

Daily Practice – Legal Reasoning · Analytical Reasoning · Quantitative Techniques

Darken one bubble per question. Negative marking applies. Answers and detailed explanations are provided in a separate companion sheet.
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SECTION A – LEGAL REASONING
Q1–12 · 12 Marks
PRINCIPLE A – LIFTING THE CORPORATE VEIL – FROM SALOMON V. SALOMON TO VODAFONE INTERNATIONAL (Q1–6)

A company incorporated under the Companies Act 2013 is, in law, a person separate and distinct from its shareholders, directors and officers. This principle of separate legal personality, established in *Salomon v. Salomon & Co. Ltd.* (1897), means that the company alone owns its assets, incurs its debts, and sues or is sued in its corporate name; members enjoy limited liability. However, courts have long recognised that the corporate form may be abused to shield wrongful conduct, evade statutory obligations, or perpetrate fraud. In such cases, the court will 'lift' or 'pierce' the corporate veil and treat the company and its controllers as one. Indian courts have applied veil-piercing in cases of tax evasion (*CIT v. Sri Meenakshi Mills*, 1967), fraud or sham (*Delhi Development Authority v. Skipper Construction*, 1996), enemy character during wartime (*Daimler Co. v. Continental Tyre*, 1916), and circumvention of regulatory statutes. The *Vodafone International Holdings v. Union of India* (2012) judgment narrowed the doctrine for cross-border tax structuring, holding that legitimate planning must be respected. The doctrine is exceptional, not the rule.

1. Rajiv incorporates Glow Pvt. Ltd. with a paid-up capital of ₹1 lakh, of which he holds 99% shares; the company then takes a ₹10 crore unsecured loan from a bank. Within six months Glow defaults and is wound up. The bank seeks personal liability of Rajiv on the ground of veil-lifting. The strongest argument AGAINST piercing the veil is:

- A. Rajiv holds 99% of the shares, which alone justifies treating the company as his alter ego.
- B. The bank, a sophisticated lender, voluntarily contracted with the company knowing its capital structure and limited liability.
- C. Limited liability does not apply to closely-held private companies.
- D. The default is itself prima facie fraud warranting personal recovery.

2. Which of the following decisions is most closely identified with the foundational principle of separate corporate personality?

- A. *Foss v. Harbottle* (1843)
- B. *Salomon v. Salomon & Co. Ltd.* (1897)
- C. *Royal British Bank v. Turquand* (1856)
- D. *Vodafone International Holdings v. Union of India* (2012)

3. X Ltd., an Indian company, sets up Y Ltd. in the Cayman Islands solely to route share transfers of an Indian asset and avoid Indian capital-gains tax. The Revenue invokes veil-lifting. Applying *Vodafone International (2012)*, the most accurate position is:

- A. Veil-lifting is automatic whenever an offshore special-purpose vehicle is involved in a transaction touching India.
- B. Legitimate tax planning through a holding structure must be respected unless the arrangement is a sham or for fraudulent purposes.
- C. Any tax saving achieved through corporate structuring is per se evidence of evasion and warrants piercing.
- D. Foreign companies are categorically immune from Indian veil-lifting jurisprudence.

4. Which statement about lifting the corporate veil under Indian law is INCORRECT?

- A. It is an exception to the rule of separate legal personality, not the rule itself.
- B. Courts will pierce the veil where the company is used to perpetrate a fraud or evade a statutory obligation.
- C. Once lifted in one proceeding, the veil stands permanently lifted for all subsequent matters concerning that company.
- D. Veil-lifting may be invoked to attribute enemy character to a company controlled by alien enemies during wartime.

5. A holding company directs its wholly-owned subsidiary to release polluted effluent into a river to keep itself at arm's length from environmental liability. Residents sue the holding company directly. Applying Indian veil-lifting principles, the court is MOST likely to:

- A. Refuse relief; separate corporate personality is absolute even in environmental matters.
- B. Direct that the subsidiary alone be impleaded and pursued in liquidation.
- C. Pierce the veil and hold the holding company jointly liable because the subsidiary was used as a device to evade environmental obligations.
- D. Stay the suit until the National Company Law Tribunal decides the holding-subsidary relationship.

6. In *CIT v. Sri Meenakshi Mills Ltd.* (1967), the Supreme Court accepted veil-lifting principally in the context of:

- A. Wartime control of enemy companies.
- B. Tax evasion through colourable corporate arrangements.
- C. Cross-border share transfers between non-resident entities.
- D. Minority shareholder oppression under Section 397 of the Companies Act 1956.

