

NATIONAL LAW UNIVERSITY, DELHI

B.A.LLB.(Hons.): IV-YEAR, VIII-SEMESTER Repeat/Improvement Examinations, August-2016 Paper 8.1: Corporate Law-II

Time: 3.00 Hours

Total Marks: 70

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.

Note: All questions are compulsory. Relevant SEBI Regulations will be provided during the examination.

Q 1. An oil company wanted to initiate delisting process for its equity shares and reward its public and institutional shareholders. The Board of directors approved the delisting proposal and the offer price was fixed at Rs 100/- per share. Shareholders also approved the delisting proposal. Few dissenting shareholders approached SEBI against the floor price fixed by the Board. The company had few months earlier sold 49% to a foreign company at the floor price of Rs 150/- per share. The shareholders wanted the oil company to offer them at the same floor price. The oil company revised the floor price and finally offered Rs 250/- per share with additional premium on floor price. Out of the 142.5 million shares held by public shareholders, the promoters succeeded in acquiring 101 million shares through the open offer, as against the minimum requirement of 92.6 million shares. The company paid out the entire amount to complete the delisting process.

On the basis of above facts, answer the following questions:

- a. What are the rights of shareholders in delisting process? **(7 marks)**
- b. Why the company decided to pay Rs 250/- per share for delisting? **(7 marks)**
- c. Can a company fix minimum requirement? How the company fixed the minimum requirement of 92.6 million shares? **(6 marks)**

Q 2. A company went through the preferential allotment of shares. It was found that shares offered through this allotment were dematerialised without being listed on any stock exchange and the company routed the funds to preferential allottees through connected entities. Discuss under which regulations SEBI should proceed against the company and what is the offence for which the company can be charged? **(15 marks)**

Q3.a) -A special purpose distinct entity can use many methods for credit enhancement and liquidity of its assets. Describe the process of credit enhancement and methods that can be adopted. **(7 marks)**

- b) Write a note on trustees and their obligations under securitisation and issue of debt securities. **(7 marks)**
- c) -Redemption and roll over of debt securities is permissible if the company reserves such a right at the time of issue of debt securities. Do you agree with the statement? Answer with reasons. **(6 marks)**

Q4. An acquirer along with his persons in concert holds 27 percent voting rights in the target company. He wants to acquire more shares in the target company. You are his legal counsel. Advise him:

- a. How he can proceed with acquisition of more voting rights in the target company? **(8 marks)**
- b. How he should protect himself in case any competing offer is made? **(7 marks)**

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B.A.LLB.(Hons.): IV-YEAR, VIII-SEMESTER Repeat/Improvement Examinations, August-2016

Paper 8.2: Taxation Laws

Time: 3.00 Hours

Total Marks: 70

Instructions:

1. Read the questions carefully and answer.
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Q.1. Aman was engaged in regular business of trading of gold jewellery, land and shares, and, he also engaged in processed agricultural produce. He had claimed certain amounts as bad debts in respect of seven parties. The Assessing Officer (AO) has declined the claim in respect of six parties observing that losses were not incidental to regular business activity of company. But, Tribunal observed that in course of trading in processed agricultural produce, certain persons allegedly and fraudulently obtained advances from Aman and thus, business loss in form of unrecoverable advances has incurred to him. It is later found that losses were wholly incidental to business carried on by Aman. It is also found that criminal complaints were filed at appropriate time by Aman, and the complaints had not reached finality and accused persons were on bail granted by High Court. Tribunal later concluded that remote possibilities of recovery did not take away Aman's right to claim reasonably foreseeable business loss. Explain with the help of cases, whether impugned order of Tribunal require any interference or not.

