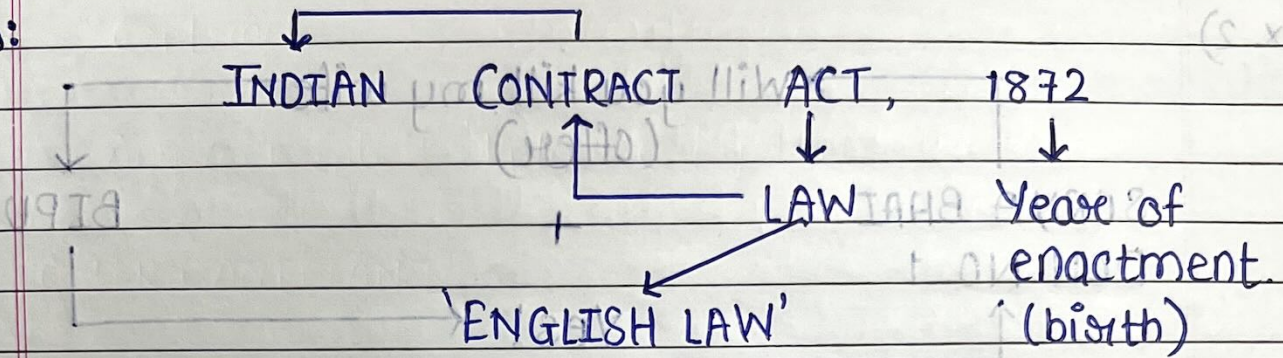


INDIAN CONTRACT ACT, 1872

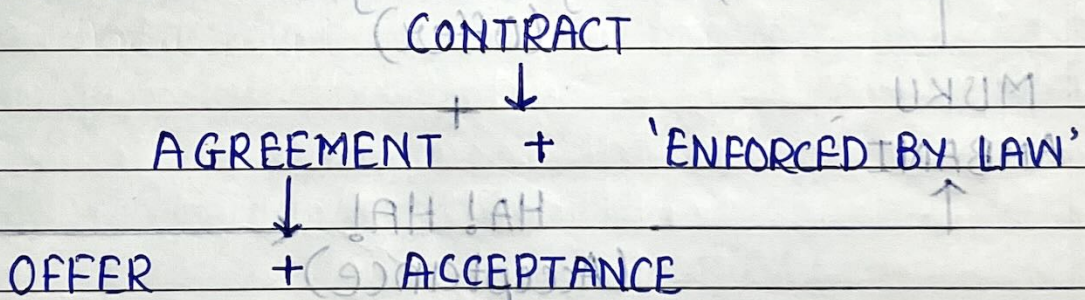
Intro:



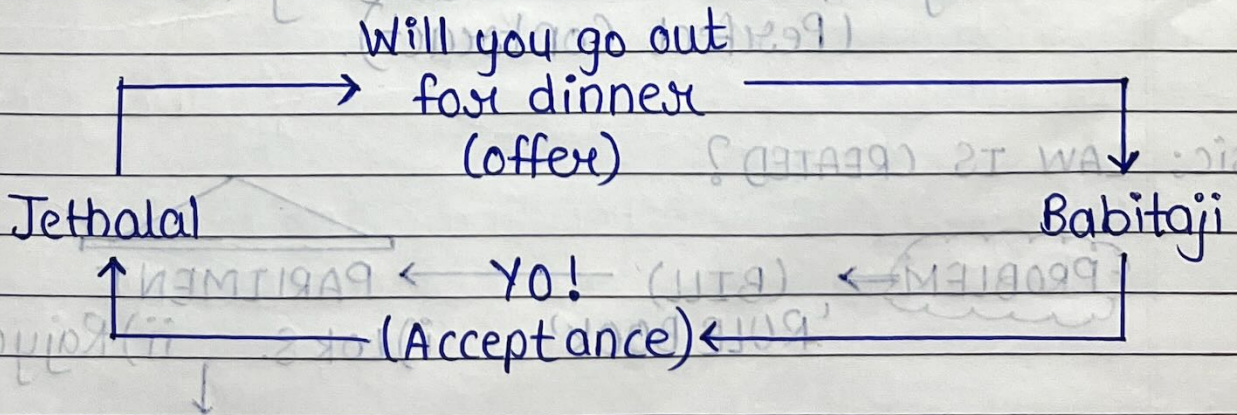
was made before independence, during british rule and was ordered from England.

APPLICABLE → Whole of India

* Contract

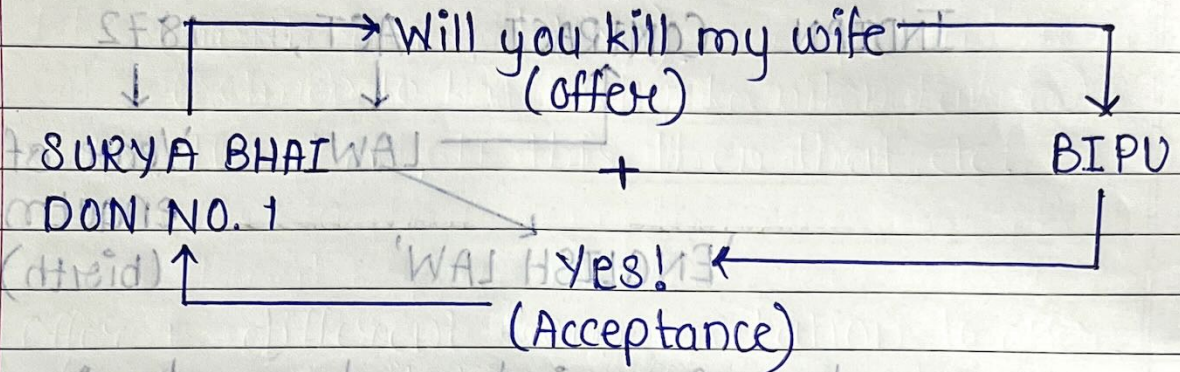


Ex. 1)



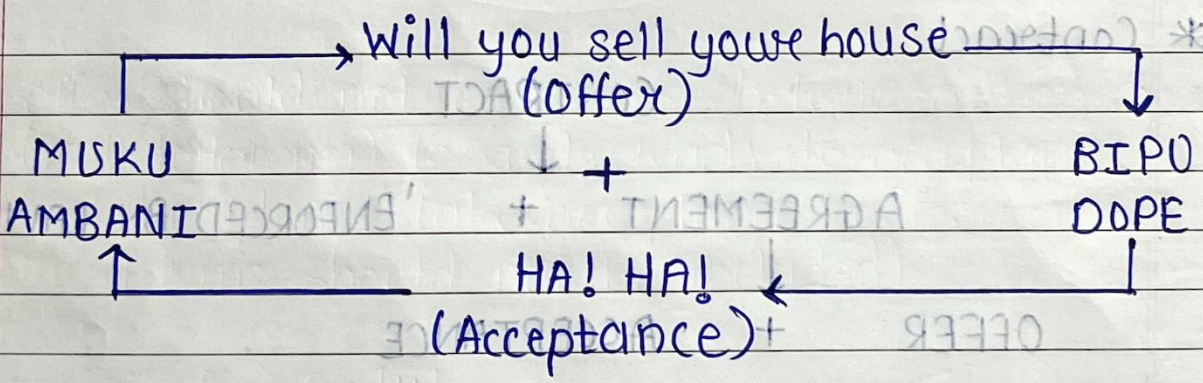
Agreement, it is not enforceable by law!
(Social Agreement)

Ex. 2)



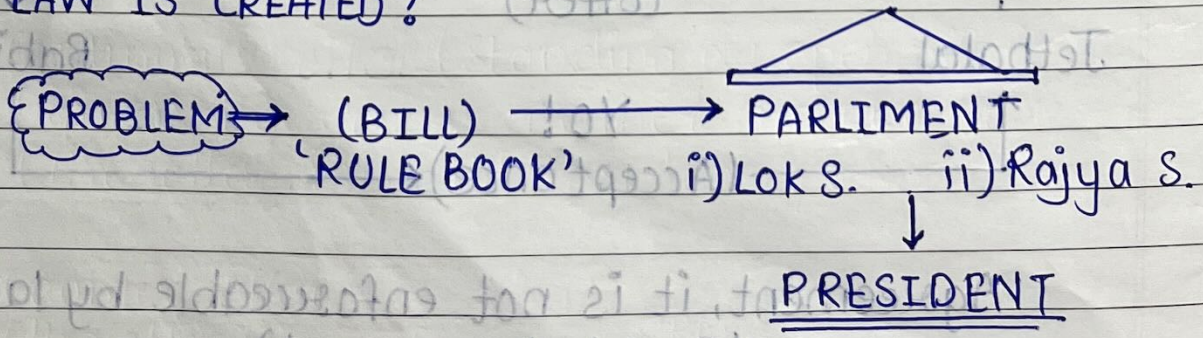
But it is not enforceable by law. (Illegal agreement)

Ex. 3)



Agreement enforceable by law. (Perfect Contract)

Basic: LAW IS CREATED?



If problem is related to money this steps to be followed or bill can pass through Rajya. S. then Lok. S. Reason being lok. S. members are elected through local citizens.

9]

* Exam * Features:

- 1) Offer should be capable of creating legal relationship.

Balfour VS Balfour
(Husband & Wife 50,000 case)
(Social agreement)

- 2) Offer must be communicated.

Lalman Shukla VS Gauri Datt

Plaintiff (one who suffer) Diffident (one becoz of whom he is suffering)

- 3) Offer must be certain.
(Specific, defined and detailed)

- 4) Offer can be expressed or implied.
(expressing could be oral or written)
(implied to show with your action or conduct)

Ex. Cooly at railway station.

5) Offer can be conditional.
 (with a condition).
 (selmon to kat vicky ko vilen banao.)
 Ex. If - then, If this then that, etc.

** 6) Offer is different from invitation to offer.
 (Process: invitation → offer → acceptance to offer).
 Ex. Where prospectus of clg is invitation and admission form is offer.

7) Offer should not contain such term as non-compliance (not following) to such, leads to acceptance. (should not take acceptance by force / such terms should not be included)

* Types of offer [11]

- 1) Special offer (specific offer)
 (given to a specific person or specific group)
- 2) Continuous offer. (Standing or open offer).
 (given by you is neither accepted nor rejected)
 (The offer is valid for long period.)
- 3) Counter offer.
 (the offer given from the ^{opposite} given from you).
 (the shopkeeper gives offer us, and mom gives counter offer to shopkeeper).

4) Cross (Simi) at di (Offer) by bo (Prop) vela

5) General (Offer) (Case) (Ex. C)

* Lapse

- 1) Accept
- 2) Reject
- 3) Revoca (to tal) (one yet r) (Blue
- 4) Time. (After hence
- 5) Condition (If con

4) Cross offer:

(Similar offer / Identical offer given to each other at different time)

(Offer does not lead to acceptance due to offering by both)

(Proposal from both parties does not lead to relationship)

5) General offer:

(Offer given to anyone / public)

(Council of Ramdev Baba, 10% reward)

(Ex. Carlil vs. ~~Carl~~ Carbolic)

* Lapse (comes to an end) [12]

1) Accept

2) Reject.

3) Revocation.

(to take back offer until someone accepts it).

(one can cancel offer if someone sees offer but yet not accepted).

(Blue tick nhi hua.)

4) Time.

(After the valid time of offer period gets over, hence lapse).

5) Condition

(If condition of ^{offer} doesn't fulfil offer lapse).

6) Death / Insanity.

(If offerer has died and acceptor has no idea about it then the ^{legal} representative/son/etc becomes offerer and its valid contract.)
(Vice versa for acceptor.)

(L.R - Legal Representative does work ^{on} behalf of them).

19

* Types of contract, (16) Types,

1) Executed contract:

It is that contract where both the parties have done their work/conduct.

2) Executory contract:

i) Unilateral (one sided)

ii) Bilateral (two sided)

It is that contract where both or one of the work/conduct of the parties is not performed.

3) Unilateral contract [Sub of (2)]:

Half (one) of the work/conduct from both the parties their work is not performed.

4) Bilateral Contract [Sub of (2)]:

Where both of the work/conduct of both the parties is not or yet to be performed.

5) Valid Contract:

Enforceable by law.

6) Void Contract:

Is a contract which cease (gets over/stop) to be valid contracts (it was valid but now it is not valid).

7) Void Agreement:

The agreement which is never valid and will never be an insane agreement.

8) Voidable contract:

The contract which consists of illegal terms of action.

e.g. undue influence, fraud, etc.

The aggrieved party has the option to reject and void or to accept and validate it.

9) Illegal contract:

Contract which is made not for a legal purpose. (Negative demands).

10) Unenforceable contract:

Some contracts should must be in written form. (purchasing house, land, car, etc).

These are those contract which are valid but have some technical contract. (just as they are not in written format) so they become unenforceable!

11) Expressed contract:

Contracts done orally (Cooty, etc).

12) Implied contract:

Contracts done with actions. (Restaurant)
(Pays for food and services)

13) Quasi contract: (Order of perishable goods online)
(consumption & acceptance happens same day)

14) Tacit contract: (ATM) money withdrawn & Auction effect when hammer falls and item gets sold).

Its Tacit

15) E-contract :

Contract done online.

eg. (terms and condition of ig, fb, etc accepted & olx, quikr, etc)

16) Contingent contract :

Which can be or cannot be a contract (depicts possibility, probability)

eg. (insurance contracts, guarantee, warranty, etc)

* Acknowledgement of debtors

TETHA BANSAJ

MAGAN

If there is contract

between Bansaj & Magan

that Tetha has given

500 to him to give

only then Bansaj will

contact Magan for 500

* Consideration:

Something in return, can be +ve or -ve or to abstain (not) to do something.

• Doctrine - Principle (Total 6 are there in law).

• section 2(a): offer.

• section 2(b): acceptance.

• section 2(d): consideration

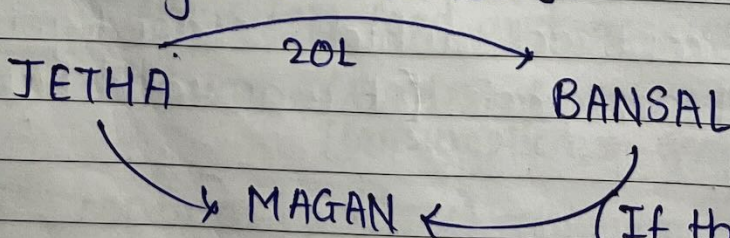
* Privity (privacy) of contracts.

* Covenants - Restrictions.

Conventions with land:

(It is made during contract that some restrictions has to be followed for same agreement until infinity or some certain situation i.e. paying for removing restriction to legal representative coz of dead of one party) (e.g. Juhu beach ke same wali ek property, restrictions for land was like building could be build upto 2 floors only).

* Acknowledge of debtors.



(If there is contact between Bansal & magan that Jetha has given 20L to him to give Bansal) (only then Bansal can contact magan for 20L)

* Settler - founder.

Trust - organisation

Trustees - (managers of org.)

* Beneficiaries in the case of trust.

* Assignment of contract (Voluntary transfer of property).

(i) Assignor: The one who gives (giver)

(ii) Assignee: The one who takes (receiver).

* Agent → (Agency).

(Eg. Brokers or middle-men companies)

* Written (family settlements).

⊙ Examination - 60 marks.

i) Direct question:

ii) Case-study law questions:

How to write -

1st para: provision of law as per law (Intro & detail related to case as per law.)

2nd para: discussion of question

(comparing question as per given law).

3rd para: conclusion (Who wins and how he wins).

* Consideration.

2(h) → contract

2(a) → offer.

2(d) → consideration!

• No consideration, no contract.

Exceptions: (voluntary) Assignment of contract (voluntary)

i) Charity.

ii) Gift: Donor
one who donates

Donee
one who accepts.

iii) Out of love & affection.

iv) Compensation paid for past voluntary services.

v) creation of agency.

* Unit - III, pg no. 44.

Sections:

i) 26 - Shaadi - cannot restrict from marrying anyone (void agreement)

Exception: i) Minor reasonable.
ii) Valid time.

27 - Dhanda (trade)

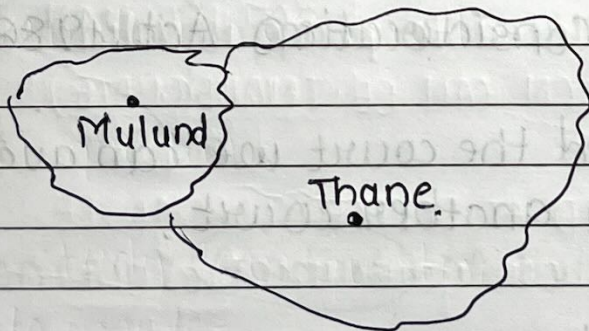
28 - Court

29 - Uncertainty

30 - Wagering bet.

ii) 27 - Dhanda: cannot stop anyone from doing business.

Exceptions: i) Service: can avoid doing service from more places and working at one place.
ii) Avoids (MCD) from doing for same franchise (Brand name) (seller's Goodwill)



To avoid same competition between same franchise.