PRINCIPLE B – EASEMENTS AND RIPARIAN RIGHTS UNDER THE INDIAN EASEMENTS ACT, 1882 (Q7–12)

Section 4 of the Indian Easements Act, 1882 defines an easement as a right which the owner or occupier of certain land (the 'dominant heritage') possesses, as such, for the beneficial enjoyment of that land, to do and continue to do something, or to prevent and continue to prevent something being done, in or upon, or in respect of certain other land (the 'servient heritage') not his own. Easements may be acquired by grant (express or implied), by prescription under Section 15 (continuous, uninterrupted, peaceable enjoyment as of right for twenty years, or thirty years where the servient owner is the Government), or by necessity under Section 13 when a partition or transfer makes access otherwise impossible. Riparian rights are a special species of easement enjoyed by owners of land abutting a natural watercourse: the right to the natural flow of water in its accustomed channel, undiminished in quantity and unaltered in quality, subject to the reasonable user of upper riparians for ordinary domestic and agricultural purposes. The right is corporeal and inheres in the land itself; it is not a profit à prendre. Easements are extinguished under Sections 37-47 by release, unity of ownership, permanent disability of the dominant heritage, or non-user for twenty continuous years.

7. A pathway across B's field has been used by A, the owner of the adjoining plot, openly, peacefully and without interruption as a matter of right for twenty-two years to reach the public road. B now obstructs the pathway. A's strongest claim is:

- A. Adverse possession of the pathway under Article 65 of the Limitation Act.
- B. An easement of way acquired by prescription under Section 15 of the Indian Easements Act, 1882.
- C. An easement of necessity under Section 13, since alternative access exists.
- D. A licence coupled with grant that has ripened into ownership of the strip.

8. P, an upper riparian owner, installs an industrial intake that draws 80% of the flow of a natural stream for cooling his factory and discharges chemically altered water downstream. Q, a lower riparian, sues. Applying riparian-rights doctrine, the court is MOST likely to:

- A. Dismiss the suit; upper riparians have unrestricted rights to the entire flow.
- B. Restrain P; the use is extraordinary and materially diminishes both quantity and quality of the natural flow.
- C. Allow P's use because industrial cooling is now an 'ordinary' purpose in modern conditions.
- D. Require Q to prove actual financial loss before granting any relief.

9. X partitions his ancestral land into Plot 1 (retained by X) and Plot 2 (sold to Y). Plot 2 is entirely landlocked and the only access is over Plot 1. Even though the sale deed is silent on access, Y claims a right of way over Plot 1. The juristic basis is:

- A. Easement by grant under Section 8 — implied from the deed of partition.
- B. Easement by prescription, the partition itself counting as commencement of user.
- C. Easement of necessity under Section 13 of the Indian Easements Act, 1882.
- D. Riparian easement extended by analogy to landlocked plots.

10. Which statement about easements under the Indian Easements Act, 1882 is INCORRECT?

- A. An easement must benefit a determinate piece of land called the dominant heritage.
- B. An easement of light or air may be acquired by twenty years' continuous enjoyment as of right.
- C. An easement is extinguished by twenty continuous years of total non-user under Section 47.
- D. An easement may exist in gross, i.e., without any dominant heritage, in favour of any individual.

11. A riparian right is best described as:

- A. A profit à prendre to take fish and water from the stream irrespective of land ownership.
- B. A natural right incident to ownership of land abutting a natural watercourse, regulated by the doctrine of reasonable user.
- C. A statutory permit granted by the State Water Resources Department.
- D. A customary right exercisable only by communities historically using the stream.

12. M acquired by twenty-five years' prescription a right to discharge rainwater from his roof onto N's courtyard. M subsequently buys N's plot and remains owner of both for eight years, then sells N's plot to O. The easement:

- A. Revives automatically against O on the sale.
- B. Was extinguished under Section 45 by unity of ownership and does not revive against O.
- C. Continues throughout because prescriptive easements cannot be extinguished.
- D. Stands suspended until twenty more years of user against O are completed.

SECTION B — ANALYTICAL REASONING

Q13-20 · 8 Marks

PUZZLE 1 — LINEUP MATCHING — FIVE EXECUTIVES, FIVE CARS, FIVE CITIES (Q13-16)

Five executives — Aarav, Bhavna, Chirag, Diya and Eshan — were each assigned a distinct company car (a Sedan, an SUV, a Hatchback, an Estate and a Coupé) and a distinct posting city (Bengaluru, Chennai, Delhi, Mumbai and Pune). The following conditions hold simultaneously:

- (1) The executive posted to Delhi drives the Coupé.
 - (2) Bhavna is posted to Chennai and does not drive the SUV.
 - (3) Aarav drives neither the Sedan nor the Hatchback.
 - (4) The Sedan is driven by the executive posted to Pune.
 - (5) Diya is posted to Mumbai.
 - (6) The Hatchback is driven by Eshan.
 - (7) Chirag is not posted to Delhi.
 - (8) The Estate is not driven by the executive posted to Chennai.
- Use the conditions to determine each executive's car and posting.

