director is authorised by a resolution at general meeting to direct registration of transfer of shares. Ms. Bharti who is ex-banker has been authorised by a board resolution to draw and endorse any cheque on the account of the company in any bank, whereas for drawing and endorsement of any other negotiable instrument Mr. Amar is responsible. Later by resolution passed in its general meeting, Mr. Akbar was also authorised to plead on legal matters on behalf of the company on minor issues.

In the stated position of the holding of various directors in the above situation, examine and recognise, who amongst them shall be eligible and be treated as Managing Director of the company. (5 Marks)

- (c) Mr. Rama, is a director of the Bharat Polyester Limited (BPL) who went abroad for 4 months for attending a short term executive course on business management. In his place, Mr. Krishna was appointed by the board as an alternate director in the manner as specified in Articles. Mr. Rama was going to retire at 2<sup>nd</sup> Annual General Meeting (AGM) from the upcoming AGM.

Mr. Rama returned back to India after his course. AGM of BPL was held within the requisite time period as per the law. In the light of the given information and facts, justify the legal position and validity of Mr. Krishna to hold office till conclusion of 2<sup>nd</sup> AGM from the upcoming AGM. (3 Marks)

2. (a) Modern Home Limited (MHL) is a listed company dealing in furniture, with expertise in Space-saving foldable furniture items. Board of MHL through its chairman instructs the secretary to call and convene board meeting to consider certain agenda items.

If board meeting to be taken place on 9<sup>th</sup> January 2023, then after explaining the relevant SEBI Regulation regarding prior intimations to Stock Exchanges of the Board Meetings, where certain proposals are to be considered, you are required to list the cut-off date of intimation in each of following cases considering these as independent case from each other.

- (i) Consider quarterly financial results
- (ii) Change in interest cycle of debenture
- (iii) Conversion of securities
- (iv) Reconsidering redemption date of preference shares (8 Marks)

- (b) During the on-going case of Mr. CD under the Prevention of Money Laundering Act, 2002, the Director on the basis of information obtained by him found that Mr. CD was in possession of some USD currency notes which were brought into India by him, beyond the prescribed limit, without making any declaration to the Custom Authorities at the Airport. The director formed an opinion that the provisions under the Foreign Exchange Management Act, 1999, had been contravened by Mr. CD. Examine the responsibility of director in such case under the provisions of the Prevention of Money Laundering Act, 2000. (6 Marks)

- 3 (a) Modern Decor Limited (MDL) is dealing in designer office and household furniture. MDL was incorporated in 2014. Until 2018, MDL made huge profits and declared the dividend at extremely high rate nearly 400% i.e. (four time to the paid-up face value).

In 2019, MDL came-up with public issue of equity, therefore share capital was increased 3 times from 12 crore to 36 crore. The number of total registered members increased to 7680. The company drastically reduced the rate of dividend payment and paid only at average rate of 25% during 2019 to 2022.

Handful of the shareholders raised this issue and their concerns related to it, in all 4 annual general meetings (from 2019 to 2022), but they were not supported by large chunk of shareholders. They reached to chairman with their concern that they made investment after considering the rate of dividend which MDL was offering between 2014 and 2018. The chairman reverted that MDL is aspired to open furniture showroom in 40+ cities in upcoming two years, in line of board's recommendations, hence declare the dividend at rate recommended by the board.

The share capital of MDL consists of equity shares only.

Such minor chunk of shareholder (members), which are 84 in numbers and holding around 6% of the issued share capital (fully called and duly paid-up); approached you (a legal consultant) for advice on:

- (a) Can minor chunk of shareholders object to lower dividend? Does lower rate of dividend amounts to oppression on minority?
- (b) Is there any forum where at this minor chunk can register their grievance? Are they eligible to file petition? (8 Marks)
- (b) Ramesh Dayal and Manish Kandpal, two students (who are friends as well) of master level management program decided to complete final semester of their degree from foreign university. Therefore both of them left India on 23rd August 2022. Initially they have planned to come back to the mother land by the June 30th of 2023 i.e. after the end of the final semester, but Manish got good job placement there and decided to start working there only. He came to India in X-mas holidays in 2023 to meet his family, while Mr. Ramesh Dayal returned to India as per plan.

To support studies of his son, the father of Manish remit him USD 64,000 during 2022-23 and USD 17,800 during 2023-24, while his tuition fee at such Higher Education Institution is only USD 27,500 (including all).

Answer the following questions in the light of the Foreign Exchange Management Act, 1999 (FEMA):

- (i) Identify the residential status of Mr. Ramesh Dayal in Financial Year 2022-23 and 2023-24.
  - (ii) In regard to remittance of an amount equivalent to USD 81800 (USD 64,000 in 2022-23 and USD 17,800 in 2023-24) against the tuition fee of only USD 27500 (including all), by father of Mr. Manish in foreign currency to his son (Mr. Manish). Specify in the given situation, whether the remittance of amount is in compliance to the FEMA, 1999. (6 Marks)
- 4 (a) A scheme of amalgamation under fast track mode had been entered between Darvak (P) Limited, a start-up company and Sopan (P) Limited, a small company, for which objections were received from the Official Liquidator by the Central Government within the prescribed time period of thirty days but the Central Government did not file any application with respect to the same with the Tribunal. Examine whether companies were eligible for amalgamation under such mode and also examine the situations in following scenarios:
- (i) Where Central Government did not file any application with respect to objections received with the Tribunal.
  - (ii) Where it filed the same. (8 Marks)
- (b) Mr. Ramakant Hathi, an Indian Administrative Service (IAS) officer has received an invitation to visit Germany for representing India in an Annual Summit programme. Mr. Ramakant Hathi, on his visit has met with a sudden illness and received foreign hospitality of amount equivalent to ` 65,000 in the form of emergent medical treatment. Under the given scenario, you are required to advise Mr. Ramakant Hathi regarding his responsibility to intimate the receipt of Foreign Hospitality as per the provisions of the Foreign Contribution (Regulation) Act, 2010 and rules made thereunder.

