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WPR

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Sec 69

Payment by an interested person.

Entitled to be reimbursed by L.
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An offer ~~may be revoked by the~~ offeror before its acceptance, even though he had originally agreed to hold it open for a definite period of time. So long as it is mere offer, it can be withdrawn whenever the offeror desires.

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(ii) Mr. A offered to sell 25 chairs to Mr. B @ ₹ 1,500 per chair on 12.02.2024. A promised B that he would keep the offer open till 15.02.2024. However, on 13.02.2024, he sold those chairs to Mr. C @ ₹ 1,700 per chair without the knowledge of B. Mr. B communicated the acceptance of the above offer on 14.02.2024. Advise, with reference to provisions of The Indian Contract Act, 1872 whether Mr. B can claim damages from Mr. A ? 2

Mr. B accepted before 15.2.2024 but after revocation by Mr. A. The offer was already revoked. Hence Mr. B cannot claim damages from A.

(iii) Mr. A was running an orphanage. His friend Mr. S, a philanthropist agreed to donate ₹ 2 lakh for treatment of a child, who was suffering from cancer. On emergency Mr. A incurred ₹ 1.5 lakh on treatment of child. Now Mr. S refused to pay. Whether Mr. A can claim ₹ 1.5 lakh from Mr. S with reference to provisions of The Indian Contract Act, 1872 ? → yes, Mr A can claim from ₹1.5 lakh from S. 2

Charity

Kedarnath v. Gorie Mohammad.

(b) (i) Kamal, a Chartered Accountant started his e-commerce business by incorporating a One Person Company (the OPC) on 1st October, 2023. He, being a sole member of the OPC named his brother Sudhakar, with his consent, as his nominee in the Memorandum of Association of the OPC. Now, Kamal intends to replace Sudhakar and to nominate any one of the following short-listed friends as a nominee with effect from 1st January, 2024. 4

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By giving notice to the company and the company shall intimate the same to registrar.

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Referring to the provisions of the Companies Act, 2013, advise Kamal regarding eligibility of his short-listed friends to be appointed nominee and the procedure to be followed for changing the name of the nominee as per the provisions of The Companies Act, 2013.

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(ii) XYZ Ltd. was incorporated to hold the patent for a new product. The company is expecting to start its commercial production within the next two years. In the meanwhile, for timely installation, the company has placed the purchase order for plant and machinery with a down payment of ₹ 1 crore. Referring to the provisions of The Companies Act, 2013 examine, whether the company can go for acquiring the status of a dormant company ? 3

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2. (a) (i) M/s RK Traders (Buyer) made a contract with M/s CK Traders (Seller) for purchase of 2000 kg of basmati rice specifically grown in Chhattisgarh State should be packed in pink colour bags of 25 kg each to identify the place of origin by specifying the mode of packing of basmati rice. The seller agreed for specific packing of rice grown in Chhattisgarh State. However, by misunderstanding staff of seller packed the quantity of 1800 kg of basmati rice grown in the State of Maharashtra in white colour bags of 30 kg each and the remaining quantity of 200 kg, grown 4

Sale by description

sec 15

Delivery of wrong quantity - sec 37

37. Delivery of wrong quantity.—(*1*) Where the seller delivers to the buyer a quantity of goods less than he contracted to sell, the buyer may reject them, but it the buyer accepts the goods so delivered he shall pay for them at the contract rate.

(*2*) Where the seller delivers to the buyer a quantity of goods larger than he contracted to sell, the buyer may accept the goods included in the contract and reject the rest, or he may reject the whole. If the buyer accepts the whole of the goods so delivered, he shall pay for them at the contract rate.

(*3*) Where the seller delivers to the buyer the goods he contracted to sell mixed with goods of a different description not included in the contract, the buyer may accept the goods which are in accordance with the contract and reject the rest, or may reject the whole.

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However, if the buyer chooses to accept the goods to fulfill other contractual obligations, they can claim damages for the non-conforming part of the delivery or negotiate a price reduction.

