

**Business Laws****Sampurna Pro June 2024**

Time Allowed- 180 Minutes

Maximum Marks– 100

Total No. of Questions: 6

General Instructions**Question No. 1 is Compulsory.****Answer any FOUR Questions out of the remaining FIVE Questions.**

1. (a) State the grounds upon which a contract may be discharged under the provisions of the Indian Contract Act, 1872. **(7 Marks)**
- (b) Nirav Modi, an assessee, was a wealthy man earning huge income by way of dividend and interest. He formed three Private Companies and agreed with each to hold a bloc of investment as an agent for them. The dividend and interest income received by the companies was handed back to Nirav Modi as a pretended loan. This way, Nirav Modi divided his income into three parts in a bid to reduce his tax liability. Decide, for what purpose the three companies were established? Whether the legal personality of all the three companies may be disregarded. **(6 Marks)**
- (c) Vijay mallya, an assessee, was a wealthy man earning huge income by way of dividend and interest. He formed three Private Companies and agreed with each to hold a bloc of investment as an agent for them. The dividend and interest income received by the companies was handed back to Vijay mallya as a pretended loan. This way, Vijay mallya divided his income into three parts in a bid to reduce his tax liability. Decide, for what purpose the three companies were established? Whether the legal personality of all the three companies may be disregarded. **(4 Marks)**
- (d) Satyam Computers Limited was registered as a public company. There are 230 members in the company as noted below:
- | | |
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| (a) Directors and their relatives | 190 |
| (b) Employees | 15 |
| (c) Ex-Employees (Shares were allotted when they were employees | 10 |
| (d) 5 couples holding shares jointly in the name of husband and wife (5*2) | 10 |
| (e) Others | 5 |
- The Board of Directors of the company proposes to convert it into a private company. Also advise whether reduction in the number of members is necessary. **(3 Marks)**
2. (a) Salman Khan agreed to purchase 100 bales of cotton from Varun Dhawan, out of his large stock and sent his men to take delivery of the goods. They could pack only 60 bales. Later on, there was an accidental fire and the entire stock was destroyed including 60 bales that were already packed. Referring to the provisions of the Sale of Goods Act, 1930 explain as to who will bear the loss and to what extent? **(7 Marks)**
- (b) Define consideration. State the characteristics of a valid consideration. **(6 Marks)**
- (c) When does dissolution of a partnership firm take place under the provisions of the Indian Partnership Act, 1932? Explain. **(4 Marks)**
- (d) Nirav Modi induced Ram to buy his motorcycle saying that it was in a very good condition. After taking the motorcycle, Ram complained that there were many defects in the motorcycle. Nirav Modi proposed to get it repaired and promised to pay 45% cost of repairs. After a few days, the motorcycle did not work at all. Now Ram wants to rescind the contract. Decide giving reasons. **(3 Marks)**