MRF → Madras Rubber Factory

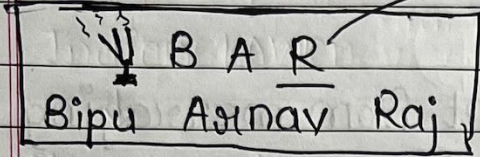
iii) Trade combinations:

CCI (Competition Commission of India) To keep the competition in market

competition commission Act, 2002

→ company occupied can restrict from selling in market or doing business. But it should not create Monopoly!!! (Eg. PVR purchasing Inox) (Monopoly) will be not possible.

iv) Outgoing partner



Outgoing partner out of business can be restrained under condition.

(Eg. Like outgoing partner will not sale any product in his area for a month).

iii) 28 - court; cannot avoid anyone to go take legal remedy from going to court.

(avoid court or stopping them to going)

• arbitration - settlement outside the court

↑
arbitrator
(will give award judgement)

[Contract can → arbitration mentioned]

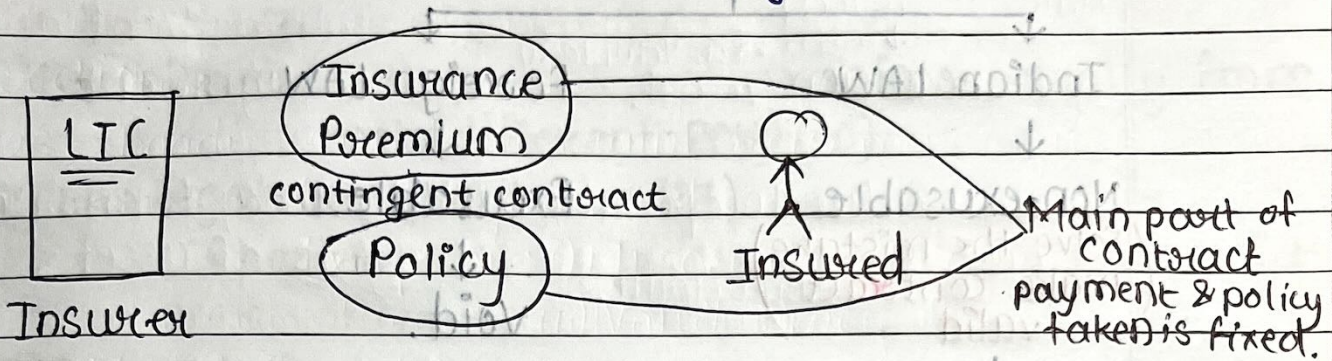
• Arbitration & Conciliation Act, 1986.

• we have specified the court we can avoid other person to going another court.

iv) 29 - Uncertainty.

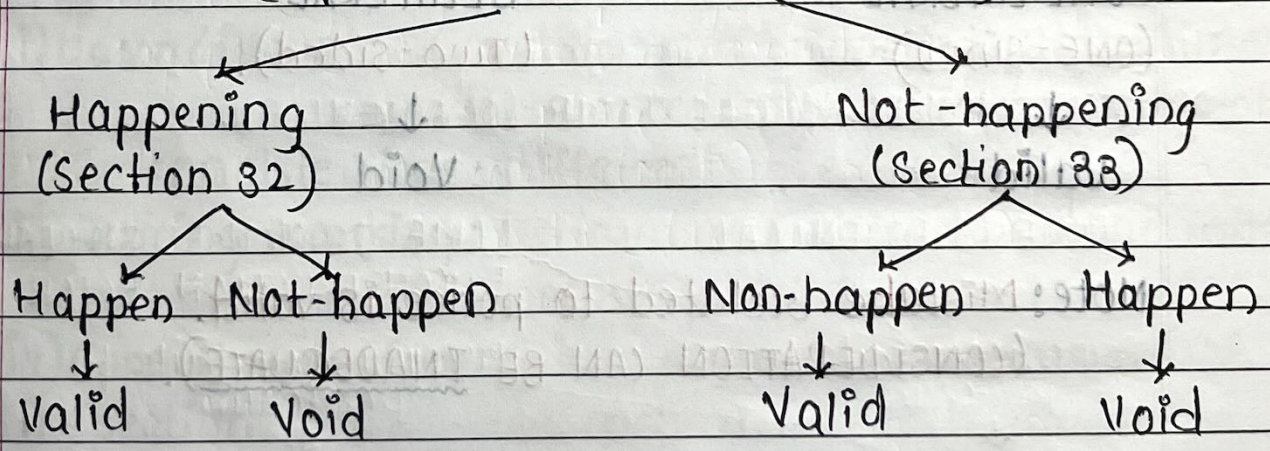
Contract where subject matter is uncertain it is void!

* Section 31: definition of contingent contract.



- Collateral side:- Event.
- Uncertain events: (fire, life, water)

Contingent Contract.
(depends on uncertain events)



Section 34 : Conduct of living person.

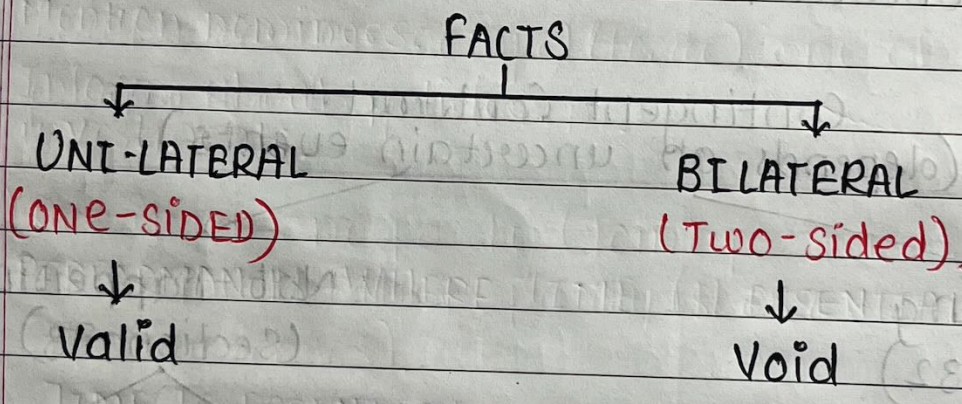
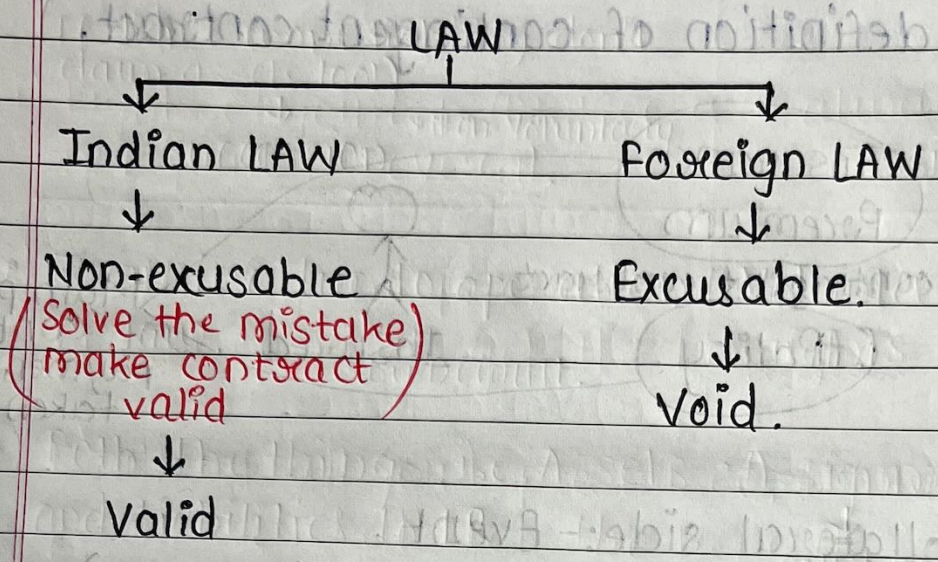
Section 35 : Time.

Section 36 : Impossibility.

If contingent contract is made on impossible events, it is void!!!

(Sec 20 to 22)

* MISTAKE:



Note: Mistake related to price is valid.
 (CONSIDERATION CAN BE INADEQUATE)

- TDS - TAX DEDUCTED AT SOURCE
- To file ITR - to show your income
- No tax free 5 Lakhs.

(Sec. 37, 40, 41, 42)

* BY WHOM CONTRACT MAY BE PERFORMED.

• CONTRACT WILL BE PERFORMED BY:

i) Promisor: (Both parties are promisor actually from both/different POV). (40)

ii) LR: Legal representative. (37)

(If performance includes personal skills contract gets void).

iii) Agent: (40)

iv) Third Party: (Ask for promisee's option) (41)

v) Joint Promisors: (TAPU + GOLI, GOLI, PINKO) (42)

* REQUIREMENTS OF VALID PERFORMANCE (SEC. 38).

i) Unconditional: No condition can be applied at the time of performance / only at offer / counter-offer

ii) Reasonable Time: Different in every cases.

iii) During working: Performance should be done within hours working hours.

iv) Opportunity for inspection: Gives promisee the power of inspection.

* WHAT IF PROMISOR FAILS TO PERFORM THE PERFORMANCE OF CONTRACT (SEC. 39).

Promisee has power to.

↓
Accept the contract

↓
Reject the contract.

↓
claim damages

↓
claim damages.

Not necessary to always claim damages →

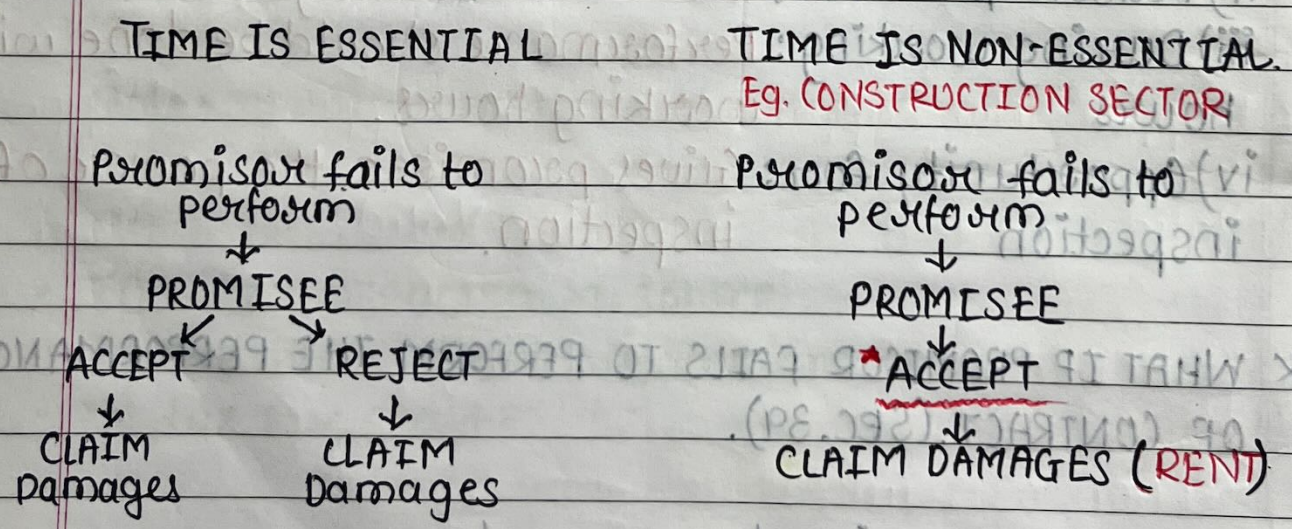
* SUCCESSION & ASSIGNMENT

(If didn't want liability don't claim assets too!)

↓
Succession *Non-Voluntary Assignment

- Transfer due to operation of law.
 - By Default.
- Voluntary transfer of rights of assets.
- Both the things, i.e. Assets and Liabilities to LR.
 - Assignment ONLY RIGHTS.
- Mention nominees.
- Inform about policies, investments.

* PERFORMANCES WHERE TIME IS ESSENTIAL.



- RERA: "REAL ESTATE REGULATORY AUTHORITY."
- To regulate real estate projects. (constructions).

* CONTRACTS WHICH NEEDS TO BE PERFORMED: *

- (62)
- 1) **NOVATION**: Substitution of new contract
Novation of old contract.
 - 2) **ALTERATION**: Change in old terms of existing contract
to change or new by mutual consent of both parties.
 - 3) **RECESSION**: Cancellation
 - 4) **REMISSION**: Lesser fulfillment
(contract is cancelled here)
SUNNY wants to leave the house without notice period, so BIPU takes a rent for a month extra.
But it was not fully satisfied so received less:
95000 X
12000 ✓

* WHAT IF PROMISOR FAILS TO PERFORM THE PERFORMANCE OF CONTRACT: (CC, 39).

Promisor has power to

Accept the contract or Reject the contract

claim damages - claim for rent

- * Rights of joint Promisees. (Sec. 45).
- i) Rights of joint promisee are always joint and not joint & several.
 - ii) Death of joint promisee, then LR of such joint promisee shall get the benefit.
 - iii) Death of all joint promisee, then LR of all joint promisee shall get the benefit.
 - iv) Promisee can compel (force) one of the joint promisee to perform.
 - v) Remit of one party (Joint promissor) does not remit all other party (their remittance share also increases).

* RECIPROCAL PROMISE (RP)

SECTION 2(F)

Definition of a Reciprocal Promise,

"Promises which form the consideration or part of consideration for each other are called reciprocal promises".

TYPES

Mutual & Concurrent

When both the parties performance at the same time (together)

Conditional dependent

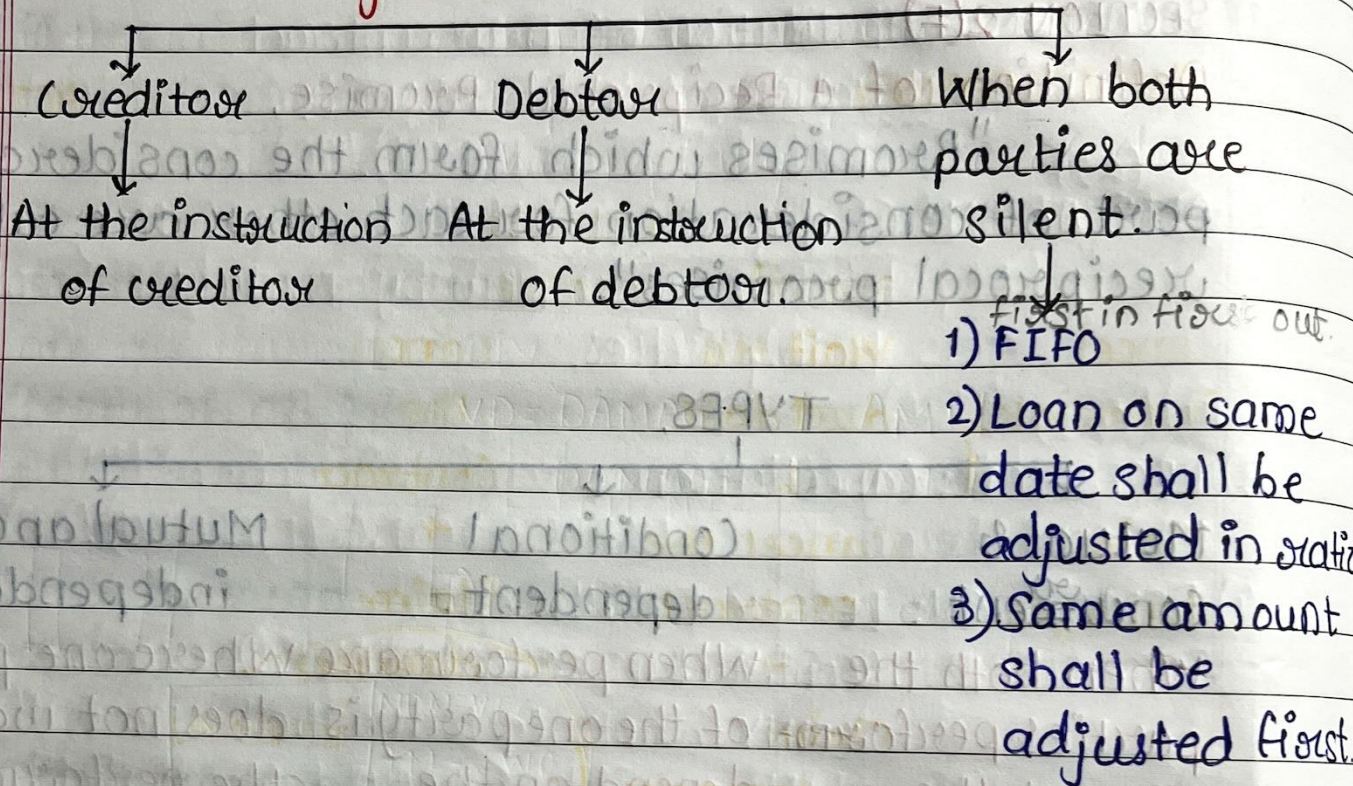
When performance of the one party is depend on the performance of another/other party (Eg. Painter)

Mutual and independent

Where one party does not wait for the performance of other party

Sec. 59 to 61

Adjustment of debts.