10. Agreement to sell at valuation.—(*1*) Where there is an agreement to sell goods on the terms that the price is to be fixed by the valuation of a third party and such third party cannot or does not make such valuation, the agreement is thereby avoided:

Provided that, if the goods or any part thereof have been delivered to, and appropriated by, the buyer, he shall pay a reasonable price therefor.

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→ Yes, as per sec 37(3) — Buyer may reject the entire quantity.

Marks

in Chhattisgarh State, in pink colour bags of 25 kg each. Referring to the provisions of the Sale of Goods Act, 1930 analyse, whether the buyer has the right to reject the entire quantity of basmati rice supplied by the seller.

On the other hand what is the remedy available to buyer if he has to accept the entire quantity to fulfil his other contracts with other parties ?

Kartik

Vasant

Kusum

(ii) Kartik agreed to sell his laptop to Vasant for a price to be fixed by Kusum a hardware engineer. However, before the delivery of the laptop, Kartik changed his mind and did not share any particulars and configuration of the laptop with Kusum, which made her unable to do the valuation. Kusum refused to do valuation. → Agreement avoid - section 10(1)

Vasant needed laptop for his project, so he promised Kartik that, if the laptop is delivered to him, he would pay a reasonable price for it. However, Kartik decided not to sell his laptop to Vasant. Now, Vasant wants to know from you, being a legal expert, whether Kartik is bound by his promise as he agreed earlier to deliver his laptop to him at a reasonable price. If he does not agree to deliver what is the other remedy available to Vasant ? Advise, referring to the provisions of the Sale of Goods Act, 1930. 3

Not bound since agreement become void.

→ sec 10(2) suit for damages

(b) Referring to the provisions of the Companies Act, 2013, answer the following :

(i) "Corporate veil sometimes fails to protect the members of the company from the liability connected to the company's actions." Explain any three instances. 5

(ii) What is the effect of Memorandum and Articles when registered ? 2

$\boxed{\text{Section 10 of Co Act, 2013}}$

Marks

(c) Referring to the provisions of the Limited Liability Partnership Act, 2008, answer the following :

(i) Under what circumstances a Limited Liability Partnership is compulsorily required to change its name ? Also, explain the compliance requirement following the change of name and the consequences, if any, in case of default therein. → Sec 17 (1) (2) 4

(ii) What do you mean by a Small Limited Liability Partnership ? 2

25L and 40 L → Sec 2(1)(ta)

3. (a) Referring to the provisions of the Indian Partnership Act, 1932, answer the following :

(i) Ram and Shyam are partners in a partnership firm styled as RS & Co. (the firm). Gopal, a renowned businessman, is their common friend. Ram introduced Gopal to Sundar, a supplier to the firm, as his newly joined partner. Gopal knowing that he is not a partner preferred to keep quiet on such an introduction. This information about Gopal, being a partner of the firm, was shared by Sundar with another businessman Madhav. Next day, Sundar supplied the raw material on credit and Madhav lent ₹ 5 lakhs to the firm for a short period on the understanding that Gopal is a partner of the firm. On due dates, the firm failed to discharge its liability towards both. Advise Gopal, whether he is liable to Sundar and Madhav for the aforesaid liability of the firm. → Liable. 3

sec 28 Partner by holding out

(ii) On admission as a new partner, Amar agreed to be liable for the existing debts (referred to as the old debts) of the firm by an agreement signed by the all partners including Amar. Examine, whether Amar will be liable in a suit filed by the creditor against the firm and all existing partners for recovery of the old debt of the firm. 2

yes, sec 31

The Indian Partnership Act, 1932
Unit 2: Relations of Partners

Reconstitution of a Firm	
Modes of Reconstitution **Arjun Chhabra (CS LLB LLM) Law Maven**	The various ways in which a firm is reconstituted are: **1.** Introduction of a Partner **2.** Retirement of a Partner **3.** Expulsion of a Partner **4.** Insolvency of a Partner **5.** Death of a Partner **6.** Transfer of a Partner's interest