13. Who is posted to Delhi?

- A. Aarav
- B. Bhavna
- C. Chirag
- D. Eshan

14. Which car does Diya drive?

- A. Sedan
- B. SUV
- C. Estate
- D. Coupé

15. The executive posted to Pune is:

- A. Aarav
- B. Chirag
- C. Eshan
- D. Diya

16. Which of the following pairings is INCORRECT?

- A. Bhavna — Chennai — Estate
- B. Eshan — Bengaluru — Hatchback
- C. Aarav — Delhi — Coupé
- D. Chirag — Pune — Sedan

PUZZLE 2 — DICE ROTATION — A SINGLE SIX-FACED DIE VIEWED IN THREE POSITIONS (Q17-20)

A standard six-faced die, identical in every respect to a casino die, is photographed from a fixed camera angle in three successive positions after being rotated by an observer between shots. The faces visible (top — front — right, in that order) in each position are recorded below for analysis:

Position I — Top: 1, Front: 2, Right: 3

Position II — Top: 3, Front: 2, Right: 6

Position III — Top: 4, Front: 1, Right: 2

No face appears twice on the same die; on a standard die the opposite faces always sum to a unique constant value. Use the three observed positions to determine the complete arrangement of opposite faces, and then answer the questions below. The die is physically rigid; the same single die is used in every position; rotations are arbitrary.

17. Which number lies opposite to 1 on the die?

- A. 2 B. 3
 C. 5 D. 6

18. Which number lies opposite to 2?

- A. 4 B. 5
 C. 6 D. 1

19. If the die is placed so that 5 is on top and 2 in front, which number must be on the right?

- A. 1 B. 3
 C. 4 D. 6

20. Which pair represents opposite faces?

- A. (1, 6) and (2, 5) and (3, 4)
 B. (1, 4) and (2, 6) and (3, 5)
 C. (1, 5) and (2, 3) and (4, 6)
 D. (1, 3) and (2, 4) and (5, 6)

SECTION C — QUANTITATIVE TECHNIQUES

Q21–30 · 10 Marks

DATA SET 1 — ELECTRIC TWO-WHEELER SALES IN INDIA BY MANUFACTURER, FY24 VS FY25 (UNITS IN THOUSAND) (Q21–25)

The table below shows registered electric two-wheeler sales of five leading manufacturers in India for the financial years FY24 and FY25, along with the average ex-showroom price of each manufacturer's best-selling model in each of those years. Total industry electric two-wheeler sales across all manufacturers in India (including several smaller players outside the table) were 900 thousand units in FY24 and 1,200 thousand units in FY25. The 'YoY %' column gives the year-on-year change in units sold, rounded to the nearest whole per cent. Use the data given below to answer the questions that follow. Where any computation is required, treat all options as mutually exclusive and choose the closest available value.

Manufacturer	FY24 Units (k)	FY25 Units (k)	YoY %	FY24 Price (₹k)	FY25 Price (₹k)
Ola Electric	240	320	+33%	130	120
TVS Motor	180	260	+44%	110	115
Bajaj Auto	120	200	+67%	125	130
Ather Energy	90	150	+67%	140	135
Hero MotoCorp	60	110	+83%	105	108

21. The five manufacturers together accounted for what percentage of total industry electric two-wheeler sales in FY25?

- A. 78% B. 82%
 C. 87% D. 91%

22. Which manufacturer recorded the highest absolute increase in unit sales from FY24 to FY25?

- A. Ola Electric B. TVS Motor
 C. Bajaj Auto D. Hero MotoCorp

23. Ola Electric's revenue (units × price) from its best-selling model in FY25 was approximately:

- A. ₹3,840 crore B. ₹3,120 crore
 C. ₹4,160 crore D. ₹2,880 crore

24. By approximately what percentage did Bajaj Auto's revenue from its best-selling model grow from FY24 to FY25?

- A. +62% B. +73%
 C. +58% D. +50%

25. If the industry total in FY26 grows by 25% over FY25, and the five manufacturers collectively retain the same market share they held in FY25, what will be their combined unit sales in FY26 (in thousand)?

- A. 1,300 B. 1,425
 C. 1,313 D. 1,250

DATA SET 2 — INDIAN DOMESTIC AIRLINE MARKET — PASSENGERS, LOAD FACTOR AND ON-TIME PERFORMANCE, FY25 (Q26–30)

The table below summarises operating data for five domestic airlines in India for the full financial year FY25 as reported to the Directorate General of Civil Aviation. 'Passengers Carried' is given in lakhs (one lakh = 1,00,000 passengers). 'Load Factor' is the share of available seats sold across all scheduled flights in the year. 'On-Time Performance (OTP)' is the percentage of scheduled flights arriving within fifteen minutes of their published schedule. 'Average Fare' is given in rupees per passenger sector. The total domestic passenger volume across all carriers in India during FY25 was 1,600 lakh. Use the data to answer the questions below, choosing the closest available option wherever rounding is involved in the computation.

Airline	Passengers (lakh)	Load Factor	OTP %	Avg Fare (₹)
IndiGo	960	86%	84%	5,200
Air India	240	82%	76%	6,400