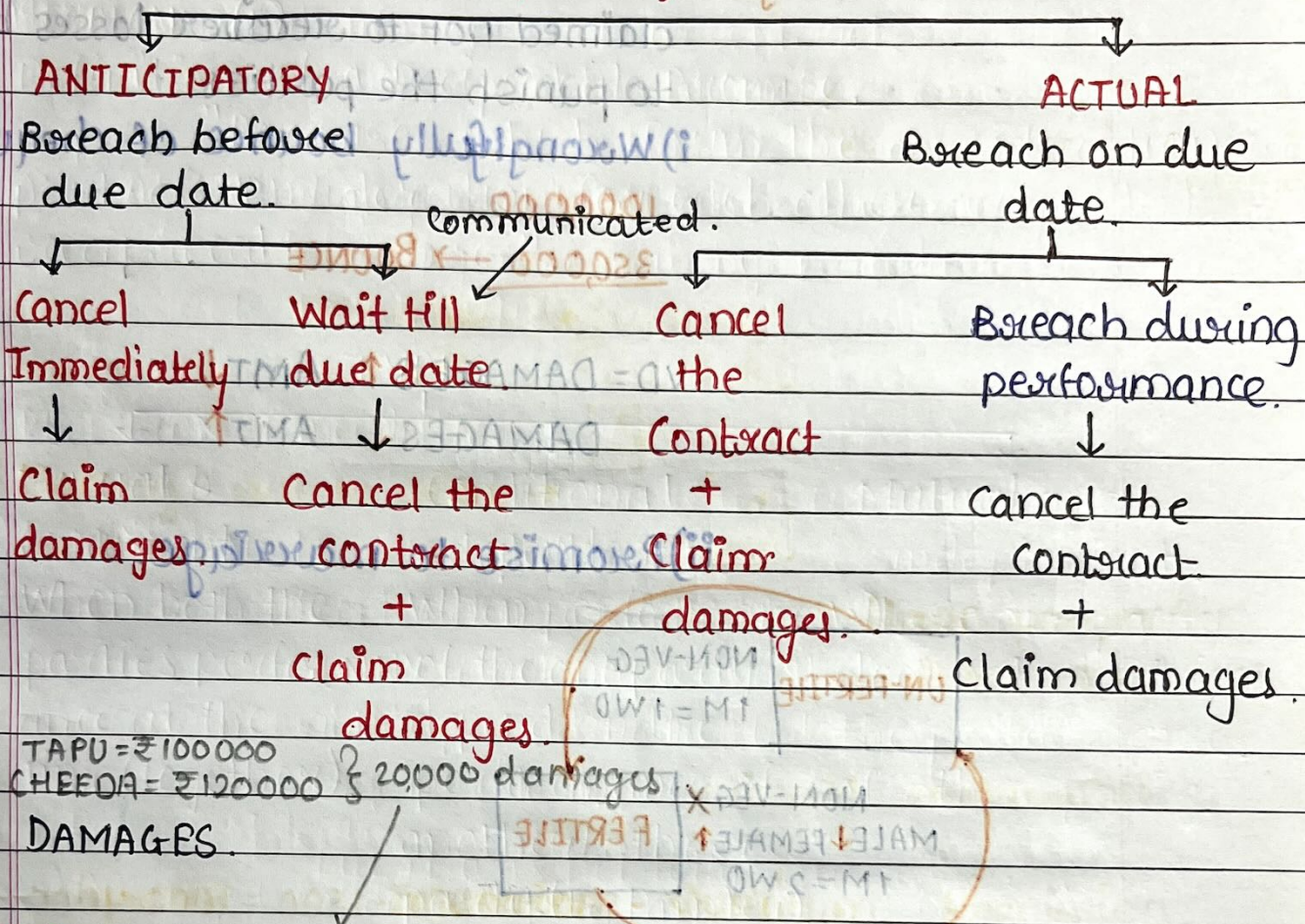


Raju.

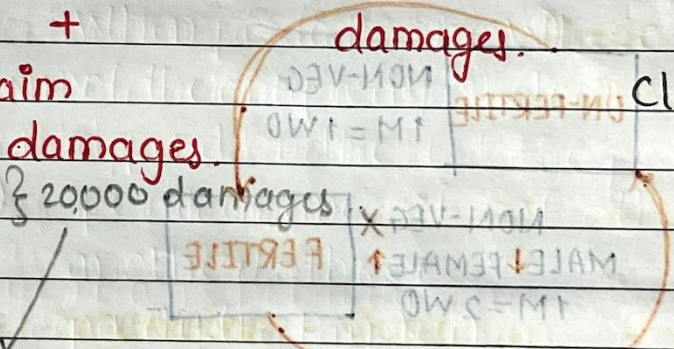
8/6/22	$20,000 - 20,000 = 0$
9/6/22	$\cancel{5000} - \underline{2500} = 2500 - \underline{1500} = 1000 - 1000 = 0$
9/6/22	$\cancel{5000} - \underline{2500} = 2500 - \underline{1500} = 1000 - 1000 = 0$
10/6/22	$\underline{6000} - 5000 = \underline{1000}$
12/6/22	$\underline{25000} - 20,000 = \underline{5000}$
13/6/22	$\underline{3000}$
14/6/22	$7000 - 1000 - 1000 = \underline{5000}$

UNIT: 5 BREACH OF CONTRACT.

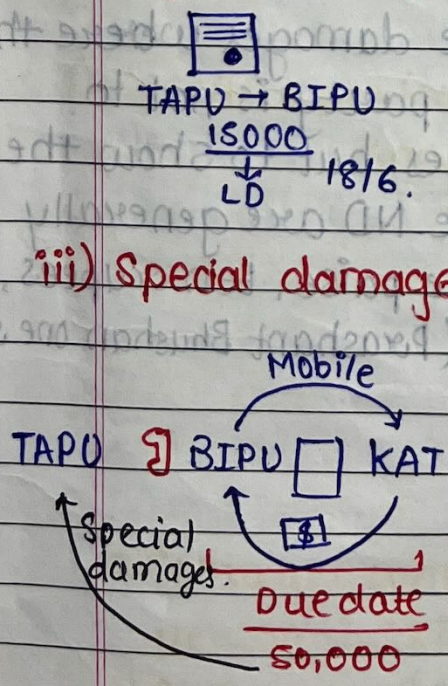
BREACH ^{contract} (TODNA)



TAPU = ₹100000
CHEEDA = ₹120000
DAMAGES.



- i) Simple damage = Contract value - Market Value.
- ii) Liquidated damages → LD are pre-estimated damages, which are claimed in the ordinary course of business.
- iii) Special damages → SD are pre-estimated damages, which are claimed in the special situation.



KAT ^{LD} → BIPU ^{SD} → TAPU

IPC - Indian Penal Code.

UCC - Uniform Civil Court.

Qazi - Local Judge (of Muslim).

CPC - Civil Procedural Code.

CRPC -

CPRE - suemotto → case filed by court.

PAGE No. 24

DATE

iv) **Vindictive damages** → VD are those damages which are claimed not to recover losses but to punish the parties.

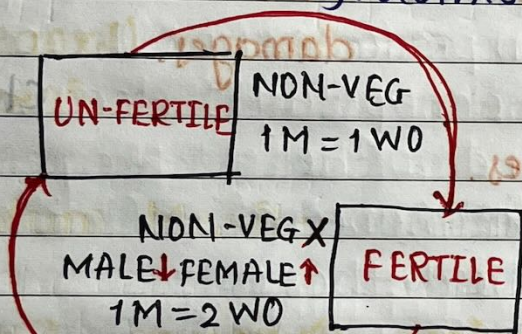
i) Wrongfully bounce of cheque.

10,00,000

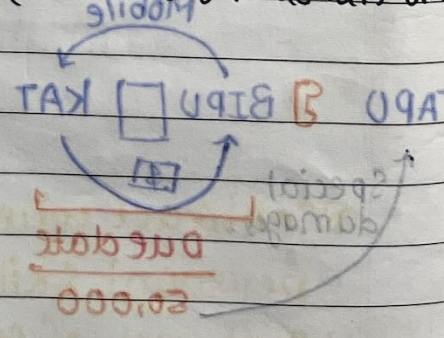
350,000 → BOUNCE

VD = DAMAGES ↑ AMT ↓
DAMAGES ↓ AMT ↑

ii) Promise to marriage.



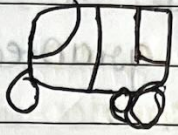
v) **Nominal damages** → ND are those damages where the intention of party is not to recover losses but to show the power to sue. ND are generally ten paise, one paise, ten rupees, one rupees. (Prashant Bhushan one rupees)



vi) Remote damages → RD are not recoverable

TAPU $1000 \text{ ₹} \times 100 = 1,00,000$
 \downarrow
 1200

} 20,000 ← This is recoverable



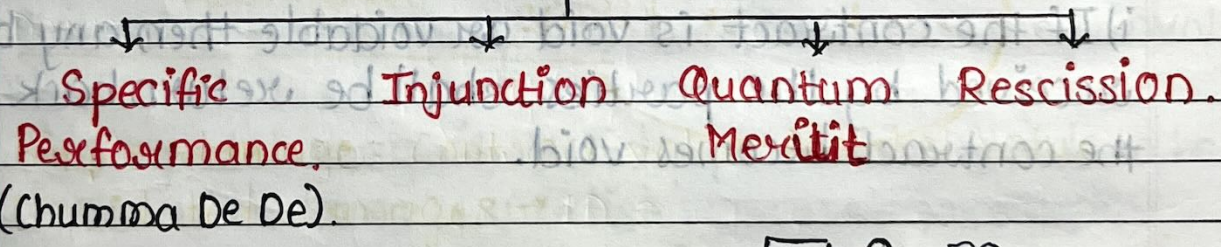
Be Jew.

35L ← RD.

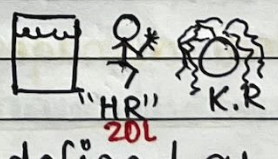
vii) Damage due to delay → DDD can be recoverable from the party who is liable for such delay. (Transporter/Carrier).

*

Additional Remedies



i) Specific performance:



i) Specific performance can be defined as actual ^{contract} performance of the promise which were done during.

ii) Damages are not ascertainable or subject matter is unique.

iii) SP shall be granted by court, there is full discretion of court. (Muzi)

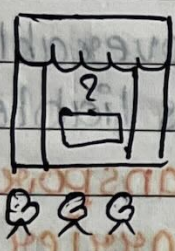
iv) For following matter SP is not available:

a) Contract where it includes performance related to personal skills.

b) Contract of continuous services → (Internet, electricity, water supply).

2) Injunction (Stay order):

- i) Injunction are defined as orders of court for restraining a person from doing something which he promise not to do.
- ii) Injunction shall be granted by court, there is full discretion of court.
- iii) Case Law: **LUMELY VS WAGNER**



B
Sexie

T
Sex

TONY

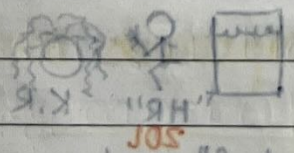
A
Srijit

ARJIT DHOKHE BAAZ !!!

(As much as earned).

3) Quantum Merit:

- i) If the contract is void or voidable then any benefits received by the parties shall be return back after the contract becomes void.



Specific performance:

- i) Specific performance can be defined as actual performance of the promise which were done during
- ii) Damages are not ascertained or subject matter is unique
- iii) It shall be granted by court, there is full discretion of court
- iv) It follows matter is not available

Section 30:

- 1) Payment of money's worth upon ascertainment of future uncertain event is known as wagering.
- 2) Wagering agreements are void but collateral to wagering are valid.
Illegal agreements are void and collateral to illegal are also void.
- 3) Promissory Note arising out of wagering is also void.
- 4) Game is involving → Skill → Valid
→ Chance → Void.
- 5) In horse races if amount involved is → < 500 → Void.
→ ≥ 500 → Valid.
- 6) The Act provides that an agreement to buy lottery tickets is one by way of wager and is void.
- 7) Speculative transactions ^{stock market} are valid as they involve skills.
- 8) Taking delivery is valid, speculation needs to be done with some expertise.
- 9) Chit funds are not wagering as amount to be received is fixed also they have their own regulatory act.

Section 11: **MINOR**

- A minor is a person who is below the age of eighteen years.
- An agreement with a minor is void-ab-initio.
- The minor's contracts do not impose any liability on his parents or guardians.
- Parents/Guardians can enter into a contract on behalf of minor for his benefits.
- Parents/Guardian cannot ^{force} bind a minor in a contract to purchase immovable properties.
- If minor falsely represents his age, still the contract is void-ab-initio as he can always plead minority.
- Minor cannot rectify the agreement after attaining majority.
- ^{Sec. 68)} If any necessities of life (food, clothing, shelter, education, health) are supplied to a minor, he is not personally liable but only his property is liable.
- A minor can be appointed as an agent but he is not liable for his acts as an agent.
- Case law: In Mohini Bibee vs. Dharmodas Ghose.
- Minor can be liable for ~~best~~ torts (civil wrong) like disrespecting national flag, battery (thapad).
- Minor can not be declared as insolvent.
- Minor can not be partner in partnership firm. However, minor can be admitted for benefits. (section 30, of Indian Partnership Act).

Section 15: COERCION

- Coercion is committing or threatening to commit any act ^{Not Allowed} forbidden by the Indian Penal Code or unlawfully detaining or threatening to detain any property.
- Physical force is involved.
- Acts are forbidden by Indian Penal Code.
- No relationship is required for exercising coercion, hence it can proceed from a third party on third party on third party.
- Suicide also amounts to coercion.
- When consent to an agreement is caused coercion, the agreement is a contract voidable at the option of the party whose consent was caused. In other words, aggrieved party can either rescind or affirm the contract.

Section 16: Undue Influence.

- A contract is said to be induced by "undue influence" where the relations subsisting between the parties are such that one of the parties is in a position to dominate the will of the other and uses that position to obtain an unfair advantage of the other.
- Mental/Moral force is involved.
- Acts are not forbidden by Indian Penal Code
- Fiduciary relationship is required. ^{based on trust} ^{also apparent relations can be created.}
- Following types of relations are fiduciary relations:
 - a) Lawyer and client.
 - b) Doctor and patient.
 - c) Spiritual adviser and devotee.
 - d) Parents and child, etc. Can be exercised between
- ✗ same parties only.
- When consent to an agreement is caused by undue influence,....

Section 17: **Fraud.**

- Intentional misrepresentation of facts.
- Active concealment of defects/facts.
- Promise made without an intention to perform.
- Since there is an intention to cheat, it is forbidden by Indian Penal Code. ^{SEC. 420}
- The person making the statement, himself does not believe it as true.
- Mere silence does not amount to fraud. But when silence is equivalent to speech or when there is a duty to speak and the person does not speak, it amounts to fraud.
- The effect of fraud is that it makes.....

Exam* • Mere silence does not amount to fraud - But in following case silence will amount to fraud:

- 1) Agreement related to marriage.
- 2) Contract related to insurance.
- 3) Agreement related to prospectus.
- 4) Contract related to family settlement.

↓
VOID

VOID + Damages

VOID

VOID

Section 18: Misrepresentation

- Unintentional misrepresentation of facts.
- Misrepresentation is a false representation which is made innocently.
- Since there is no intention to cheat, it is not forbidden by Indian Penal Code.
- The person making the statement, himself believes it as true.
- The effect of misrepresentation is that it makes the contract voidable at the option of the party whose consent was obtained by misrepresentation i.e., such party may put an end to the contract if he so chooses.
- Aggrieved party cannot claim damages

sec 56

IMPOSSIBILITY

FROM BEGINNING

'DOCTRINE OF FRUSTRATION'

know to both party

Unknown to both party

known & unknown to another

Valid in the beginning

VOID

VOID

VOID

VOID + Damages.

- 1) Subject Matter.
- 2) Change in Law.
- 3) Personal nature skill.
- 4) Alien enemy.
- 5) Non-existence or non-occurrence.

Money is refunded.
(Quantum Meruit).

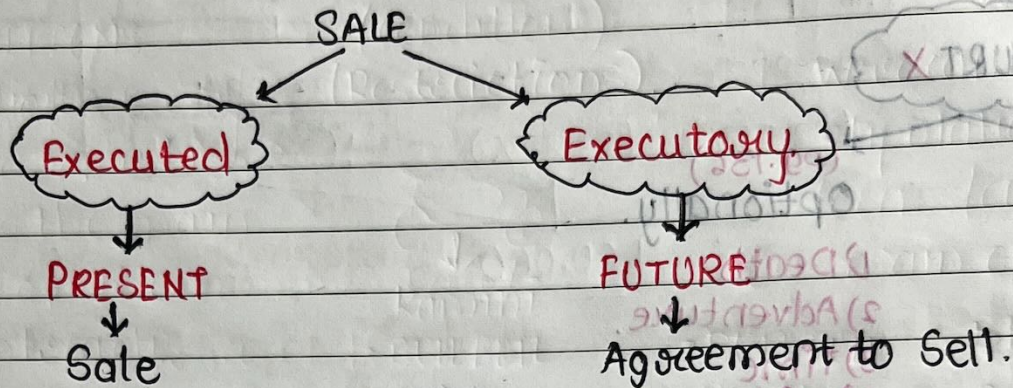
* UNLAWFUL OBJECT & UNLAWFUL CONSIDERATION

1. Agreement forbidden by law.
2. Agreement defeating the provisions of law.
3. Agreement causing injury to a person or loss of property.
4. Where consideration is immoral.
5. Agreement has a fraudulent object.
6. Agreement interfering with course of law and justice.
7. Where consideration is opposed to public policy *against society.*
 - a) Stifling Prosecution (Playing with law).
 - b) Maintenance and Champerty.
 - c) Trading with an enemy.
 - d) Trafficking in public offices.
 - e) Marriage brokerage contracts.
 - f) Interest against obligations.
 - g) Agreement for the creation of monopolies.

