

NATIONAL LAW UNIVERSITY, DELHI
B.A.LLB.(Hons.): IV-YEAR, VIII-SEMESTER
Mid-Semester Examinations, April-2016

Paper 8.1: Corporate Law-II

Time: 2.00 Hours

Total Marks: 20

Instructions:

1. Read the questions carefully and answer.
2. No clarification shall be sought on the question paper.
3. Do not write anything on the question paper except your Roll No.

Answer ALL the questions.

Q.1 NLU Limited was incorporated on 1st April, 2012. The Company got its shares listed at Bombay Stock Exchange on 30th September, 2013. The Company at an Extra-Ordinary General Meeting held on 31st October, 2015, decided to go for public issue of equity shares to an extent of Rs. 300 crores. The net worth of the Company as per the audited Balance sheets in the financial years 2013-14 and 2014-15 was Rs.50 crores and 60 crores respectively. During the financial year 2015-16 the Company had already issued equity shares amounting to Rs. 20 crores. There is no change in the name of the Company or its business activities during the financial year 2015-2016. Referring to the guidelines issued by Securities and Exchange Board of India, advise the Company on the following:

- (i) Whether the Company can go ahead with the public issue of equity shares as stated above. **(2 Marks)**
- (ii) What would be your advice in case the net worth of the Company as per audited balance sheets in the financial years 2013-14 and 2015-16 was Rs. 20 crores and 30 crores respectively? **(2 Marks)**
- (iii) What would be the position in case the Company in question changed its name to DLU Limited during the year 2015-16, three months before filing the offer document and the revenue due to change of business activity suggested by the new name during the financial year 2015-16 was less than 40% of the total revenue for the financial year 2014-15 reckoned from the date of filing the offer document? **(2 Marks)**

Q.2 A Company, having paid-up Share Capital of Rs. 3 crores consisting of 30,00,000 Equity Shares of Rs. 10 each fully paid-up, proposes to make an initial Public offer of 90,000 Equity Shares of Rs. 10 each at a premium of Rs. 5 per share, in July, 2015. The promoters acquired 10,00,000 shares on 1st January, 2011 and another 10,00,000 shares on 1st January, 2015 at face value:

- (i) What should be the minimum contribution that should be made by the promoters of the above company in order to comply with the guidelines issued by SEBI?
- (ii) State also the period for which the promoters are required to hold these shares and also the shares, if any acquired by the promoters in excess of the required minimum contribution. **(2 Marks)**

Q.3 Explain the procedure for the issue by foreign companies in India under the ICDR Regulations 2009. **(4 Marks)**

Q.4 PCK Ltd., a giant real estate company, launched a project called 'Himalayan Heights' a new generation project in RCN, Delhi in 2010. PCK Ltd. promised to deliver the possession in five years, i.e. 2015. However, it failed to do so and the project got delayed due to multiple irregularities. One of the main reasons for the delay was that PCK had accepted the bookings without getting appropriate approvals from the concerned authorities. Later on, the developer arbitrarily raised the number of floors from 10, as contemplated in the original agreement, to 20 without taking the prospective buyers into confidence. The original agreement had several clauses that empowered PCK Ltd. to make changes without buyers' consent.

Decide whether the conduct of PCK Ltd. is arbitrary and anti-competitive or not. Substantiate your answer with the help of provisions of the Competition Act and relevant case laws. **(4 Marks)**

Q.5 i)TNM Ltd, VSN Ltd (car manufacturers) and seven other companies entered into an agreement with the local original spare parts suppliers and authorized dealers to restrict the supply of spare parts in the market. Due to this, the ability of independent repairers repair cars got effected and their access to branded spare parts was hampered. As a result, a complaint was filed by Mr. X contending that the car manufacturers were guilty of restricting the supply of spare parts in the market. Decide whether the conduct of TNM Ltd. and others is anti-competitive in nature. Also elaborate on the procedure that CCI should follow in this case. **(4 Marks)**

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Paper 8.2: Taxation Laws

Time: 2.00 Hours

Total Marks: 20

Instructions:

1. Read the questions carefully and answer.
2. No clarification shall be sought on the question paper.
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Answer ALL the questions.