(10 Marks)

Q.2 The assessee is a limited company carrying on business of manufacture of jute and is a member of Indian Jute Mills Association having a factory with a certain number of looms. Indian Jute Mills Association consisting of various jute manufacturing mills as its members and its object is to adjust the production of the mills amongst its members to the demand in the world market. Towards this goal, a working time agreement was entered into between its members restricting the number of working hours per week for which the mills were entitled to work their registered complement looms, which could be increased in the event of any reduction in the loomage. This transaction of transfer of allotment of working hours was commonly referred to as sale of looms hours by one member to another. The assessee company purchased loom hours from four different members, for an aggregate sum of Rs. 2,03,255, during the year 1-08-1958 to 31-07-1959 relevant to the assessment year 1960-61, and claimed its deduction as revenue expenditure as a part of the cost of operating the looms which constituted its profit-making apparatus.

In the light of the above facts, explain with the help of cases, whether impugned payment of Rs.2,03,255 for purchase of loom hours represented revenue expenditure or capital expenditure, an allowable deduction.

(20 Marks)

Q.3 Rajneesh challenged search and seizure operations initiated against him by Income Tax department under section 132 because his name was not there in the warrant of authorisation. The Income Tax Officer has also not informed Rajneesh about the material on the basis of which the raid was conducted. Even otherwise, Ranjeesh along with his family was jointly residing with his father and brothers' families in the premises in question; there was no partition by metes and bounds of the premises in question between the co-owners and, by a mutual arrangement, each co-owner was residing and living in his residential portion along with his family; and that though there was a common entrance, common car parking and common guard room, the name plates of each co-owner was shown at the main gate as well as individual names were affixed at the entrance of their residential portion.

In the light of the above facts,

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(a) Explain, whether disclosure of material or information to persons against whom action under section 132 is taken is mandatory or not. and, **(5 Marks)**

(b) Explain, whether since warrant of authorisation indicated premises where search and seizure operation was to be conducted and said premises had not been partitioned by metes and bounds, while searching said premises, search of portions occupied by persons whose names were not present in warrant of authorisation related to said premises is valid and proper or not. **(5 Marks)**

Q. 4 (i) Mr Jay is a salaried employee. In the month of January, 2011 he purchased 100 shares of a company ABC Ltd. @ Rs 100 per share which were not listed on any recognized stock exchange. He sold these shares in April 2015 @ 125 per share to his friend. These shares were not listed in any recognized stock exchange. He earned Rs 1, 25,000 in this transaction. Determine the tax liability of this income in his hands. **(5 Marks)**

(ii) Radhika is a self employed professional. In the month of April 2014 she purchased a piece of land and sold the same in December 2015 for Rs,5,00,000. Determine her tax liability for this receipt in her hands. **(5 Marks)**

Q. 5. Ascertain the tax liability of the incomes given below:

(i) Dividend of Rs 40,000 received by Jaya from an Indian company. **(2 ½ Marks)**

(ii) A sum of Rs 70,000 received by Aaditya from his friend on his birthday. **(2 ½ Marks)**

(iii) A sum of Rs 4,00,000 received by David from a game show in television. **(2 ½ Marks)**

(iv) Gold worth Rs 2, 00,000 received by Vijay from his uncle on his wedding. **(2 ½ Marks)**

Q.6(i)The Assessee Ajay owned a law firm which specialized in taxation practice. His wife Aditi was pursuing a course of Company Secretary and was in the final year of her LLB course. As she had an impressive understanding and knowledge of taxation matters he hired her as a consultant in his firm. Apart from looking after some basic secretarial work she counselled the clients on basic tax matters on a routine basis. In lieu of this service, the assessee paid her a sum of Rs 80,000 per month as salary. For the financial year 2014-15 the Income Tax Officer clubbed this salary income to Aditi in the hands of Ajay. The assessee has objected to this assessment asserting that his wife is a strong independent person and the income is her separate income. Therefore it is desirable that it should be assessed separately in her hands.

Decide citing relevant case laws.