2. THE SALE OF GOODS ACT, 1930

↓
year of enactment.

- Henry Manes.



GOODS 2(7).

i) **Moveable** [Immovable → TOPA (Transfer of Property Act)]

ii) **Excludes** MONEY & ACTIONABLE CLAIMS.

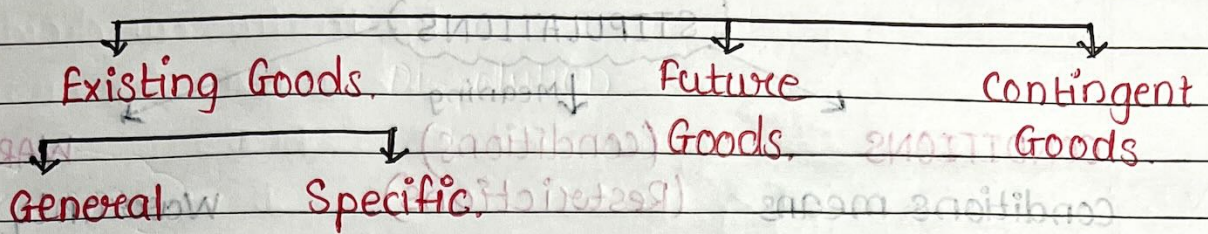
(FEMA (Foreign Exchange Management Act), RBI Rules
[NEGO (Negotiable Instrument) Act], Contract Act)

iii) **Includes** Stock & share, Livestock, Gas, Electricity, Water, Trees & crop separate from land, Rare coins.

Goods → Moveable.

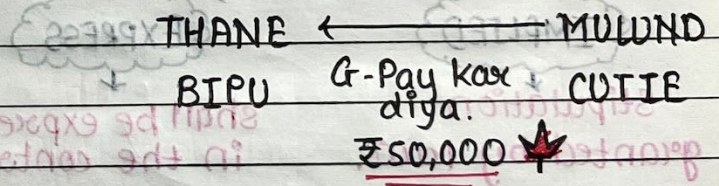
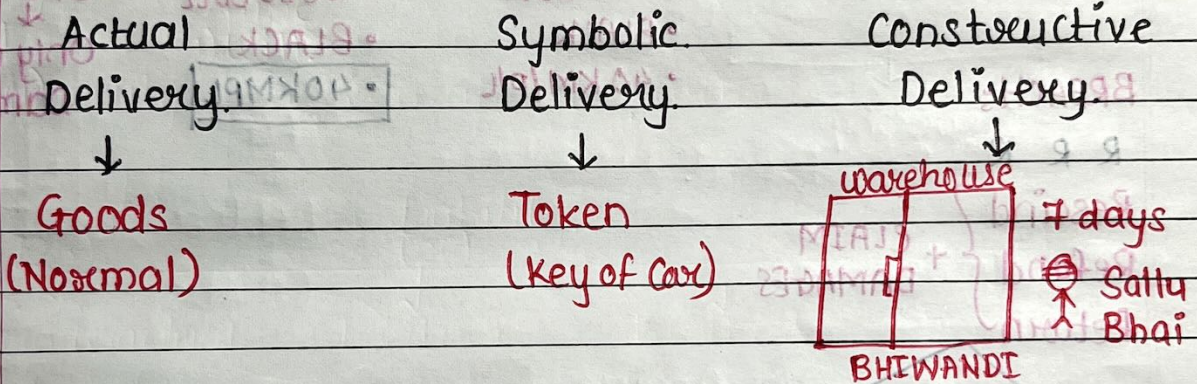
- Money.
- Actionable claims.
- Service.
- Immovable assets.
- Human

* Classifications of Goods:



88 * Delivery [2(2)]

Voluntary transfer of Assets/Goods.



(14) 'condition is to title' (Theft + Vehicle) (14)
 (15) 'condition is to sample' (15)
 (16) 'condition is to description' (Medical + right) (16)
 (17) 'condition is to 2 + D' (Medical + calculator) (17)
 (18) 'condition is to merchantability' (Pipes) (18)
 (19) 'condition as to wholesomeness' (Applicable or contract) (19)
 (20) 'condition as to quality or fitness for purpose' (20)

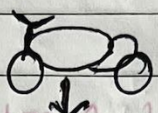
UNIT 2:

STIPULATIONS

CONDITIONS
Conditions means stipulation which forms the main part of the contract.

(conditions)
(Restrictions)

WARRANTY
Warranty means stipulation which forms collateral to main contract.



Kamini

- BULL BULL
- BLACK
- 40 KM/PL

- BULL BULL
- BLACK
- 40KMPL

BREACH
↓
Only claim Damages.

BREACH:

R R R

- Rescind
- Refund
- Return

+ CLAIM DAMAGES

IMPLIED

stipulation granted by law.

EXPRESS

shall be expressed in the contract

- 'condition is to title' (Theft → Vehicle). (14)
- 'condition is to "sample"' (17)
- 'condition is to discription' (Magical → nighty). (15)
- 'condition is to S + D' (Magical → calculator). (15)
- 'condition is to merchantability' (Chair). [16(2)]
- 'condition as to wholesomeness' (applicable on foodstuff).
- 'condition as to quality or fitness for buyer's purpose' (16(1))

UNIT 3:

Transfer of Property (Ownership)
OWNERSHIP SPECIFIC.

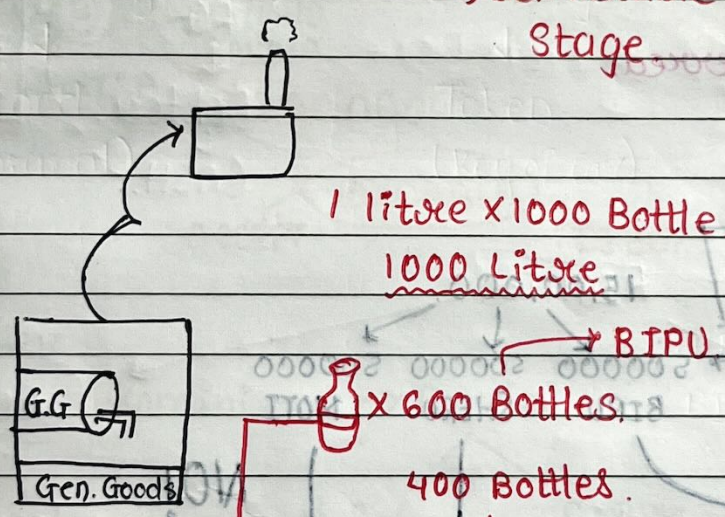
R1. Specific Goods.

- 1) 'Unconditional'
- +
- 2) Deliverable Stage.

R2. General Goods

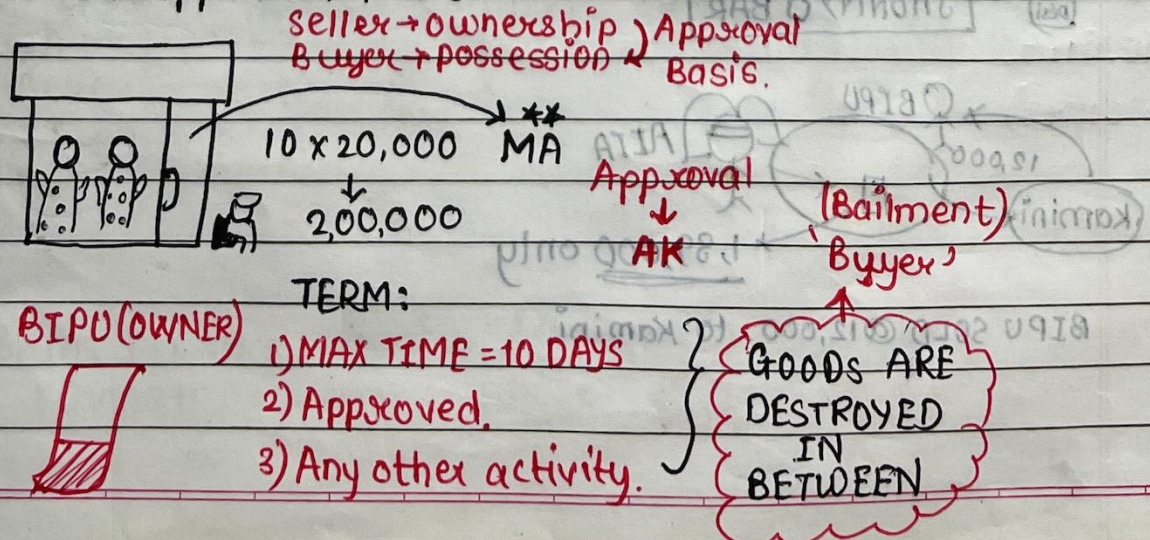
- 1) Specific Goods.
- +
- 2) Unconditional
- +
- 3) Deliverable Stage.

Appropriation of goods
↓
Process where General Goods
↓
Specific Goods



Note: If Communicate then risk 600

R3. Sale on Approval Basis:



BIPU (OWNER)

- 1) MAX TIME = 10 DAYS
- 2) Approved.
- 3) Any other activity.

GOODS ARE DESTROYED IN BETWEEN

Bona fide → Unknown to owners or Buyer conditions.

R4.



R5. Parties can decide when to transfer ownership.

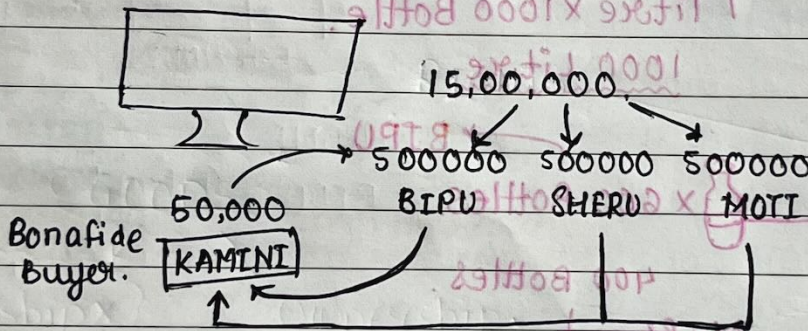
WEIGHT + Determine Rate/
Price of Product,



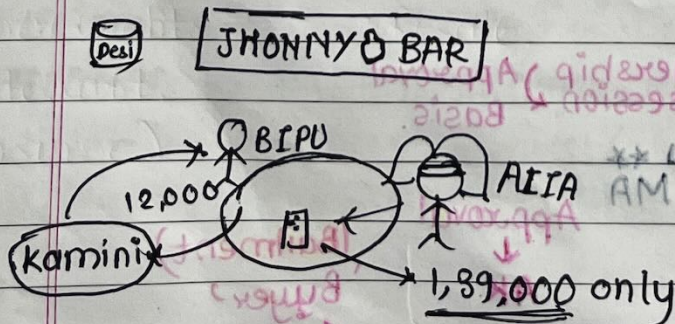
Ownership is transferred.

Exception

R6. 2. Joint Owners.



3. Sale by Estoppel.



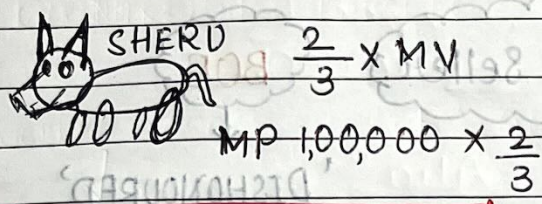
BIPU SOLD @ 12,000 to Kamini.

DESTROYED IN BETWEEN

Sale on Approval Basis
 (1) Approved
 (2) Approved
 (3) And other activity
 BIPU (OWNER)
 (MAX TIME = 10 DAYS)
 TERM:

109

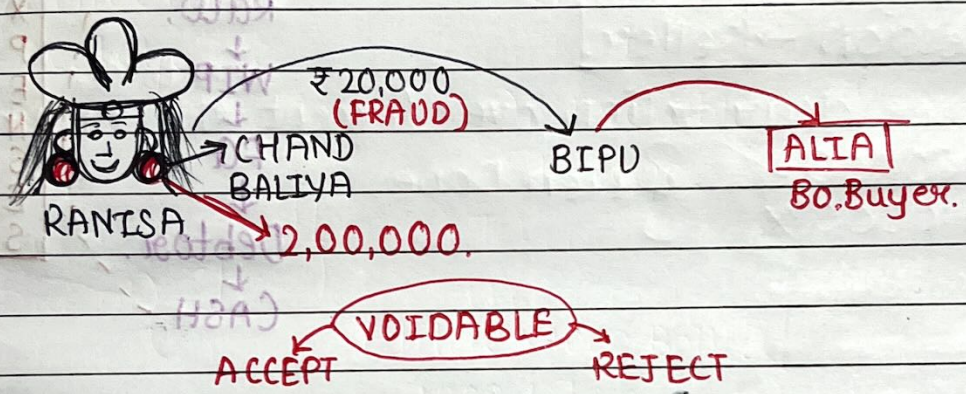
7. Finder of goods.



Expense 80,000 = 66,666

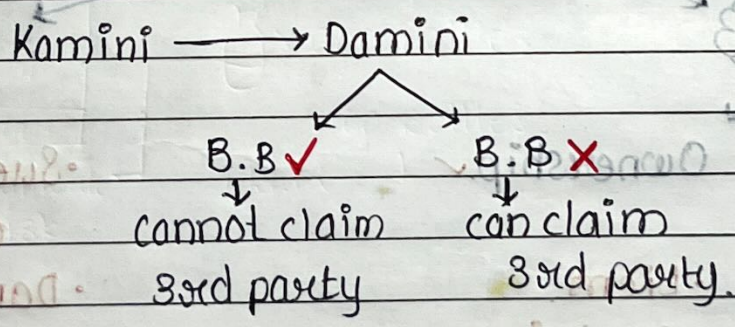
can sold the sheru due to over exceed of $\frac{2}{3}$ amount

8.



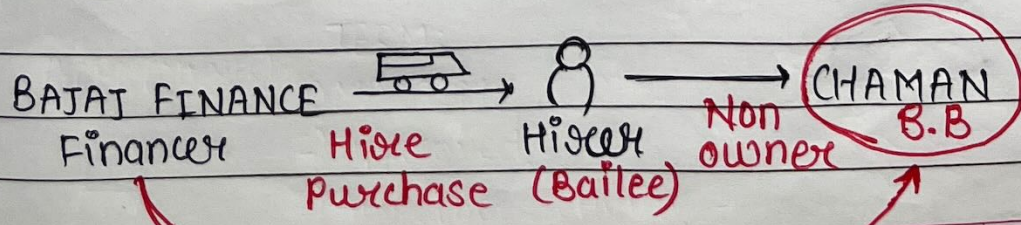
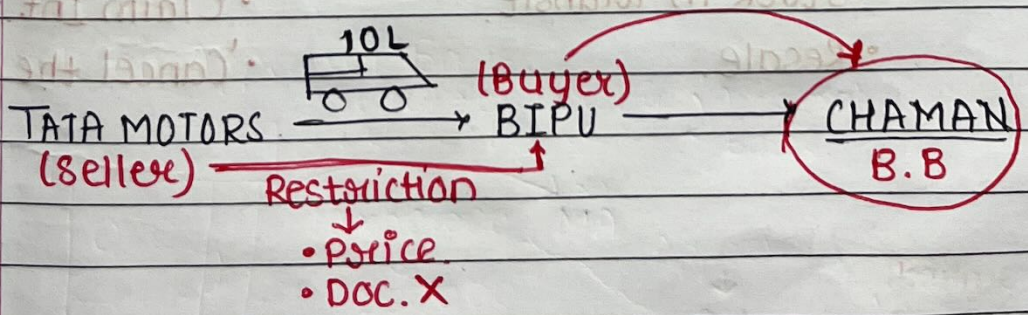
108

5. Seller.



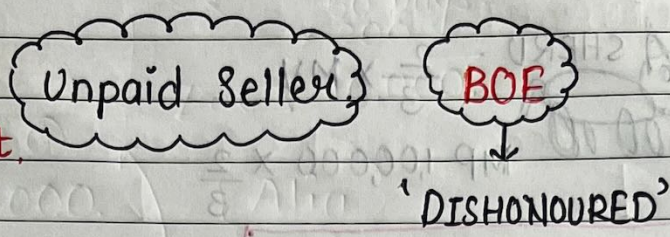
109

9.

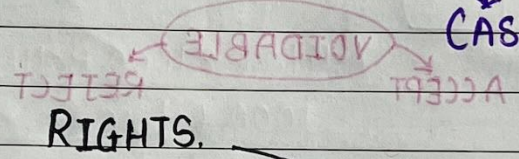
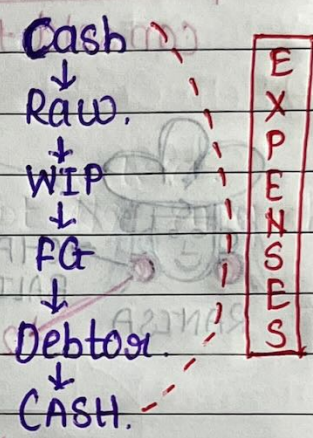


* Unpaid Seller.