(6 Marks)



- 5 (a) Mr. Aarjav Variya is a partner in GARUT LLP, a consulting firm. Following table depicts the percent of gross turnover of GARUT LLP attributable to services rendered to one of its client - Anarvan Limited during the last 3 F.Y.'s:-

Year	% of gross turnover of GARUT LLP attributable to services rendered to Anarvan Limited
1	4%
2	3%
3	6%

During the last F.Y. GARUT LLP had also rendered services to Ashwatar Limited, an associate company of Anarvan Limited amounting to 10.5% of its gross turnover. Further, a penalty had been levied under section 271J of the Income-tax Act, 1961, (confirmed by Income-tax Appellate Tribunal) on Mr. Aarjav, two years back. Examine eligibility of Mr. Aarjav to be appointed as an independent director and resolution professional of Anarvan Limited and also to be a registered valuer, assuming satisfaction of other conditions for the same. (3+3+2 Marks)

- (b) A dispute has been aroused between the management of Paras Furnishing Limited and its labours. The dispute was to provide the basic facilities at the workplace, air-conditioning environment and hours of work. The management of the company sent an invitation to leader of the labour union to conciliate on the issues raised by the labours. The union leader accepted the invitation.

Examine the given situation and answer the following:

- (i) When will the conciliation proceeding shall be said to commence in the given case?  
(ii) How the settlement agreement will be arrived at by the conciliators? (6 Marks)

- 6 (a) Paavan Nidhi Limited is having its Registered Office at Karol Bagh, New Delhi. It has six Directors, namely, Padam, Prakash, Puneet, Pratima, Poorva and Piyush and two hundred fifty members. Padam is the senior-most Director with vast experience in the field of finance and therefore, he has been honoured by the company to hold Directorship for a term up to ten consecutive years.

M/s A & A Associates, a firm of auditors, has been appointed as auditors of Paavan Nidhi Limited for a term of five years commencing from FY 2016-17 to FY 2021-22 and now the company is desirous of re-appointing the said firm of auditors for another term of five years commencing from FY 2022-23.

During the current year, Mr. Kshitij, a member of Paavan Nidhi Limited deposited ₹ 1,00,000 in the name of his minor son Rudra who is of 12 years of age. Mr. Kshitij also desires that Rudra becomes a member of Paavan Nidhi and for that purpose he is negotiating with the company. As regards the validity of this matter, Piyush, one of the Directors has raised certain objections. The company wants to sort out the issue amicably.

Examine the given situations in the light of the Companies Act, 2013:

- (i) Piyush, one of the Directors, has raised objection on acceptance of deposit amounting to ₹ 1,00,000 in the name of Rudra, a minor, and negotiations initiated by his father Mr. Kshitij to make him a member of the Paavan Nidhi. Comment, is the objection raised valid?  
(ii) Padam, the Director, has been honoured by Paavan Nidhi Limited to hold Directorship for a term up to ten consecutive years. After relinquishing his office as Director at the expiry of ten years, when can Padam be re-appointed as Director of the company.  
(iii) Is the re-appointment of M/s A & A Associates, firm of auditors for another term of five years commencing from FY 2022-23, tenable? (8 Marks)
- (b) Hangout Casa was a very prominent chain of Chinese restaurant with presence all around the nation. Due to health-related-awareness among the people at large, the consumption level of fast food is declining. Eventually the business became insolvent. Suppliers of food, beverages and utilities were unpaid for supplies provided in the previous 45-60 days, amounting to around

₹ 9,50,000. There were lease rental arrears that includes that rent for one month amounting to ₹ 50,000 towards landlord Mr. Deepak (the landlord had received advance rent for three months, lease deed provided for one-month rent as security and one-month rent as advance). Amount of ₹ 78,000 is also due towards Rim Jim Limited; whose ice-cream it sells. Though somehow it managed to pay bank dues to avoid any legal actions.

Examine the given situations and answer the following questions in the light of the Insolvency and Bankruptcy Code, 2016:

- (i) Rim Jim Limited is of the view point that it's representative shall also be allowed to attend the meeting of the committee of creditors (CoC) in which the resolution plan of the applicant is considered. Advise Hangout Casa whether Rim Jim Limited, is allowed to represent the meeting of CoC? (3 Marks)
- (ii) It is specified in the facts that the suppliers of food, beverages and utilities were unpaid for supplies provided in the previous 45-60 days, amounting to around ₹ 9,50,000. Largest among such suppliers is Man Mohan Dairy to whom ₹ 2,11,390 is due, who gave notice two week back for payment but no payment was made by Hangout Casa. Can Man Mohan Dairy file an application under section 9? (3 Marks)