

EXAMINATION OF ARTICLED CLERKS
PAPER III

CORPORATE LAW & TAXATION LAW

Friday, 26th April, 2019

Time: 3 Hours (1:00 PM to 4:00 PM)

TOTAL MARKS – 100

PART I

General Instructions:

- (1) Please answer all questions to the point.
- (2) Answers should be reasoned and if possible supported by case law.

1. Critically examine the following:

8 Marks

i. Is the Board of Control for Cricket in India, a society registered under Tamil Nadu Societies Registration Act, 1975, an 'enterprise' within the meaning of Section 2(h) of the Competition Act, 2002?

ii. Can the Organization of Private Professional Cricket Leagues or Events in India be said to be a relevant market under the Act?

iii. Would a clause in the BCCI's Media Rights Agreement prohibiting broadcasters from organizing, sanctioning, recognizing, or supporting during the Rights period another professional domestic Indian T20 competition that is competitive to the Indian Premier League for a period of 10 years amount to an abuse of dominant position?

iv. Would such an agreement be an anti-competitive agreement?

2. X Holdings Private Limited held 6% equity shares of ABC Ltd. 5 Marks

They made a Public Announcement for acquiring 25% Equity Shares ABC Ltd. from its equity shareholders at a price of Rs. 11 per share, on 12th February, 2019. The Draft Letter of Offer was filed by on 20th February, 2019. On 15th March, 2019, the Board of Directors of ABC Ltd. Passed a resolution to develop its 4 acre property in Mumbai subject to the approval of the shareholders and on the same day Notice of EGM was sent to

the shareholders to seek their approval. On 20th March, 2019 ABC Ltd enter into an MoU with Thrifty Developers for joint development of the property for a consideration of 750 crore. On 20th April, 2019 the shareholders gave their consent to the company and authorised the execution of a Development Agreement. X Holdings Private Limited feel that the Agreement will considerably erode the net worth of the company and seeks to withdraw its offer. What advice would you give X Holdings Private Limited.

- 3 When can the Board grant exemption from the obligation to make an open offer? 3 marks
4. Write short notes on any two of the following: 8 Marks
- i. What is meant by the term 'Unpublished Price Sensitive Information'? What are the restrictions imposed by the SEBI (Prohibition of Insider Trading) Regulations, 2015 on a person holding unpublished price sensitive information?
 - ii. Trading Plans.
 - iii. Penalty for insider trading.
5. Write short notes on any two of the following: 8 Marks
- i. Power of the Board to conduct Investigations.
 - ii. Functions of the Securities and Exchange Board of India.
 - iii. Penalties under the Securities and Exchange Board of India Act, 1992
6. i. What are the obligations with respect to independent directors under the SEBI LODR Regulations? 8 Marks
- ii. What does the term 'listed entity' mean under the SEBI LODR Regulations? Which securities do these Regulations apply to?
7. Enumerate and explain the different modes by which a company may buy-back its shares. 5 Marks

8. What are the obligations of a company buying back its shares? 5 Marks

PART II

- Note:*
1. *Figures to the right indicate full marks.*
 2. *Answer should be legible and to the point.*
 3. *Answer to every question should be on a fresh sheet of paper.*
 4. *Reference to "the Act" means the Income Tax Act 1961.*
 5. *Please support your answers with the relevant provisions of the Act and caselaw.*

1. Answer all of the following questions.

20 Marks

i. Shares held by Mr. X in a company were sold due to forged signature by another person. Mr. X filed a criminal complaint before the Economic Offences Wing. After filing of complaint, the accused came forward for amicable settlement of dispute and a Settlement Deed was executed in order to settle the dispute. As per the terms of settlement deed, Mr. X received Rs. 50 Lakh as compensation in lieu of withdrawing the criminal complaint. Would the compensation received by Mr. X be treated as his income? Why?

ii. Ms. Filmy entered into an agreement with DigitalTV for promoting the causes of environmental issues. The segment was sponsored by Deluxe Cars Ltd. She was given a Model T Deluxe Car for being the brand ambassador of DigitalTV-Deluxe Cars GreenCampaign. Ms. Filmy did not render any services to Deluxe Cars Ltd. Would the value of the car be taxable under the heading of Profits and gains from business or profession?

iii. Mr. X being the Power of Attorney holder of Mr. Y, a non-resident Indian, sold immoveable property belonging to Mr. Y. The Assessing Officer has raised a demand on Mr. X that as he failed to furnish the residential address of Mr. Y and Mr. Y didn't file return of income, Mr. X shall be considered as owner of the properties and liable to be taxed on the capital gain arising from sale of these properties. What advice would you give Mr. X?

iv. Would income from growing mushrooms in a 'controlled environment in racks placed on shelves above land be treated as agriculture income exempt from tax under Section 10(1)? Why?

v. Infra projects Pvt. Ltd. is engaged in the business of real estate activities of constructing and selling residential units. They entered into a longterm lease for 90 years with MHADA for Plot No. C123 for development and marketing of Group Flats. As per terms of the lease deed, the company partially paid the consideration amount for the acquisition of the plot to MHADA at the time of execution of the lease deed and is also paying the balance lease premium annually as per the terms and conditions of the lease deed. Is the company liable to deduct TDS under Section 194-I?

2. Write short notes on any three of the following: 15 Marks

- i. Power of Search and seizure.
- ii. Advanced Rulings
- iii. Appealable Orders before Commissioner (Appeals)
- iv. Jurisdiction of Income Tax Authorities.

3. Write short notes on any three of the following: 15 Marks

- i. Advanced pricing agreement.
- ii. Treatment of tax paid in a country with which there is no double taxation avoidance agreement.
- iii. Depreciation.
- iv. Income from property held for charitable or religious purposes.