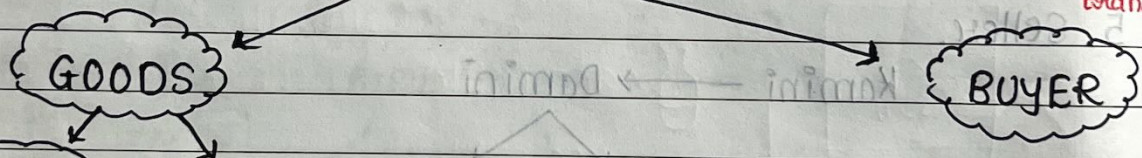
- 1. Payment.
- 2. Part Payment.



Expense 80,000 = 66,666



Note: When ownership is transferred!



Ownership x

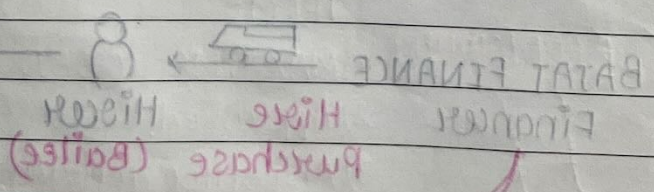
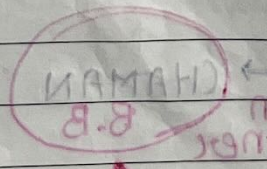
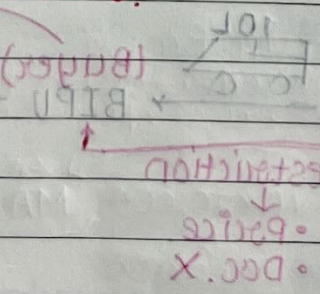
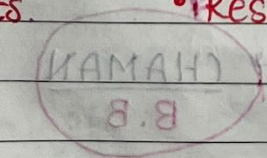
Ownership ✓

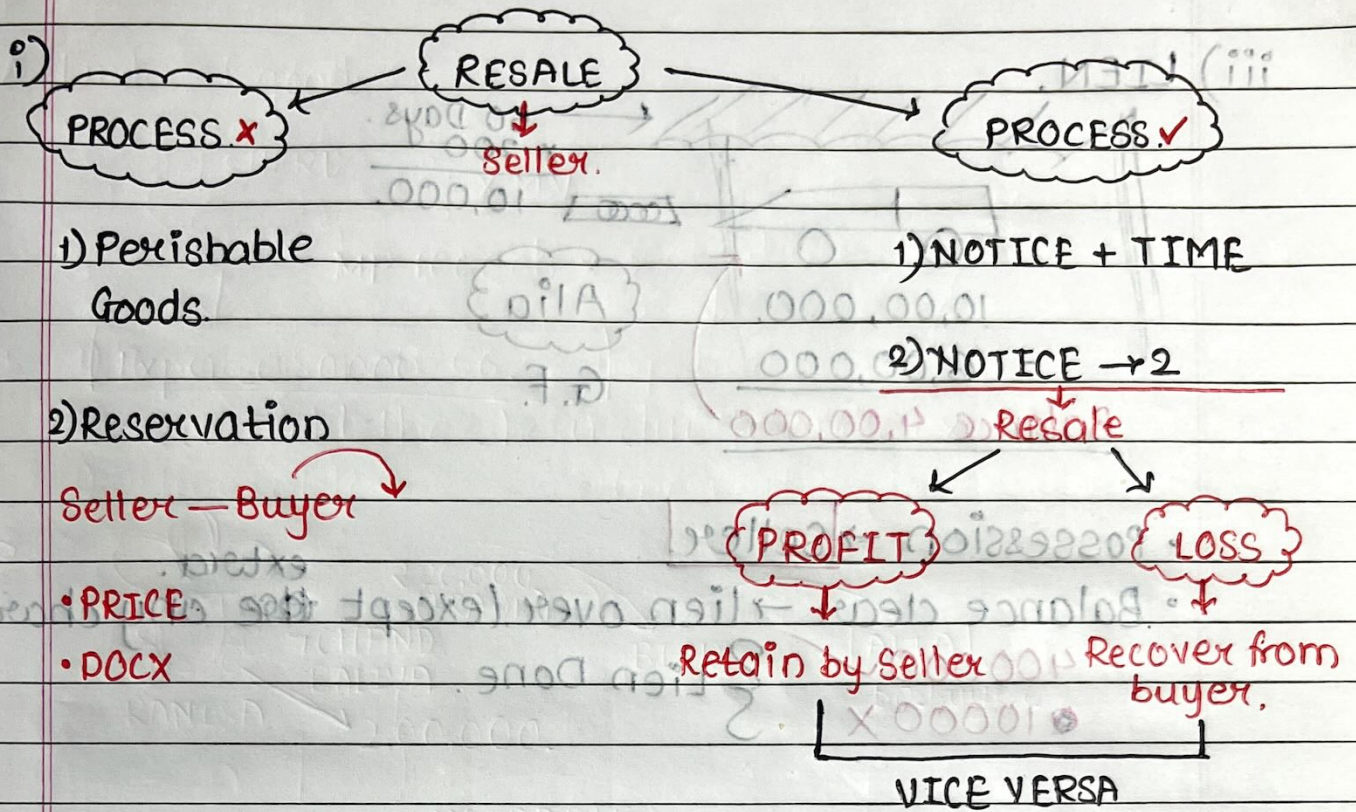
- Sue for recovery of price.
- Damages
- Claim Int.
- 'Cancel the Contract'

withhold.
+

- Liens
- Stock in Transit.
- Resale.

Other rights
(Resale, Gift, consume.)



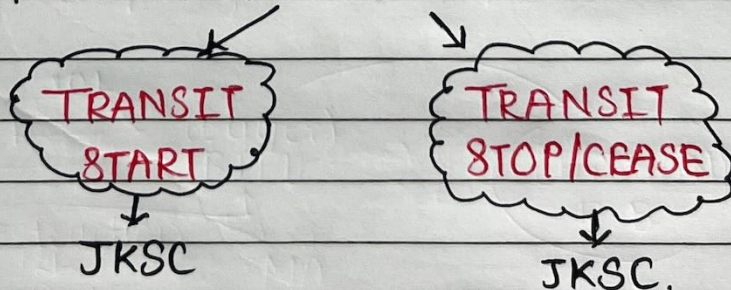


ii)

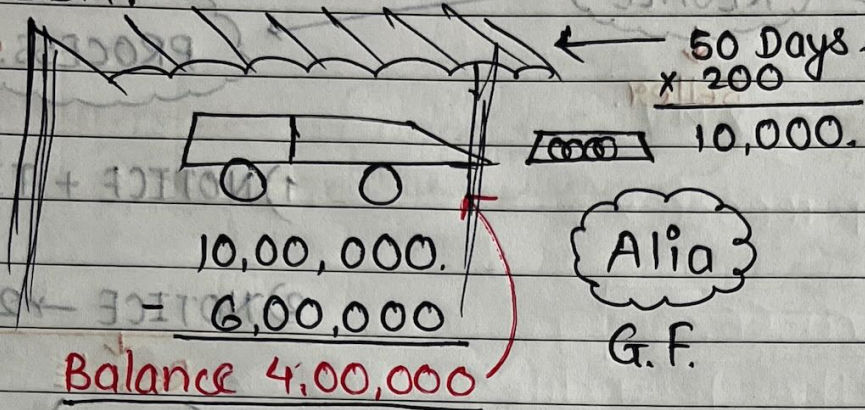
STOCK IN TRANSIT (SIT)

- 1) Seller Goods. X
- 2) Buyer Goods. X
- 3) Carrier. ✓

STOP → DURING TRANSIT



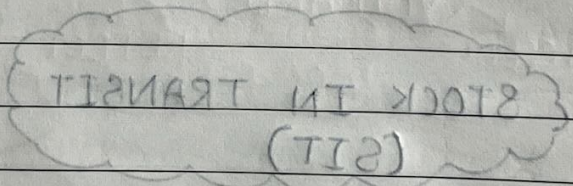
iii) LIEN.



• Possession → Seller

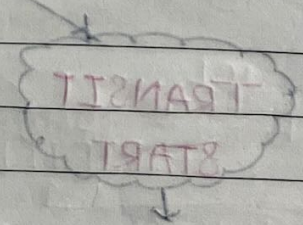
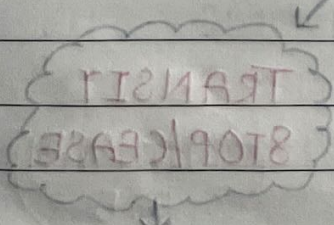
• Balance clear → lien over (except ~~the~~ any charges) extra.

400000 ✓
100000 X } Lien Done.



- 1) Seller Goods X
- 2) Buyer Goods X
- 3) Carrier X

STOP → DURING TRANSIT



TRSC

TRSC

INDIAN PARTNERSHIP ACT, 1932

↓ LAWS ↓ YEAR OF ENACTMENT

SECTION 4

Relationship between person where share the profit of business, carried by all or any one then acting of all

129-132
Features:

1) i) NO. of partners: → CA, 2013 Tax, Unlimited Liability.
Min 2 Max (50) 'Sec. 464' Illegal Association → '100 Max' prescribed

↓ Association → Unregistered

↓ Reg. → Under CA, 2013

50 ↑

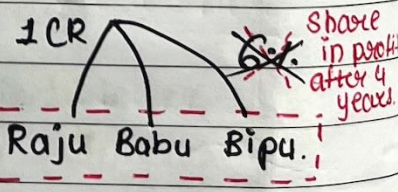
Reduce upto 50.

ii) Persons who are not partner

Profits

- 1) Retired Partner (Until A/c gets settled).
- 2) LR
- 3) Money lender → 10% profit (Vasooli).
- 4) Seller of Goodwill (MacD).
- 5) Manager / E'ee. (Commission).
- 6) Minor. (Benefits).

3) U
Vasooli Bhai



4) M
2% Profits.

5) iii)

pg. 132

WOMENIYAR

ITR

BIPU MDM SIS

Eg. Case Law

KD Kamath & Co.

STC → Tax as per Section. 4.

Here, BIPU carried all activities. alone for all of them.

3) iv) Business → X NGO.

Business → Legal, Profit making.

2) v) Agreement.

• Oral.

• Written.

• Implied (P cooly) (200 → 100/100)

5) • Mutual Agency → Unlimited Liability.

vado pav

Raju Baburao Bipu

Oil

1 \$ → 74 \$ Anusaddha

America - Oil

NZ - Dhaniya.

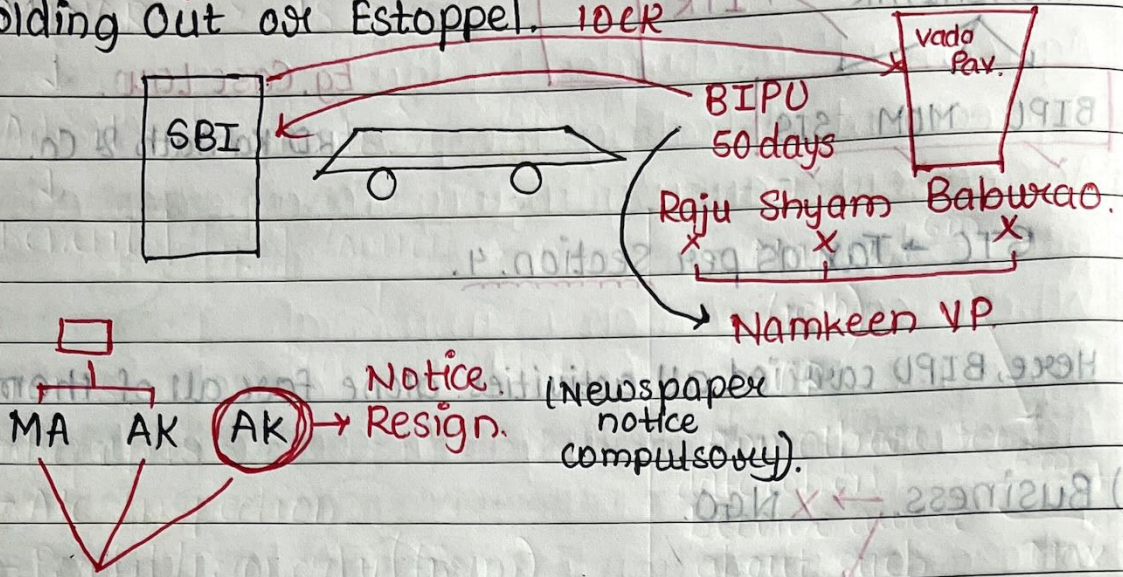
Vashi - Onion.

Conclusion → Every partner suffered due to mistake of one.

138

Section 28

Holding Out or Estoppel. 100K



139

Optional → Register → ROF (Registrar of firm).

- i) FORM.
- ii) FILL UP.
- iii) SIGN.
- iv) **SUBMIT + FEES**
- v) CERTIFICATE.

Partnership Deed.

- Contents (12).
- PSR, Date of commencement.
 - Partner name.
 - Firm name.
 - No. of partners.
 - Personal details.
 - Objective.
 - Place of business.
 - Dissolution.
 - Contribution.
 - Admission.
 - Duties.
 - Time.

140

★ Exam. (Consequences of non-registration)

Following things are affected due to no-registration. (SEC. 69)

- 1) Partners ^{sue} → Partner & Firm
- 2) Firm → Third party sue.
- 3) Max set off ₹100.

BUT

- 1) Third party → Firm sue ✓
- 2) Court/official liquidator (OL) → Dissolution (Helps).
- 3) Personal rights shall not affected. (Firm rights affected)

- 22/06 → Form + fees → According to law, Firm gets register when you submit form & pays fees.
- 25/06 → Deal with Bhai.
- 26/06 → Dispute.
- 02/07 → Case file against Bhai.
- 03/07 → Certificate of Registration.
- 10/07 → Hearing.

SET OFF

Sweety is so sweet

30k
Sweety → BIPU
(classes for law).

* Cannot repay for same

Sweety → SET OFF → BIPU.
30K sweets

Sec.14 Property (pg. 147)

ASSETS

FIRM

"Contribute" towards capital

During the business.

'any other way' → set off.

Goodwill* (SHORT NOTE)

Sec.33 Bipu (M)

Vickey (M)

Chickey (F)

Cutie

Kat

Mickey

Vomit

Right to expell → Good Faith

+ Agreement (Process).

+ OOBH (Opportunity of being heard).

(Pg. 155) Example.

V1/153

SEC 30 "MINOR" → "18 yrs"

↓
Admit → Parents.

↓
Benefits

• RIGHTS:

- Benefits
- A/c Inspection
- Profit/Property (firm) (Seperate)

• Major (18th) → 6m

OR

Any other date when become aware about such partnership. 6m + 6m Max 1 year

• LIABILITIES:

i) Before attaining majority.

ii) After majority

Partner ✓
- PSR

Partner X

40,000 Profit
4,00,000.

- Liability

Eg.

MR.A	MR.B	MR.C	(Minor) MR. Chotta Bheem
1L	1L	1L	1L ?
10K	10K	10K	10K

→ Vest = hold

* Sudden loss:
10,00,000
4,40,000
5,60,000?

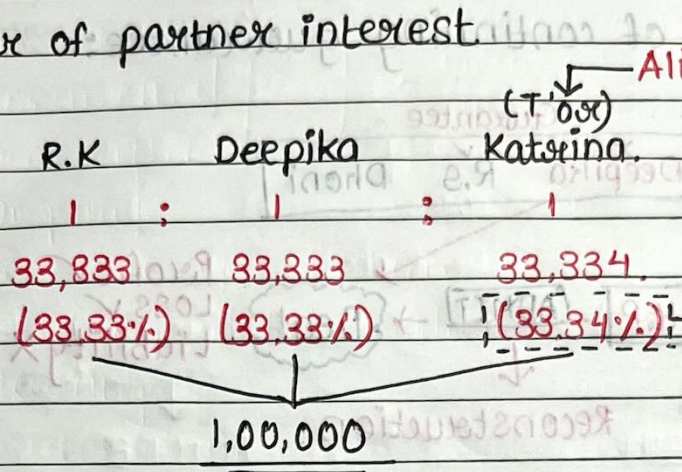
Limited to share in profits & property.

