

**MBA-II / Semester-IV/ Financial Laws (2024-25)**

**Comprehensive Concurrent Evaluation**

**Faculty Name: Prof.Vandana Tripathi**

**Subject: Financial Laws**

**Subject Code: 403**

<b>Sr. No.</b>	<b>Component</b>	<b>Marks</b>	<b>Date of Exam/Submission</b>
<b>1</b>	<b>Case Study</b>	<b>50</b>	<b>15<sup>th</sup> Mar 2025</b>
<b>2</b>	<b>Literature Review</b>	<b>50</b>	<b>15<sup>th</sup> Mar 2025</b>
<b>3</b>	<b>Open Book test</b>	<b>50</b>	<b>As per Schedule</b>

**Important Instructions:**

1. The subject is evaluated on the basis above 3 components.
2. Assignments to be submitted in person.
3. Student Name, Contact number, Email-id, Specialization, Component must be clearly mentioned.

Sr. No.	Component	Marks	Date of Exam/Submission
1	Case Study	50	15 <sup>th</sup> Mar 2025

## **Case Study I: Wipro's Compliance with Data Protection Laws & Financial Reporting Standards (2021)**

### **Background**

Wipro Limited, a major global IT services provider based in India, has had a significant reputation for delivering IT consulting and services to companies around the world. In 2021, Wipro faced a major challenge regarding its data protection compliance and financial reporting standards after a cybersecurity breach occurred, compromising sensitive client data.

This breach brought to the forefront critical issues involving compliance with global data protection regulations (such as the General Data Protection Regulation (GDPR) in the European Union and California Consumer Privacy Act (CCPA) in the United States) and the failure to adequately disclose risks associated with cybersecurity in the company's financial reports.

The case prompted regulatory investigations and internal audits and raised serious questions regarding Wipro's adherence to international financial reporting standards and data protection laws.

### **Key Issues:**

1. Cybersecurity Breach and Data Protection Non-Compliance:
2. Financial Reporting and Risk Disclosure Failures:
3. Regulatory Oversight and Fines:
4. Impact on Stakeholders
5. Audit Failures

### **Provide Analysis on below questions:**

**Question 1:** What were the primary issues Wipro faced regarding data protection and financial reporting in 2021?

**Question 2:** How did Wipro's auditors fail in detecting the financial reporting issues?

**Question 3:** What role do financial regulations like those by SEBI and RBI play in preventing corporate failures?

**Question 4:** What were the legal consequences of the data breach for Wipro?

**Question 5:** What reforms did Wipro implement to prevent similar issues in the future?

**Question 6:** How did the Wipro case affect the broader IT sector?

## **Case Study II: Volkswagen's Tax Dispute in India – 2024**

### **Background:**

Volkswagen first entered the Indian market in the early 2000s and gradually expanded its presence, setting up manufacturing units and sales operations. Over time, Volkswagen claimed that it operated under the 'manufacturer' classification for tax purposes, enjoying tax incentives provided by the Indian government for the automobile sector.

In 2024, the Indian tax authorities challenged this classification, arguing that the company's operations did not qualify for certain tax exemptions available to manufacturers. The tax authorities claimed that Volkswagen's operations were more aligned with the importation and distribution model, which would be subject to different tax liabilities, including customs duties, GST (Goods and Services Tax), and other import-related taxes

### **Key Issues:**

1. **Tax Classification and Categorization:** While the company classified itself as a manufacturer, the tax authorities argued that the company was primarily importing parts and assembling vehicles, which should make it liable to a different tax regime
2. **Transfer Pricing:** The Indian tax authorities raised concerns about the pricing of these transactions, claiming that Volkswagen had not adhered to the arm's length principle
3. **Customs Duties:** In response to the allegations, the Indian authorities imposed hefty fines and interest on the unpaid taxes. The total liability could reach \$2.8 billion, including penalties and interest for the alleged tax evasion.
4. **Goods and Services Tax (GST)** - The company had been claiming certain tax credits and exemptions under GST laws that the Indian tax authorities contend were not applicable to their operations

### **Provide analysis on below questions:**

**Question 1:** Analyze the financial laws that were impacted in the above case.

**Question 2:** Analyze the primary issue in Volkswagen's tax dispute with the Indian authorities?

**Question 3:** What is transfer pricing, and why is it important in this case?

**Question 4:** How does the Goods and Services Tax (GST) factor into the dispute?

**Question 5:** What could be the potential consequences for Volkswagen if the Indian tax authorities win the case?

**Question 6:** What are the broader implications of this case for foreign businesses operating in India?

## **Case Study III: Insolvency of Taste Bud Restaurant in New Delhi**

### **Background**

Taste Bud was a popular restaurant located in the heart of New Delhi. The restaurant gained a great reputation for its award-winning chefs and tastefully designed interiors. The restaurant's most of the business comes from executive lunches and dinners. Over time, it became well-established in the competitive New Delhi restaurant scene. However, the opening of a new restaurant named 'Heavens', located nearby, created significant competition for Taste Bud, affecting its revenues and operations. As a result, Taste Bud began incurring trading losses, and the business eventually faced

### **Key Issues:**

1. **Financial Distress and Insolvency:** Taste Bud was experiencing trading losses due to increased competition from the nearby restaurant, 'Heavens'. This led to a significant decline in revenue, making it difficult for the restaurant to meet its financial obligations, including payments to suppliers, employees, and the landlord.
2. **Unpaid Bills and Arrears:** Taste Bud had accumulated unpaid dues to suppliers (₹90,000), as well as rental arrears (₹50,000), which added to the financial strain.
3. **Secured Creditors:** Secure Bank, as a secured creditor, was entitled to claim assets in the event of insolvency, but they were hesitant to take drastic action like appointing a receiver or filing for insolvency, likely because the business had been maintaining regular accounts.
4. **Employee Salaries:** Employees had not been paid their full salaries for the past three months, which led to potential employee dissatisfaction and a loss of workforce morale.
5. **Lease Agreement:** The landlord, Mr. Deepak, had advance rent and a security deposit that could be used to cover arrears, but the lease terms could potentially lead to further complications if the insolvency proceedings were initiated.

### **Provide analysis on below questions:**

**Question 1:** Identify and Analyze legal and financial concepts involved in the case study?

**Question 2:** What steps can Taste Bud take to avoid formal insolvency proceedings under the IBC?

**Question 3:** What are the rights of employees who have not been paid their full salaries for the past three months in the context of insolvency?

**Question 4:** What role does the secured creditor play in the insolvency proceedings of Taste Bud?

**Question 5:** How does the advance rent and security deposit impact the landlord's claim in the event of insolvency?

**Question 6:** What are the implications of the restaurant's inability to pay suppliers for goods and services provided in the last 45-60 days?

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<b>2</b>	<b>Literature Review</b>	<b>50</b>	<b>15<sup>th</sup> Mar 2025</b>

**Write Literature Review on below questions:**

**Question 1:** Write Literature Review on Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002.?

**Question 2:** Write Literature Review on Corporate Debt Restructuring and Strategic Debt restructuring.

**Question 3:** Write Literature Review on FERA/FEMA.

**Question 4:** Write Literature Review on The Actuaries Act.

**Question 5:** Write Literature Review on Insolvency & Bankruptcy code.

**Kindly refer to research articles and use any 2 papers for each Question. Use APA Styles for references.**