Point of discussion	Incoming Partner [Sec 31]	Retiring partner [Sec 32]	Insolvency [Sec 34]	Death [Sec 35]
Liability of Partner for Firm's Acts done before	Not liable unless he assumes by tripartite agreement	Liable unless he is discharged by tripartite agreement	Liable	Liable
For Firm's Acts done after	Liable	He continues to be liable to third party (other than one who deals with the firm without knowing that he was a partner) until public notice of his retirement is given either by himself or any of the other partners. This liability of a retiring partner is based on the principle of holding out.	Not liable after date of order	Not liable after date of death
Is Public Notice required?	No	Yes	No	No
Is Firm dissolved?	No	No	Unless otherwise agreed, Yes	Unless otherwise agreed, Yes

According to Section 37, if an outgoing partner's share in the partnership property has not been fully settled, and the firm continues to use that partner's share of property or capital for business purposes, the outgoing partner (or his/her legal representatives in case of death) is entitled to either:

- A share of the profits earned from the use of his/her share of the property, or
- Interest at 6% per annum on the value of his/her share in the property until the amount is settled.

Suman is entitled to either:

1 10% of the profits earned after her retirement (i.e., ₹1 lakh, since 10% of ₹10 lakh equals ₹1 lakh), or
2 Interest at 6% per annum on her share of ₹20 lakh (10% of ₹200 lakh), which amounts to ₹1.2 lakh (₹20 lakh * 6%).

Suman's claim for ₹3 lakh is not valid under the Indian Partnership Act, 1932. According to Section 37, she is entitled to either ₹1 lakh (her share of the profits) or ₹1.2 lakh (interest at 6% on her share in the property). Therefore, the partners were correct in rejecting her claim for ₹3 lakh.

Marks

(iii) Suman, having 10% share in the property of ₹ 200 lakh of a firm retires from the firm on 31st March, 2023. The firm continues with the business thereafter without final settlement of accounts between the existing and retired partners and earned profits of ₹ 10 lakh during the financial year ending 31st March, 2024. Suman, in her own interest and in the absence of any provision in the partnership firm on this point, claimed ₹ 3 lakh from the firm toward the use of her share in the property and profit of the firm which was rejected by the partners. There is no contract between the partners contrary to the provisions of the Act in this regard. Examine the validity of the amount claimed by Suman under the provisions of The Indian Partnership Act, 1932. 2

(b) (i) JV Limited borrowed a secured loan of ₹ 5 crore from Star Bank Limited (the bank) to meet its working capital requirement. However, the borrowing powers of the company, under its Memorandum of Association, were restricted to ₹ 1 crore. The bank released the loan amount in two instalments of ₹ 1 crore and ₹ 4 crore. On the due date for repayment of the loan, the company refused to accept the liability of ₹ 5 crore on the ground that the borrowing was ultra vires the company. The company's books of account show that the company has utilised the loan amount of ₹ 3 crore for repayment of its lawful debts. The utilisation of the remaining ₹ 2 crore cannot be traced. Referring to the doctrine of ultra-vires under the Companies Act, 2013, examine the validity of the decision of the company denying the repayment of the loan and explore the remedy, if any, available to the bank for recovery of the loan. 4

If the ultra vires loan has been utilised in meeting lawful debt of the company, then the lender steps into the shoes of the debtor paid off and consequently he would be entitled to recover his loan to that extent from the company.

The company's refusal to repay the entire ₹5 crore loan on the grounds that it is ultra vires is partially valid. The borrowing beyond ₹1 crore was ultra vires, but since the company has benefited by using ₹3 crore for lawful debts, it must repay at least that amount. The bank can pursue recovery of the remaining ₹2 crore if it can establish the company benefited from it

In case a company does not have a common seal, the authorization shall be made by two directors or by a director and the Company Secretary, wherever the company has appointed a Company Secretary.