✗ contribute ✗

Sec. 29

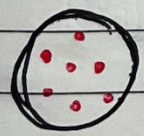
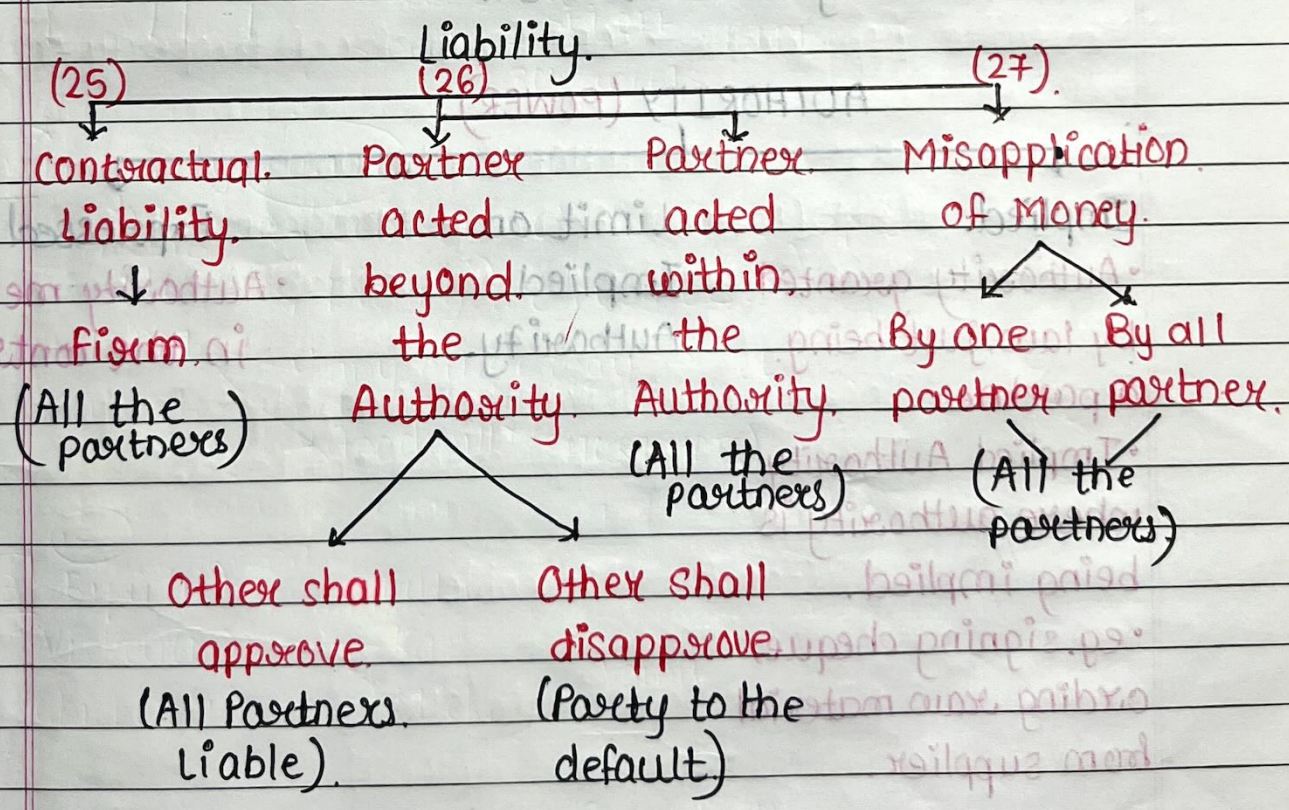
151

* Transfer of partner interest



- Rights X
- ① Requisite of BOA
 - ② Inspect of BOA.
 - ③ Intervention in Business.
- During the life firm.

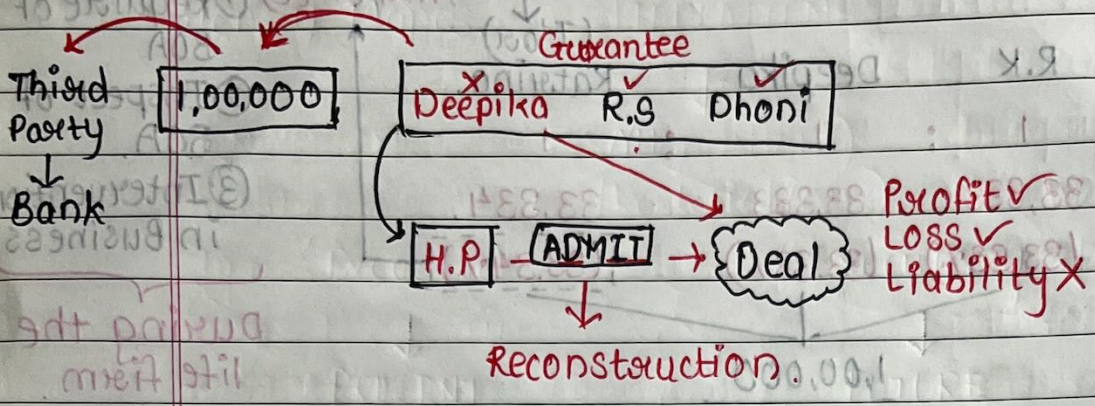
* Liability of a firm and its partners to a third party (25, 26, 27)



Seeta → (Sale) ~~₹100~~ ₹35 ✓ (without authority).
Geeta → (A/c) (Cooking → Sale).
Senorita → (Cooking).

157

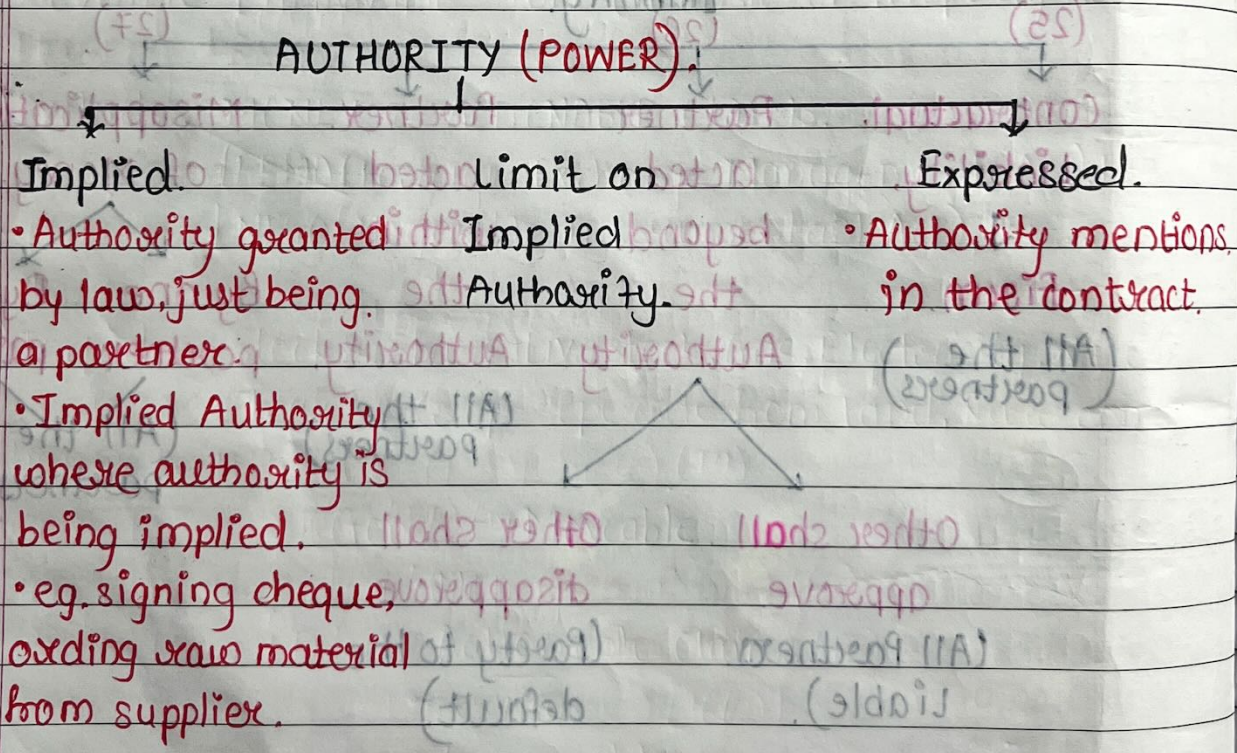
* Revocation of continuing guarantee:



Deepika (can or not) withdraw her guarantee!

147

* The Authority of a Partner:



Handwritten notes at the bottom of the page, including 'without authority', 'looking + sale', and other illegible scribbles.

(Section 39)

* DISSOLUTION OF FIRM,

Dissolution.

COURT X

COURT Y

Compul
sory

- 1) Death & Insolvency
- 2) Illegal (unlawful)

(pg. 136)
Optionally.

- 1) Death
- 2) Adventure.
- 3) Time
- 4) Will.

Executed
↓
present
↓
sale

SATURDAY

1913
1956
Amendment
2013

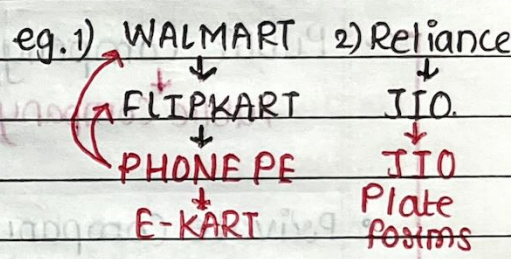
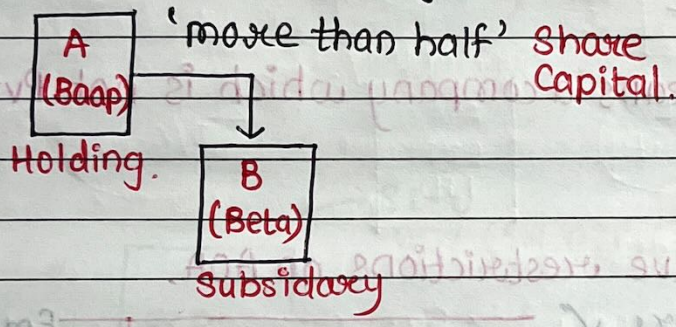
COMPANIES ACT, 2013
Law 'year of enactment'

Sec. 2(20)
Definitions.

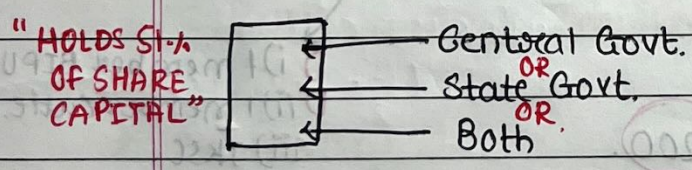
Company means company which incorporated (started) under CA, 2013, or any previous law related to companies.

* TYPES (COMPANY)

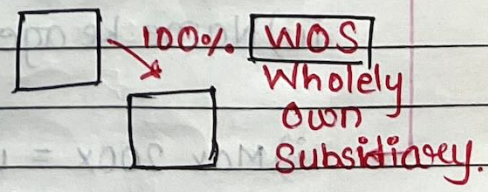
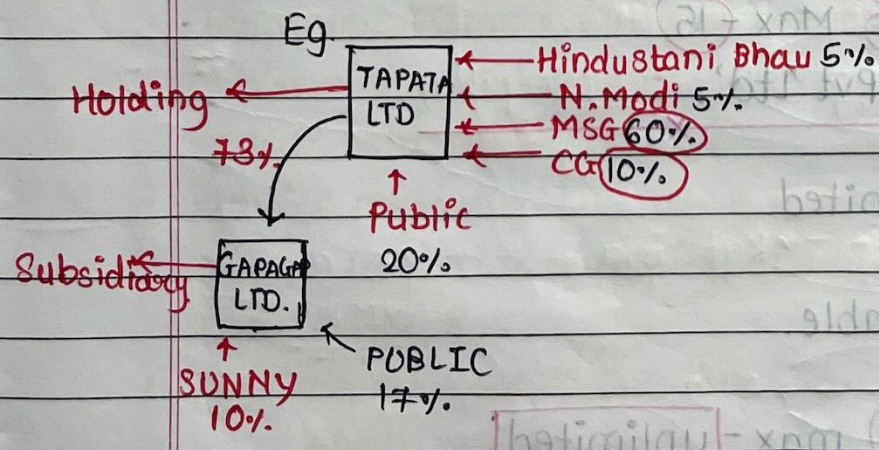
- Holding and Subsidiary Company



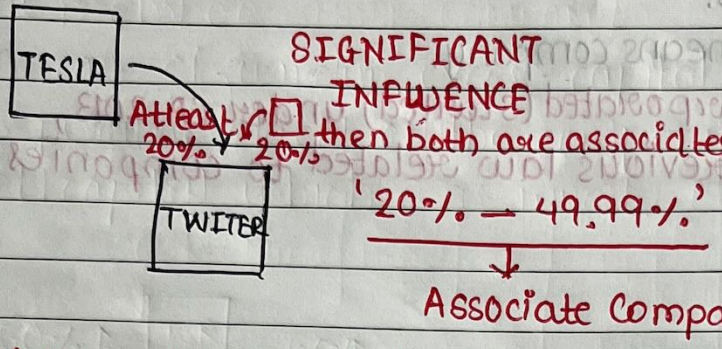
- Government Company



eg. LIC, SAIL, BPCL, MTNL, IOC, GAIL, SBI, NTPC, SIDBI, IRCTC, BHEL, HAL, PNB, etc.



• Associate Company.



• If 7% → Then stakeholder

• Public Company

Public Company means a company which is not Pvt. Co.

• Private Company

means which have restrictions on AOA.

- * exam i) Max 200 members ✓
- ii) Cannot raise funds from public. X
- iii) Share transferability (Restriction) X

- Employees X
- Ex-Emp X
- Joint holders = 1
- D i) 1 member BCPU
- D ii) 1 member cutie.
- ii) JKSC

OTHER INFO:

- i) Min members - 2 Max - 200.
- ii) Min directors - 2 Max - 15.
- iii) Name ke age → 'Pvt Ltd'

- i) Max 200x = unlimited.
- ii) Public raising.
- iii) Freely transferable.

OTHER INFO:

- i) Min members - 7 max - unlimited
- ii) Max member - 3 max - 15
- iii) Name ke age → 'Ltd'

AGM → Annual General Meeting.
SH

* PROMOTER.

(Minimum 7 Promoters)

RIGHTS ← 'PROMOTER' → DUTIES.

OR

OR

'Founder'
2(69)

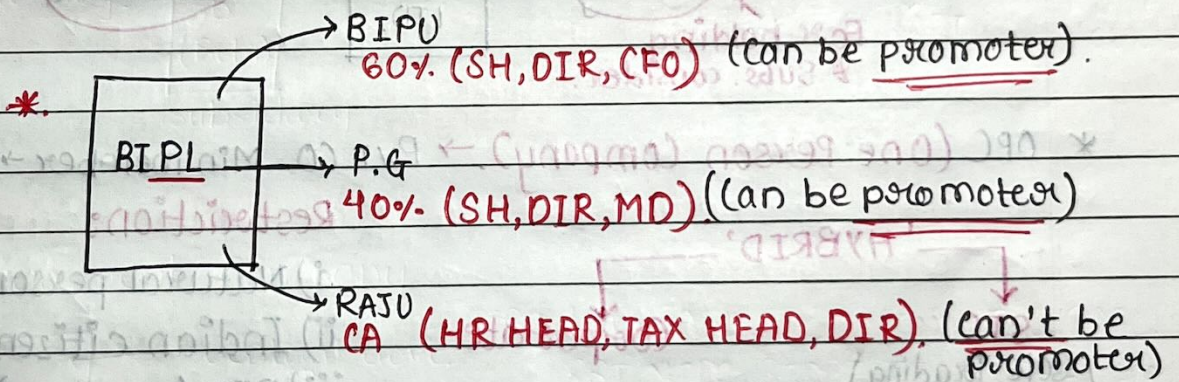
1. Name - Annual Report or prospectus.

Control

Aid & Advice. BOD are accustomed to act. (forced)

Directly Indirectly.

* Professionals are excluded.

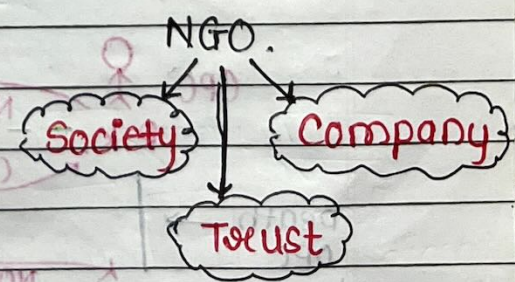
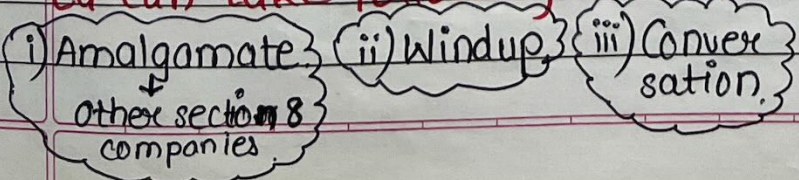


* Sec. 8 (NPO).

