**Law Internship Diary**

**Internship at DSK Legal, New Delhi**  
*Duration: [10thJUNE2024 - 22JUNE2024]*

**Day 1: Research on “Can a Company Take a Loan from an LLP?”**

**Tasks Performed:**

* + Conducted detailed research on the legal framework governing loans between companies and Limited Liability Partnerships (LLPs).
  + Referred to provisions under the Companies Act, 2013 and LLP Act, 2008.
  + Analyzed case laws and precedents regarding inter-entity financial transactions.
  + Reviewed Reserve Bank of India (RBI) guidelines on external commercial borrowings (ECB) to check if LLPs fall under the purview.

**Key Learnings:**

* + Loans from LLPs to companies are not explicitly prohibited, but they must comply with the provisions related to financial assistance and the company’s Articles of Association.
  + Tax implications and accounting requirements should also be considered.

**Challenges Faced:**

* + Interpreting the ambiguities in existing laws regarding loans between these two types of entities.
  + Limited precedents or specific judgments on the subject.

**Outcome:**  
Prepared a detailed memorandum summarizing the legal position, regulatory requirements, and possible risks associated with such transactions.

**Day 2: Research on “Can a Foreign Company Grant ESOPs to its Employees in India?”**

**Tasks Performed:**

* + Studied the Foreign Exchange Management Act (FEMA) regulations, particularly in the context of Employee Stock Option Plans (ESOPs).
  + Reviewed provisions under the Companies Act, 2013 regarding employee benefits.
  + Examined Reserve Bank of India (RBI) Master Circular on Foreign Investment in India.
  + Explored the tax implications of ESOPs granted by foreign companies to Indian employees.

**Key Learnings:**

* + ESOPs issued by foreign companies are permissible, subject to RBI approval under FEMA.
  + Indian employees need to comply with income tax regulations when exercising or selling ESOPs.

**Challenges Faced:**

* + Understanding the dual compliance required under both Indian and foreign laws.
  + Differentiating between ESOPs and other employee benefits like sweat equity shares.

**Outcome:**  
Prepared an initial draft note highlighting the process and legal considerations for foreign companies issuing ESOPs to Indian employees.

**Day 3: Continuation of Research on “ESOPs by Foreign Companies”**

**Tasks Performed:**

* + Expanded the scope of research to include practical case studies where foreign companies successfully granted ESOPs in India.
  + Consulted with senior associates to validate the findings and align them with industry practices.
  + Worked on structuring the memorandum to include step-by-step compliance requirements for foreign companies.

**Key Learnings:**

* + Importance of disclosures in compliance with Securities and Exchange Board of India (SEBI) regulations when listed companies are involved.
  + Tax treaties between India and other countries play a significant role in determining the taxability of ESOPs.

**Challenges Faced:**

* + Identifying real-world examples due to limited public information on such transactions.

**Outcome:**  
Finalized and submitted the detailed memorandum, complete with legal provisions, compliance steps, and practical recommendations.

**Day 4: Research on “What Happens If One of the Two Partners in an LLP Dies?”**

**Tasks Performed:**

* + Studied the LLP Act, 2008, with a focus on provisions related to dissolution and continuation of LLPs.
  + Reviewed partnership agreements to understand the standard clauses that address the death of a partner.
  + Analyzed the rights of legal heirs and the surviving partner in such scenarios.

**Key Learnings:**

* + If the LLP agreement specifies a provision, the course of action will be governed by it.
  + In the absence of an agreement, the LLP Act provides that the LLP can continue with a new partner or wind up its operations.
  + Legal heirs are entitled to the share of the deceased partner but cannot automatically become partners.

**Challenges Faced:**

* + Determining how the existing business operations and liabilities are managed in the interim period.

**Outcome:**  
Created a comprehensive report on the legal and procedural steps following the death of an LLP partner, including recommendations for drafting future-proof partnership agreements.

**Day 6: Research on “Applicability of Stamp Duty on Share Transfer in Private Limited Companies”**

**Tasks Performed:**

* + Studied the Indian Stamp Act, 1899, with specific focus on provisions relating to stamp duty on share transfers.
  + Examined how stamp duty differs for physical and dematerialized shares.
  + Reviewed amendments to the Stamp Act regarding centralized collection and payment of stamp duty on securities transactions.
  + Analyzed state-specific stamp duty variations for share transfers in private companies.

**Key Learnings:**

* + Stamp duty on share transfers is applicable at the rate of 0.015% of the consideration amount for dematerialized shares, as per recent amendments.
  + For physical share certificates, the duty is affixed via adhesive stamps or franking.
  + Non-payment of stamp duty renders the transfer invalid in the eyes of the law.

**Challenges Faced:**

* + Understanding the interplay between central and state regulations, especially for private companies.
  + Finding precedents or case laws specifically dealing with non-compliance in private companies.

**Outcome:**  
Prepared a detailed report summarizing the process, applicable rates, and legal implications of non-compliance with stamp duty requirements.

Would you like me to add more days or provide additional details?