(7 Marks)

(ii) Rohit decided to transfer Rs 5,00,000 in the account of this wife Ria in the January of 2015. Ria bought 500 shares of a debt mutual fund at a sum of Rs 4,00,000 from that amount. In the assessment year 2015-16 the fund paid her sum of Rs 50,000 in lieu of her investment. The Income Tax officer wants to assess the interest income in the hands of the assessee.

Decide his tax liability for this sum of money.

(3 Marks)

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Paper 8.3: Cyber Laws

Time: 3.00 Hours

Total Marks: 70

Instructions:

1. Read the questions carefully and answer.
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NOTE: Support your answers with illustrations & case laws.

- Q.1 Critically discuss the multi-stakeholder model of internet policymaking and governance. **(10 Marks)**
- Q.2 To the official website of a leading TV news channel posted "Communal clashes in the capital, 25 killed". The 500,000 followers of this news channel view this news. The news anchor also tweets the same news on his official twitter account. The 1,00,000 followers of this twitter account view this tweet and over 25,000 of them retweet "RT @TV Anchor Communal clashes in the capital, 25 killed". The original news turns out to be untrue as there had only been a scuffle at the local university football match, resulting in injuries and hospitalisation to a few students involved. However, the misinformation results in escalated tensions and full blown communal riots in the city. Discuss the liability of the news channel and the news anchor separately under the Information Technology Act 2000. **(6 Marks)**
- Q.3 Renu, posts her resume on timeswork.com, an online job and resume posting site, seeking a position in business marketing dept. Gautam, who misrepresents himself as an employment officer with a Multi National company, sends her an e-mail asking for more personal information. What crime is being committed here? **(6 Marks)**
- Q.4 Sonam, a student at National University, owes 50000/- in unpaid tuition. If Sonam does not pay the tuition, University will not allow her to graduate. To obtain the funds to pay the debt, she sends e-mail letters to persons that she does not know asking them for financial help to get the heart surgery done for her child, who is suffering from a heart disease. In reality she has no children. Is this a crime? If so, which one? **(6 Marks)**
- Q.5 Briefly and critically discuss the following:
i) Role of CCA in India.
ii) Adjudication process under the I.T. Act 2000. **(5*2=10 Marks)**
- Q.6 Discuss the following
1. Protected System
2. Caching
3. Click Wrap Agreement
4. Web Bugs
5. Typosquatting **(5*2=10 Marks)**
- Q.7 What are the differences between the followings:
1. Click Wrap Agreement and Shrink Wrap Agreement.
2. Brick & Mortar and Click & Mortar. **(4+4=8 Marks)**
- Q.8 What do you understand by "Cybersquatting". Elucidate the Paragraph 4 of UDRP exhaustively which talks about the elements that have to be established by complainant. Mention relevant cases. Discuss other *unfair* practices which may lead to trademark infringement in cyberspace? Discuss relevant cases. **(8 Marks)**
- Q.9 "Information technology Act has taken due care of privacy right of any individual. Few provisions also comply with the principle that no right is exhaustive in nature." Elaborate the statement. **(6 Marks)**

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Paper 8.4: Clinic-II

Time: 3.00 Hours

Total Marks: 70

Instructions:

1. Read the questions carefully and answer.
2. No clarification shall be sought on the question paper.
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Q.1 Frame the issues in the following cases:

- a) The plaintiff has filed a suit for declaration to the effect that he is owner-in-possession of the suit land and the defendant has no right, title or interest in the said land. The defendant has filed the written statement in which he has denied the ownership and possession of the plaintiff over the suit land and has stated that suit land belongs to him. The defendant has also raised the preliminary objections to the effect that the plaintiff has no cause of action and locus standi to file the suit and that the suit is time barred.
- b) The petitioner-husband has filed a petition for dissolution of marriage in which he has stated that the respondent-wife has treated him with cruelty and has deserted him without any reasonable cause and thus marriage may be dissolved. The respondent in reply has stated that she neither treated the petitioner with cruelty nor deserted him and that infact the petitioner has deserted her after treating her with cruelty and thus marriage is not liable to be dissolved.
- c) The plaintiff has filed a suit for declaration to the effect that he is owner-in-possession of the suit land and the defendant has no concern with the suit land in any manner. The defendant has filed the written statement in which he has admitted the claim of the plaintiff in toto and has stated that he has no objection if suit of the plaintiff is decreed, but the parties shall bear their own costs. **(5X3=15 Marks)**