- Q.1a) Income Tax is a tax on the Income of the Previous year assessed in the Assessment year. Illustrate. Are there Exceptions. **(1 Mark)**
- b) Explain the different system of taxation- Slab, Progressive and Regressive. **(1 Mark)**
- c) Whether tax laws are subject to the Fundamental Rights? **(1 Mark)**
- d) Explain the scope and ambit of Total Income under the Income Tax Act under section 5. **(1 Mark)**
- e) Income Tax Act considers certain Income as deemed to accrue or arise in India under Section 9. What are they? **(1 Mark)**
- Q.2 X (40 years) is an Indian citizen. He is employed by Philips (U.K.) in London. He comes to India during the previous year 2015-16 for a visit of 200 days on June 1, 2015. He left India for the first time in October 25, 2013 for employment outside India. Before October 25, 2013 he was never out of India since his birth. Find out the status of X for the assessment year 2016-17. **(3 Marks)**
- Q.3 Whether the following could be considered as Agricultural Income:
- i. Owner of a Forest Land cuts down the trees and sells it in the market to a timber merchant.
 - ii. A farmer cut down the Sugar Cane and sells it in the market.
 - iii. In a vacant urban land within the Municipal limit the owner cultivates flowers and vegetables and sells it in the market.
 - iv. If the market is controlled by the Government and the farmer is compelled to sell it to the government under procurement scheme. **(3 Marks)**
- Q.4 Explain the position of:
- i. Building Contractors
 - ii. Directors of a Company
- with reference to their earnings/money received by them. **(3 Marks)**
- Q.5 X runs a memorial Trust wholly a Charitable Institute. He runs hospitals and is engaged in other charitable activities. It is registered under S12A. From the following information (2015-16), find out the net income and tax liability of the trust for the assessment year 2016-17.
- i. Income from Property held for charitable purposes (including income of hospitals) Rs.7,00,000
 - ii. Voluntary contributions (without any Specific directions) Rs.14,00,000
With name and addresses of donors, contributors etc.
 - iii. amount spent for charitable purposes Rs.8,00,000 **(3 Marks)**
- Q.6 A is receiving house rent from his let out house in Dwarka Rs.30,000 per month from 1st April, 2015. The tenant has not paid the rent for October and November and he has vacated the house. During December the house was vacant. On 1st January, 2016 a new tenant came and occupied and he was paying a rent of Rs.35,000. A is paying House Tax, Water and Sewage to the Municipal Corporation Rs.10,000.

Compute his Income from the House Property for the Assessment Year 2016-17.

(3 Marks)

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Paper 8.3: Cyber Laws

Time: 2.00 Hours

Total Marks: 20

Instructions:

1. Read the questions carefully and answer.
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Answer ALL the questions.

Q.1 Critically analyse the various tests to determine the jurisdiction in cyber space. Support your answer with case laws. **(10 Marks)**

Q.2 Discuss and decide the kind of wrong committed under the Information Technology Act, 2000 in the following situations:

i) A complaint is made against the wife, who is in an estranged relationship with the husband. The wife filed a separate criminal proceeding against the husband alleging cruelty and dowry charges. The wife has accessed the e-mail account of the husband as well as the chat transcripts without the consent and knowledge of the husband in order to support the claim under the criminal proceeding. To support her claim for maintenance from the husband, the wife also obtained bank account statements of the husband without his consent and with the collusion of the bank. The husband filed a complaint against the wife and the bank. **(3 Marks)**

ii) Mr. Roy went to UK to develop a software on behalf of his company PCS Ltd. under an agreement to not to disclose the software designs to anyone. Mr. Roy shared and sold the software design to a competing company, which caused huge loss to PCS Ltd. Thereafter, Mr. Roy left the employment of PCS Ltd. before the completion of his tenure to work with the competing company, which diverted the customerø of PCS Ltd. to the competing company.

For redress, PCS Ltd. filed a suit for a decree of compensation and led Mr. Roy's bank statements in evidence to prove unlawful gratification. The bank statements were obtained electronically by PCS Ltd. Mr. Roy filed a complaint against PCS Ltd. for illegally obtaining his bank account statements.

Also, discuss the liability of the bank in this case.

(3 Marks)

Q.3 Can the digital environment be regulated? Discuss the theories to support your answer.

(4 Marks)