- Companies formed for promotion commerce, arts, science, culture, sports, education, etc.
- service motive.
- MCA → CG gives permission to operate sec. 8.
- permission Revoke? = YES

oobh

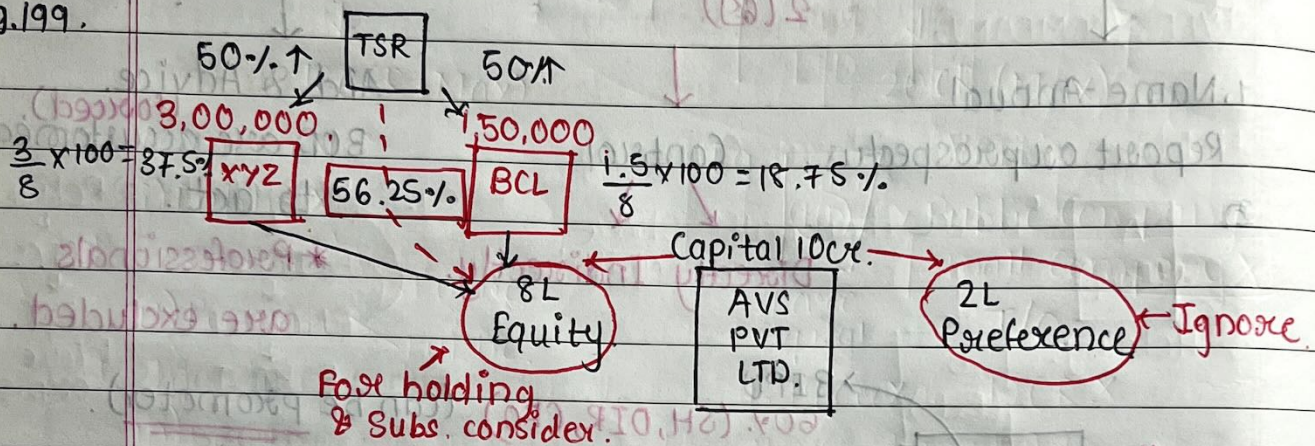
CG can take following actions



• Restriction (FOUR NPO)

- i) In case of profits, no dividend shall be distributed to the members.
- ii) In case of windup, excess capital shall be distributed as per the object of the company. i.e. members shall not get capital which was invest.

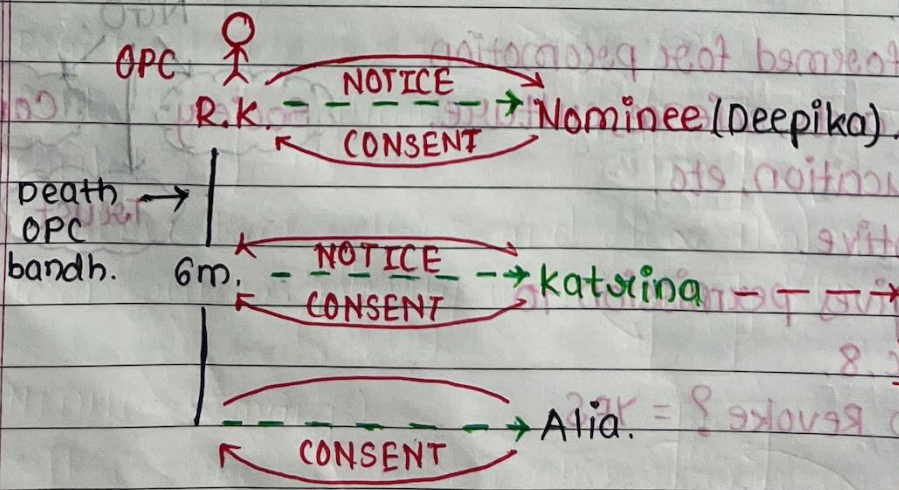
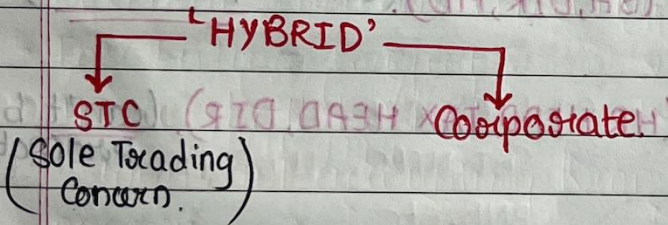
pg. 199.



* OPC (One Person Company) → PVT CO. Min member → 1

Restriction:

- i) Natural person
- ii) Indian citizen
- iii) RII (120 days) (optional)

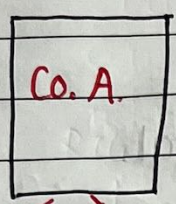


VICKY

Eq. Shares. Debentures. Pref. Shares.

- Risk TAKER
- Permanent Capital
- Long term 20 yrs.
- 30 yrs - Inform co.
- 20 yrs
- 30 yrs.

* LISTED COMPANY.

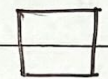


sector - (Shares, Debentures, Bond, etc.)

↓ 'LISTED'

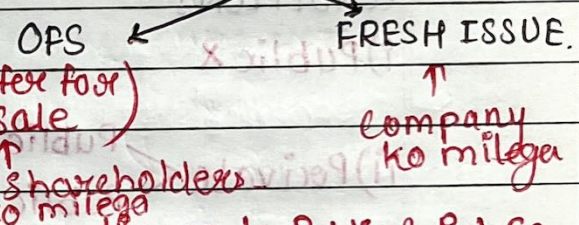
STOCK EXCHANGE:

- NSE, BSE, ASE, DSE,
- MSE, MSE, VPSE, CSE, etc.

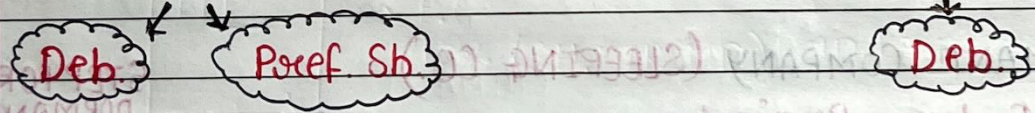


18000 CR
10,000 CR OPS
8,000 FRESH ISSUE

PUBLIC ISSUE.
'IPO' NATURE.



• GOVT has given exemption for compliance to Public & Pvt Co.
If listed still consider PUBLIC
If listed still consider PRIVATE
still consider unlisted.



Equity → Unlisted hai → toh unlisted hai. (JKSC, Swiggy).

• Process for listing → ICDR Reg. 2018.

McD → West Life Development.
(Franchise Giver)

Majors

* SMALL COMPANY

SMALL COMPANY

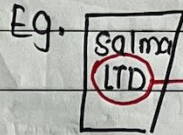
(Sales) Turnover. AND. (Capital) Share Capital.

Amendment. ~~2CR~~
20CR (Min)
↓
100CR (Max)

~~50L~~
2CR (Min)
↓
10CR (Max)

CONDITION:

i) Public X



Public Company
Small Company X

Share Capital

T/O.

ii) Private < Public.
Public.

iii) Sec. 8.

* DORMANT COMPANY (SLEEPING CO.)

- For Future Project.
- There shall be 'no' "significant accounting transaction"

STEP FOR DORMANT

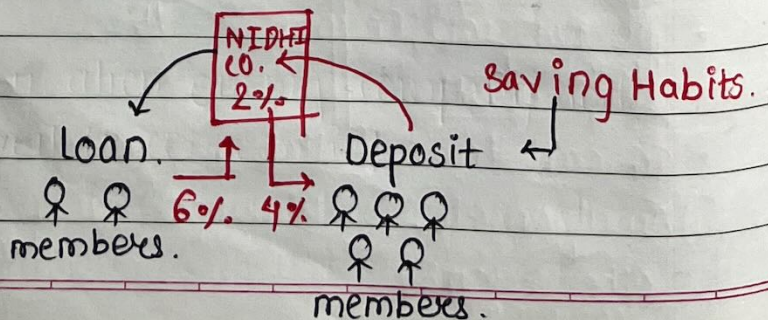
2 yrs
ROC Filing X

NSC Form.

- ROC Filing.
 - Register.
 - Rent.
 - Capital
- } X significant nhi hai.

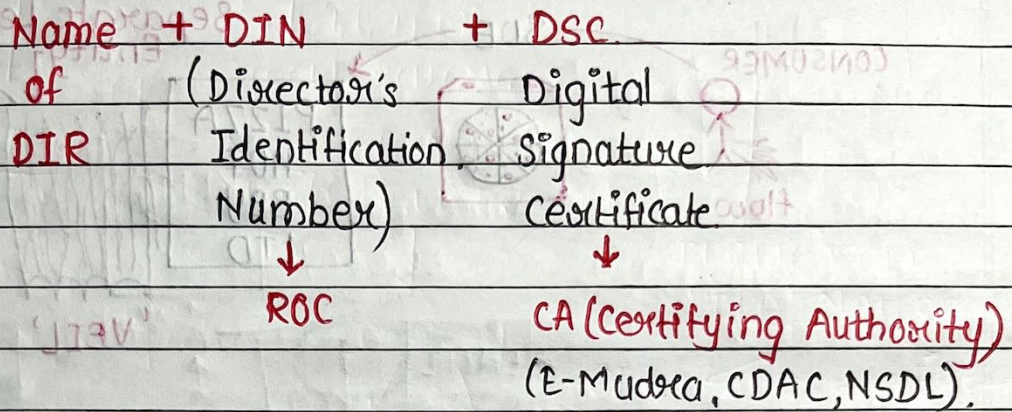
• If above transactions and other than them, made any transaction, 'penalty would charge' (100,500,1000 per day).

* NIDHI → (Savings).



* SEC. 7 PROCESS FOR CREATION OF COMPANY *

- 1) 'Type of Company'
- 2) Prelim functions. (before main functions).



- 3) Name reservation.

↓
RUN

(Reserve Unique Name) ₹1000

- 4) MOA - AOA
 + OBJECTIVES + RULES & REGULATION.
 (sec. 4) (sec. 5)

- 5) APPLICATION → ROC,

↓

DECLARATION + 'DECLARATION'

(Promoters & Directors) (By CA for true test)

↓

ROC shall Allot.

↓

CIN

(Corporate Identification Number) (INDIA)

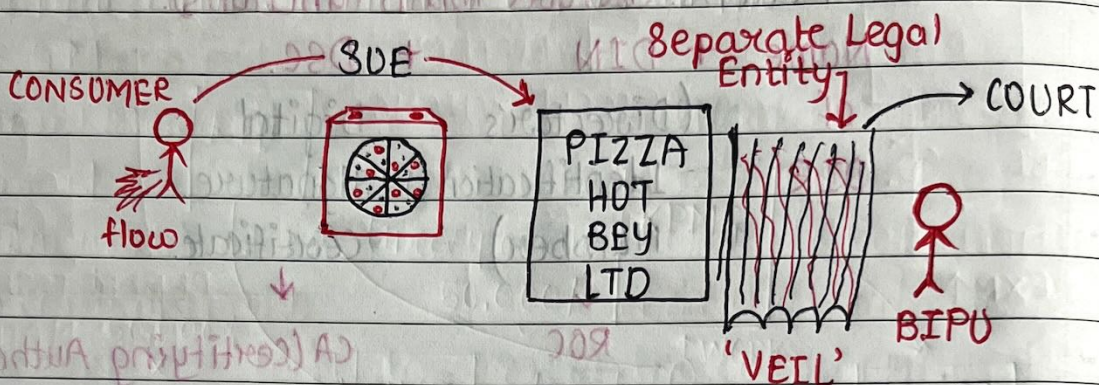
↓

COMPANY READY

(separate Legal Entity) (sec. 9)

* CHARACTERISTICS OF COMPANY (FEATURES)

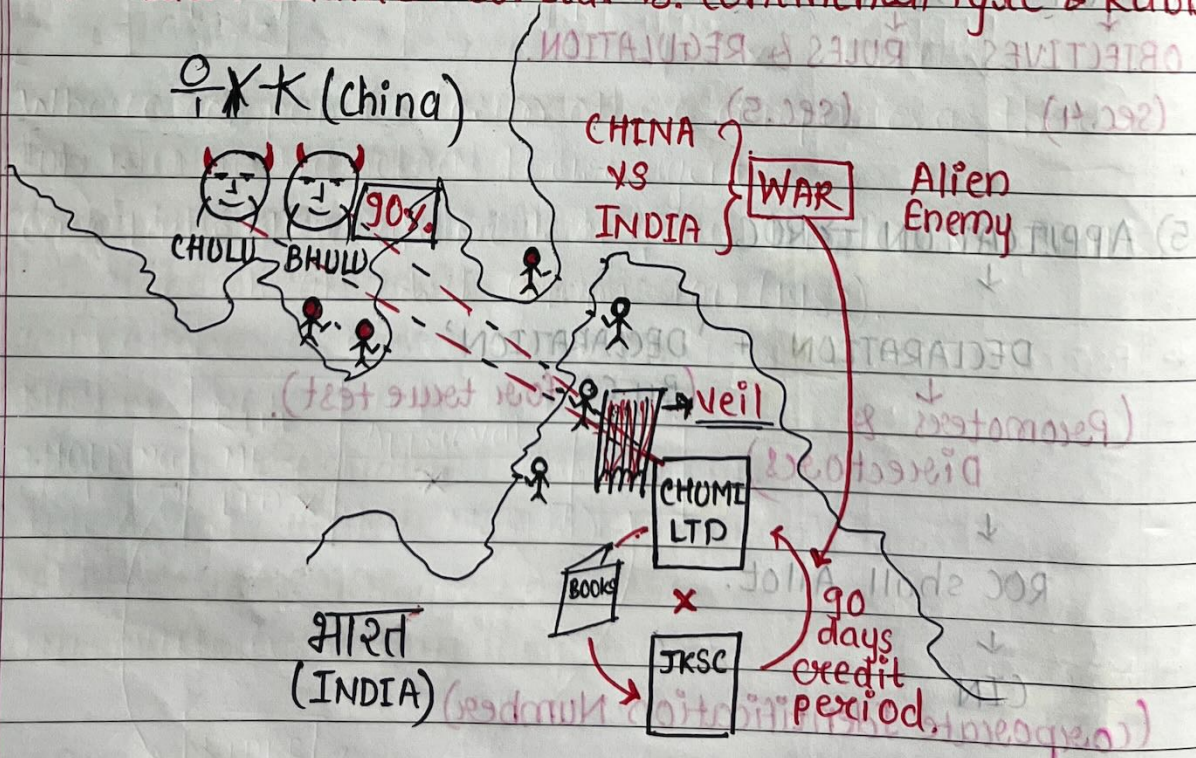
1. Separate legal entity:



* CORPORATE VEIL WILL BE UPLIFTED.

1. Trading with enemy.

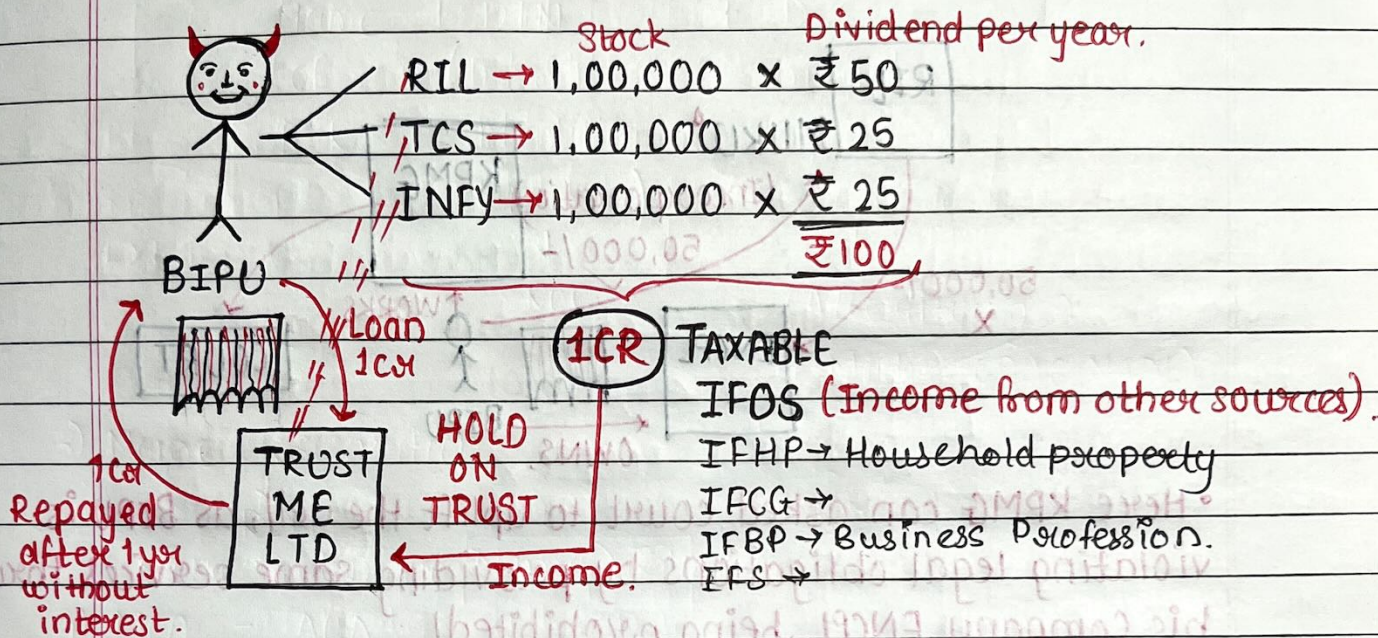
Case law: Daimler Co. Ltd. vs. Continental Tyre & Rubber Co.



• JKSC can't be sued by alien enemy company and can asked court to uplift the veil to confirm it!

★ Exam Repetative 2. Where corporate entity is used to evade or circumvent tax.