Q.2 Frame the charge in the following case pending in the court of Sh. Ashok Kumar Judicial Magistrate Ist Class Rohtak.

Allegations against the accused as per the FIR are that on 14/07/2015 at about 10 a.m., when Sohan Lal was present in his house, accused Sunil Kumar having a knife in his hands entered into his house and started hurling abuses upon him and when Sohan Lal asked him not to abuse him, he inflicted simple as well as grievous injuries upon his person and also threatened him to kill in case matter was reported to the police. Sohan Lal thereafter lodged the FIR No.12 on the same day at Police Station Model Town Rohtak against the accused, who was arrested by the police and now he is facing trial in the court. **(10 Marks)**

Q.3 Draft the application for the grant of bail in the following case:

Allegations against the accused as per the FIR are that on 02.09.2015 at about 12 p.m., when Smt. Bala Devi had gone in the market to buy some eatables, accused Gulshan entered in her house and committed the theft of gold ornaments from her house after which Bala Devi lodged the FIR No. 45 on the same day after which the accused was arrested by the police on 08.09.2016 and recovered the stolen ornaments from his possession and since then he is in judicial custody. Now he has engaged you as a counsel to file an application for bail for him. **(15 Marks)**

Q.4 Write the statement of accused Harish u/s 313 Cr.P.C. on the basis of the statements of the following witnesses examined by the prosecution:

PW1 Ashok has stated that on 09.09.2015 at about 3 p.m., he was present in the playground where he saw that accused Harish fired upon Satish with his pistol with intend to kill him after which he took him in the hospital in his car and got him admitted in the hospital.

P.T.O.

- PW2 Satish has stated that Harish used to have grudges against him due to civil litigation between them and thus he attempted to kill him by way of firing upon him with his pistol. He has further stated that prior to 09.09.2015, accused also attempted to kill him on 06.08.2014 with the help of knife blows but he survived due to the timely medical treatment. He has proved his report Ex PW2/A lodged with the police which bears his signature.
- PW3 Dr. Ajit Singh has stated that on 09.09.2015, patient Satish was got admitted in the hospital with the history of bullet injuries after which he prepared the M.L.R. Ex PW3/A which bears his signature.
- PW4 Satbir Singh S.H.O. has stated that he registered the FIR Ex PW4/A on the basis of report Ex PW2/A lodged by Satish injured. He has also stated that he took into possession the pistol Ex P1 from the possession of accused vide recovery memo Ex PW4/B which bears his signature. He has also stated that accused also made the disclosure statement Ex PW4/C regarding the concealment of weapon of offence.
- PW5 Arjun has stated that he was neither present at the spot nor the accused had fired upon Satish in his presence as a result of which he was declared hostile at the prayer of A.P.P.
- PW6 Dalip Singh D.S.P. has stated that he had recorded the statements of witnesses u/s 161 Cr.P.C. and after usual investigation into the case, presented the challan in the court against the accused for trial.
- (10 Marks)**

Q.5 Master Tinku is an orphan who is in the custody of his guardian namely Chaman Lal appointed by the District Judge Rohtak. Sultan Singh, S/o. Devi Lal, R/o. House No.9, Sector-5, Dwarka wants to take Master Tinku in adoption. Draft the adoption deed for the parties.

(10 Marks)

- Q.6 Write short notes on the following:
- a) Conveyancing.
 - b) Privileges of an Advocate.

(5X2=10 Marks)