**Day 7: Drafting an NDA for a Client**

**Tasks Performed:**

* + Drafted a Non-Disclosure Agreement (NDA) for a client in the technology sector to protect their confidential information during business negotiations.
  + Incorporated key clauses, such as the definition of confidential information, duration of confidentiality, and exceptions to confidentiality.
  + Reviewed precedents and best practices to ensure enforceability under Indian law.

**Key Learnings:**

* + An NDA must clearly define the scope and obligations of confidentiality to avoid disputes.
  + Including a dispute resolution mechanism ensures smoother enforcement.

**Challenges Faced:**

* + Balancing the client’s interests with practical enforceability in case of a breach.

**Outcome:**  
Prepared a final draft of the NDA and submitted it for review by the supervising attorney.

**Day 8: Research on “Rights of Minority Shareholders in Private Companies”**

**Tasks Performed:**

* + Analyzed provisions under the Companies Act, 2013, specifically Sections 241-246, concerning oppression and mismanagement.
  + Studied legal remedies available to minority shareholders under Indian corporate laws.
  + Reviewed significant case laws, such as *Needle Industries v. Needle Industries India Ltd*.

**Key Learnings:**

* + Minority shareholders have the right to approach the National Company Law Tribunal (NCLT) in cases of oppression or mismanagement.
  + Buyback provisions and fair valuation of shares are crucial for protecting their interests.

**Challenges Faced:**

* + Understanding the threshold for filing an application under oppression and mismanagement provisions.

**Outcome:**  
Created a memorandum outlining rights, remedies, and procedural steps for minority shareholders.

**Day 9: Research on “Implications of Non-Compliance with CSR Obligations”**

**Tasks Performed:**

* + Examined provisions under Section 135 of the Companies Act, 2013, and recent amendments related to Corporate Social Responsibility (CSR).
  + Studied penalties for non-compliance with CSR spending and reporting obligations.
  + Analyzed case studies of companies penalized for CSR non-compliance.

**Key Learnings:**

* + Failure to spend the required CSR amount attracts monetary penalties, and companies must transfer unspent amounts to a specified fund.
  + Non-disclosure in the Board Report also leads to penalties.

**Challenges Faced:**

* + Differentiating between mandatory and voluntary CSR activities in the reporting process.

**Outcome:**  
Prepared a detailed presentation on the legal and financial implications of CSR non-compliance.

**Day 10: Drafting a Partnership Deed**

**Tasks Performed:**

* + Drafted a partnership deed for a client looking to start a consultancy business.
  + Included key clauses, such as profit-sharing ratios, dispute resolution mechanisms, and partner roles and responsibilities.
  + Incorporated provisions for admission and retirement of partners.

**Key Learnings:**

* + The partnership deed must be tailored to the specific needs of the business and partners.
  + Including a clause for arbitration is crucial for efficient dispute resolution.

**Challenges Faced:**

* + Ensuring all partners’ interests were adequately protected without creating conflicts.

**Outcome:**  
Submitted a final draft of the partnership deed for client review.

**Day 11: Research on “Validity of E-Contracts in India”**

**Tasks Performed:**

* + Analyzed the provisions of the Information Technology Act, 2000, regarding e-contracts.
  + Studied essential elements of a valid contract under the Indian Contract Act, 1872, and their applicability to e-contracts.
  + Reviewed case laws like *Trimex International FZE Ltd v. Vedanta Aluminium Ltd.*

**Key Learnings:**

* + E-contracts are valid under Indian law if they meet the essentials of offer, acceptance, and consideration.
  + Electronic signatures are legally valid under the IT Act.

**Challenges Faced:**

* + Understanding exceptions, such as contracts requiring physical signatures under specific laws.

**Outcome:**  
Prepared a comprehensive research note highlighting the validity, enforceability, and challenges of e-contracts in India.

**Day 12: Research on “Taxation of Cross-Border Transactions”**

**Tasks Performed:**

* + Studied provisions under the Income Tax Act, 1961, and relevant Double Taxation Avoidance Agreements (DTAAs).
  + Analyzed the implications of Transfer Pricing regulations on cross-border transactions.
  + Reviewed recent case laws involving disputes on Permanent Establishment (PE) and taxability.

**Key Learnings:**

* + Taxation of cross-border transactions requires careful consideration of DTAAs to avoid double taxation.
  + Proper documentation is critical for compliance with Transfer Pricing norms.

**Challenges Faced:**

* + Understanding the nuances of international tax treaties and their application to Indian entities.

**Outcome:**  
Drafted a detailed report on tax implications and compliance requirements for cross-border transactions, focusing on reducing litigation risks.

**Conclusion of Work at DSK Legal**

My internship at **DSK Legal, New Delhi**, spanning 12 days, was an enriching experience that significantly enhanced my legal acumen. During this period, I undertook diverse assignments, ranging from corporate law research to drafting legal documents, enabling me to develop a deeper understanding of complex legal concepts and their practical applications. The internship honed my research, analytical, and drafting skills and provided me valuable exposure to the workings of a reputed law firm.

I express my gratitude to the associates and mentors at DSK Legal for their guidance and support, which made this internship a fulfilling learning experience.

YOUR SINCERELY,

Ganga Singh Rathore

BBA LLB 2023-28

Amity University Haryana