3. (a) What are the implied conditions in a contract of 'Sale by sample' under the Sale of Goods Act, 1930? State also the implied warranties operative under the said Act. **(7 Marks)**
- (b) "Though a minor cannot be a partner in a firm, he can nonetheless be admitted to the benefits of partnership."
(i) Referring to the provisions of the Indian Partnership Act, 1932, state the rights which can be enjoyed by a minor partner.
(ii) State the liabilities of a minor partner both:
(a) Before attaining majority and
(b) After attaining majority. **(6 Marks)**
- (c) Pankaj Tripathi sells by auction to Munna Bhaiya a horse which Pankaj Tripathi knows to be unsound. The horse appears to be sound but Pankaj Tripathi knows about the unsoundness of the horse. Is this contract valid in the following circumstances under the Indian Contract Act, 1872:
(a) If Pankaj Tripathi says nothing about the unsoundness of the horse to Munna Bhaiya.
(b) If Pankaj Tripathi says nothing about it to Munna Bhaiya who is Pankaj Tripathi's daughter who has just come of age.
(c) If Munna Bhaiya says to Pankaj Tripathi "If you do not deny it, I shall assume that the horse is sound." Pankaj Tripathi says nothing. **(3 Marks)**
- (d) Distinguish between a 'Condition' and a 'Warranty' in a contract of sale. When shall a 'breach of condition' be treated as 'breach of warranty' under the provisions of the Sale of Goods Act, 1930? Explain. **(4 Marks)**
4. (a) Explain the following statements in the light of provisions of Indian Contract Act, 1872:
(i) "Agreements made out of love and affection are valid agreements."
(ii) "Promise to pay a time barred debt cannot be enforced." **(7 Marks)**
- (b) Munna Tripathi, Guddu pandit and Bablu pandit are partners in a Partnership Firm. They were carrying their business successfully for the past several years. Spouses of Munna Tripathi and Guddu pandit fought in ladies club on their personal issue and Munna Tripathi's wife was hurt badly. Munna Tripathi got angry on the incident and he convinced Bablu pandit to expel Guddu pandit from their partnership firm. Guddu pandit was expelled from partnership without any notice from Munna Tripathi and Bablu pandit. Considering the provisions of the Indian Partnership Act, 1932, state whether they can expel a partner from the firm. What are the criteria for test of good faith in such circumstances? **(6 Marks)**
- (c) Tapu, Sonu and Goli are partners in a firm. They jointly promised to pay Rs. 6,00,000 to Babita. Sonu become insolvent and her private assets are sufficient to pay 1/5 of her share of debts. Tapu is compelled to pay the whole amount to Babita. Examining the provisions of the Indian Contract Act, 1872, decide the extent to which Tapu can recover the amount from Goli. **(4 Marks)**
- (d) Ram draws a cheque of ₹1 lakh. It was a bearer cheque. Ram kept the cheque with himself. After some time, Ram gives this cheque to Shyam as a gift on his birthday. Decide whether Shyam is having a valid title over the cheque and whether Shyam is a holder in due course or not in relation to this cheque as per the Section 9 of the Negotiable Instruments Act 1881. **(3 Marks)**
5. (a) State with reasons whether each of the following instruments is an Inland Instrument or a Foreign Instrument as per The Negotiable Instruments Act, 1881:
(i) Ram draws a Bill of Exchange in Delhi upon Shyam a resident of Jaipur and accepted to be payable in Thailand after 90 days of acceptance.
(ii) Ramesh draws a Bill of Exchange in Mumbai upon Suresh a resident of Australia and accepted to be payable in Chennai after 30 days of sight.
(iii) Ajay draws a Bill of Exchange in California upon Vijay a resident of Jodhpur and accepted to be payable in Kanpur after 6 months of acceptance.
(iv) Mukesh draws a Bill of Exchange in Lucknow upon Dinesh a resident of China and accepted to be payable in China after 45 days of acceptance. **(6 Marks)**



- (b) What are the implied conditions in a contract of 'Sale by sample' under the Sale of Goods Act, 1930? Also state the implied warranties operative under the Act? **(7 Marks)**
- (c) Explain about the registration procedure of a partnership firm as prescribed under the Indian Partnership Act, 1932. **(7 Marks)**
6. (a) Explain the concept of 'Corporate Veil'. Briefly state the circumstances when the corporate veil can be lifted as per the provisions of the Companies Act, 2013. **(7 Marks)**
- (b) Explain the provisions relating to the registration of changes in partners under the Limited Liability Partnership Act, 2008. **(6 Marks)**
- (c) Mr. A (transferor) transfer his share in a partnership firm to Mr. B (transferee). Mr. B is not entitled for few rights and privileges as Mr. A (transferor) is entitled therefor. Discuss in brief the points for which Mr. B is not entitled during continuance of partnership? **(4 Marks)**
- (d) "To form a valid contract, consideration must be adequate". Comment. **(3 Marks)**



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