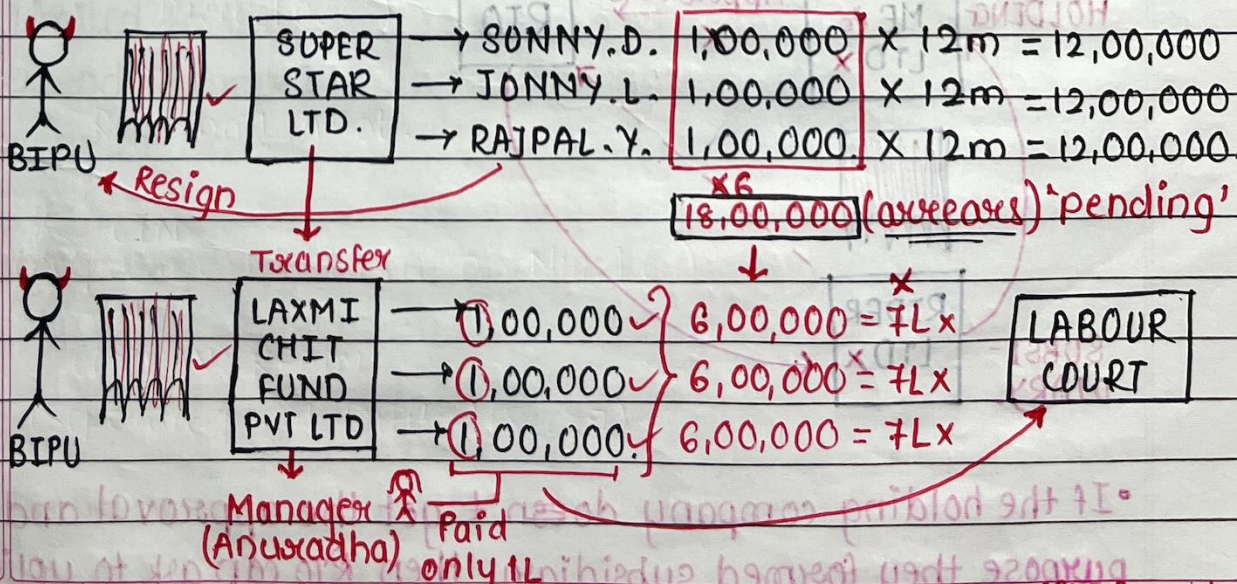
Case Law: Siv Dinshaw Maneckjee Petit.



'MODJI CAN SUE BIPU', after lifting veil we know that the trust is seen by Bipu himself and give loan to his trust in order to save tax!

3. To avoid a legal obligation!

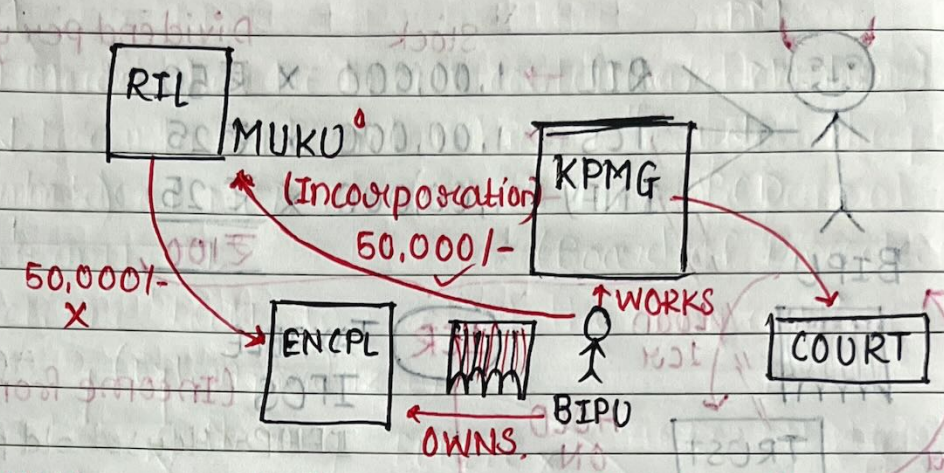
Case Law: Workmen employed in Associated Rubber Industries Ltd vs. Associated Rubber Industries Ltd.



• Labour court will uplift the veil, due to reduce in profit of workmen and its legal obligation to pay them (for BIPU)!

4. Where the device of incorporation is adopted for some illegal or improper purpose.

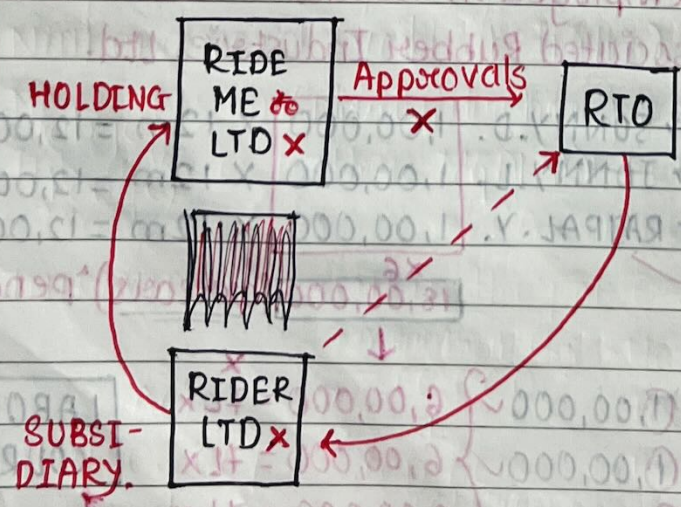
Case Law: *Gilford Motor Co. vs. Home*



• Here KPMG can ask court to uplift the veil, as BIPU is violating legal obligations by providing same services through his company ENCPL, being prohibited!

5. Where companies form other companies as their subsidiaries to act as their agent.

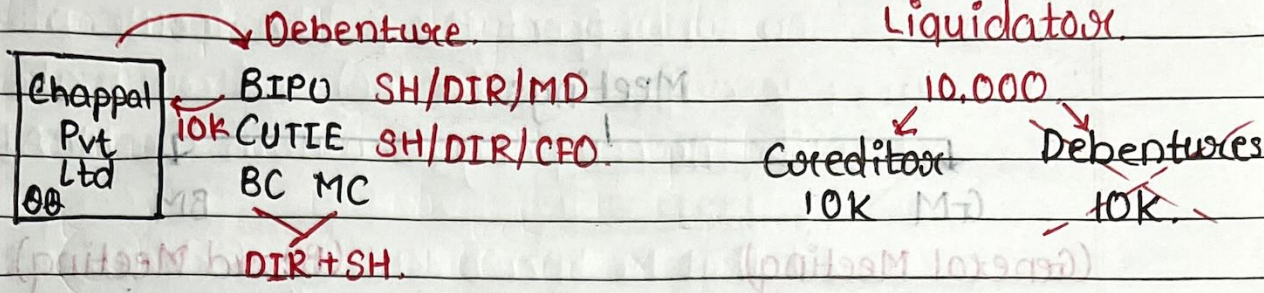
Case Law: *Merchandise Transport Limited vs. British Transport Commission (1982)*



• If the holding company doesn't get the approval and this purpose they formed subsidiary then RTO can ask to uplift the veil!

* Debenture are secured capital (preference is given)

• Salomon vs. Salomon & Co. Ltd.



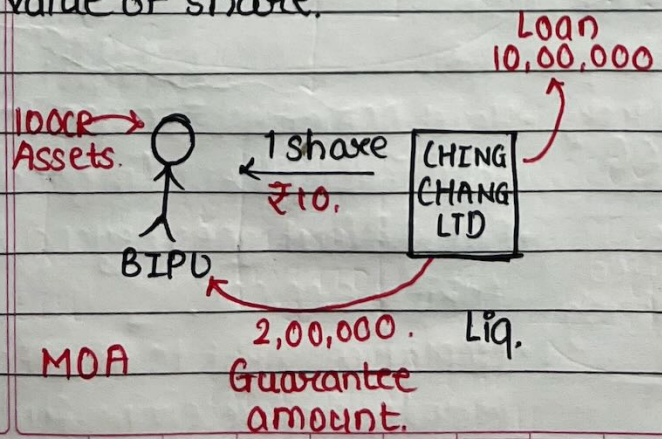
(BIPU vs. Chappal Pvt. Ltd) * Company got bankrupt.

Liability	Amount ₹	Assets	Amount ₹
Share Capital	1,00,000.	Bank	x
Debentures	10,000	Cash	-
Creditors	10,000.	Stocks	10,000
		Debtors	10,000
		Investment	75,000

• As debenture holder is as same as the shareholder even though he is a separate entity and has a right to get secured first.

• Liability

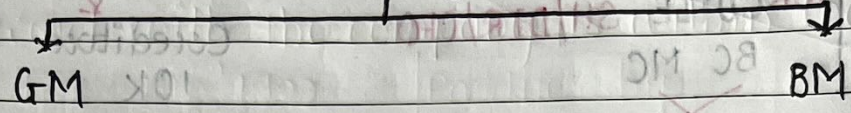
- i) Limited Limited to the extend of uppaid value of share.
- ii) Unlimited
- iii) Limited with Guarantee



MOA

* MEETINGS.

Meetings.



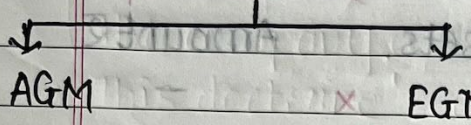
(General Meeting)

(Board Meeting)

Shareholders.

BOD

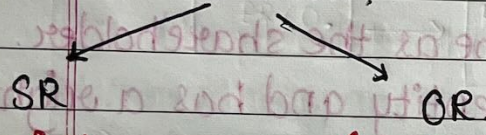
(Board of Directors)



(Annual gathering meeting)

(Extra-ordinary gathering meeting)

Resolution.



(Special Resolution)

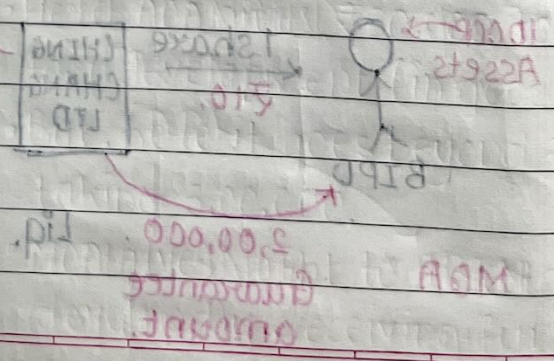
(Ordinary Resolution)

75%

Majority (50%+1)

(Name change, address change)

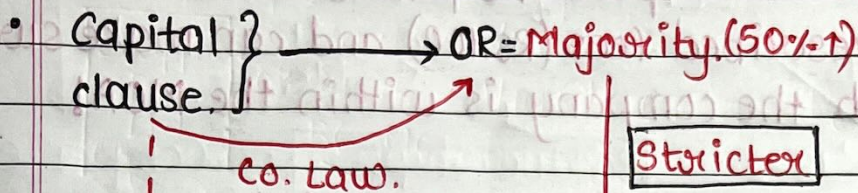
(Dividend change, share capital)



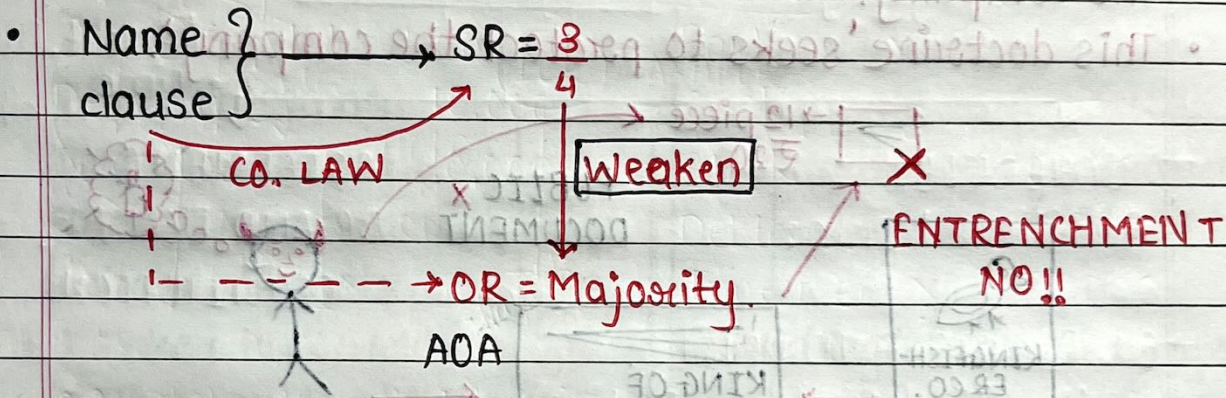
★ Exam. ★

215

ENTRENCHMENT:



ENTRENCHMENT! YES! → SR = $\frac{3}{4}$ (75%)



• Why to study Entrenchment? (Not Exam Topic)!

To be safe from 'Hostile Takeover'

J.K Six + His Friend → J.K Six + BIPU

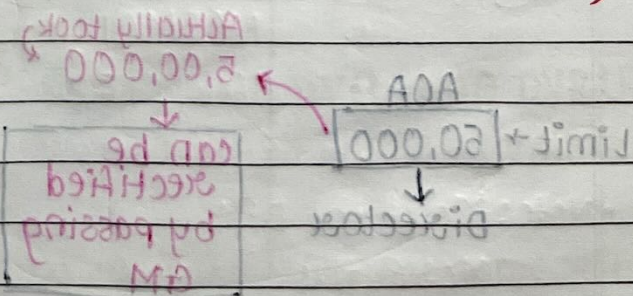
Fixed Assets of Classes.
(75% → 100%)
Entrenchment

(Hostile Takeover)

By cheating or intention of fraud

can not sell any asset.
due to entrenchment
DONE!

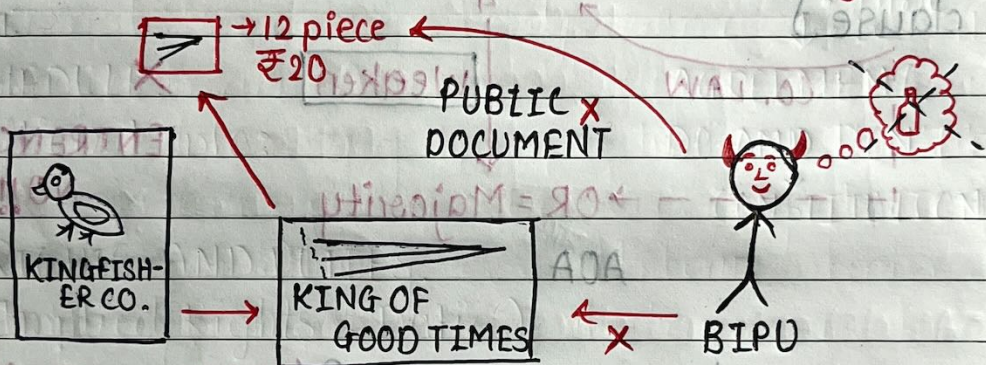
(75% → 100%)



* DOCTRINE OF CONSTRUCTIVE NOTICE (Section 199)

Any person can inspect the public documents (MOA, AOA) by paying prescribed fees (Rs. 100) and can make sure the contract with the company is within the MOA.

- It is assumed that he knows content of document.
- If he enters into contract which is "beyond the powers" (ULTRA VIRES) of MOA or outside MOA, he cannot sue against the company.
- This doctrine 'seeks to protect the company'.

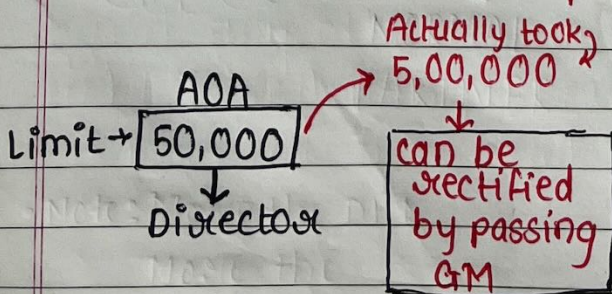


* DOCTRINE OF ULTRA VIRES

Ultra vires means beyond the powers.

- cannot be rectified even by members.
- Null and void (void-ab-initio).
- No rights and liabilities arise out.
- Intra vires, within MOA but beyond AOA.

• INTRAVIRES (i.e. within the powers)



AOA x MOA ✓

- Here, AOA gives right of taking ₹50,000 to director for development (in good faith).
- But, here it goes beyond AOA by taking 5,00,000.
- MOA gives right to director to develop by receiving funds.

209

* COMMENCEMENT OF BUSINESS (section 10A).

COI (Certificate of Incorporation)
(BIRTH CERTIFICATE)

PVT LTD

COMMENCE

• cancelled due to misuse.

(Big businessman used to create pvt. co. on the names (behalf) of their worker to convert black money to white!)

PUBLIC/PVT

PROCESS.

"FUND RAISING"

Director's + Professional Declaration (CA/CS)

ROC (Registrar of Companies)

BCC (Business Commencement Certificate).

180 DAYS FROM THE DATE OF COI

• If ignored the period, ROC can strike off the name of the company!!!

• NOW EVERY COMPANY HAS TO DO 'E-KYC OF THEIR DIRECTOR EVERY YEAR'

* DVR (Differential Voting Rights)

	100CR	+50	→	150CR	
					Capital ↑ Power ↓
SUNNY	80CR	→	30%	→	20%
JONNY	10CR	→	10%		
MODI	10CR	→	10%		
RAJU	10CR	→	10%		
PUBLIC	40CR	→	40%		
	+ 50CR				

NVR (TATA) P↑ *
1 share = 1 Vote = 1 x D.

DVR (TATA DVR) P↓
1 share = 1 Vote = 2 x D.

• Conclusion, due to increasing capital authority/power of old stakeholder decreased

• Almost same return except DVR gives quantity