Marks

(ii) After incorporation of Goodwill Private Limited (the company) on 15th May, 2024 the share certificates were issued to Amit, Sumit and Sumati being subscribers to the Memorandum of Association of the company without affixing the common seal thereon and under the signature of Amit and Sumit, the directors of the company. The company has yet to appoint a company secretary. On objection raised by Sumati, a director, about the validity of the share certificate signed by other two directors, Amit and Sumit, clarified that since the company has opted not to have the common seal for the company the share certificates (i.e. the document) signed by two directors are valid. Referring to the provisions of the Companies Act, 2013, examine the correctness of the objection raised by one of the directors and in response, the clarification offered by other directors. 3

Would your answer be different, if the company had a company secretary ? Director and CS.

(c) (i) In case of breach of contract, the court may award compensation or damages. Explain the circumstances when court may award ordinary damages, special damages and liquidated damages under the provisions of The Indian Contract Act, 1872. 3

(ii) What are the conditions need to be fulfilled to make the following agreements valid without consideration as per the provisions of the Indian Contract Act, 1872 ? 3

(A) Agreement made based on natural love and affection

(B) Promise to pay time-barred debts

R M

Marks

4. (a) (i) Raghav found gold and diamond studded wristwatch value approximately ₹ 1,00,000/- on the roadside. He picked it up and then advertised in the newspaper that the true owner thereof can take the watch after showing proper evidence. After waiting for a certain period of time, when the true owner did not turn up, he gifted that wristwatch to his son Mahesh. A few days later, Madhav, the true owner of watch, somehow noticed his watch on wrist of Mahesh. He approached him to collect the same, but Mahesh refused. In the evening, Raghav called Madhav and told him that he incurred ₹ 20,000 to find the true owner if he fails to reimburse him the lawful expenses incurred on finding out the true owner, he will sue him for recovery thereof or retain the possession of the watch with him till recovery. Even he can sell the watch for recovery of expenses. Advise whether the following actions of Raghav were lawful according to provisions of The Indian Contract Act, 1872 : 4

(A) Gifting the wristwatch to his son. → sec 71

(B) Warning Madhav to sue for recovery of lawful expenses incurred in finding true owner. → 168 → No right to file suit.

(C) Retaining the possession of wristwatch till recovery of lawful expenses. → 168 → may retain

(D) Selling of wristwatch for recovery of expenses. → 169 - No.

(ii) Woollen Garments Limited entered into a contract with a group of women in July, 2023 to supply various woollen clothes for men, women and kids like sweaters, monkey caps, mufflers, 3

Marks

woollen coats, hand gloves etc. before the commencement of the winter season. The agreement expressly provides that the woollen clothes shall be supplied by the end of October, 2023 before starting of winter season. However, due to the prolonged strike, women group could tender the supplies in March, 2024 when the winter season was almost over. Analysing the situation and answer the following questions in light of the provisions of The Indian Contract Act, 1872 :

(A) Whether company can reject the total supply by women group ? → Sec 55, yes

(B) Whether company can accept the total supply on request of women group ? Sec 55, yes but can claim damages

(b) (i) With reference to provisions of The Negotiable Instruments Act, 1881, tell the instances where a person shall be deemed to have committed an offence for dishonour of cheque and what are the conditions to be compiled with for not constituting such an offence ? **4**

(ii) (A) All cheques are bills while all bills are not cheques. Explain the additional features of a cheque which differentiate a cheque from bill as per the Negotiable Instruments Act, 1881. **3**

(B) Ambiguous instrument

(c) Explain the types of laws in the Indian Legal System considering the Indian Regulatory Framework. **6**

Section-55 of ICA, 1872.

(A): The company can reject the total supply due to the delay, as time was of the essence in this contract.
(B): The company can also accept the delayed supply if it chooses to, but it can claim compensation for the losses suffered due to the delay in delivery.

Ashok → Mangesh (Delivered, sale or return)

Mangesh → Rahul (Deliver. cash only)

Rahul → Mangesh: No cash.

bound to pay the Price

Mangesh adopted the transaction and became owner.

Rahul → Vishal (Sale or return)

Vishal.
Lost without fault of Vishal.

Ashok has no right against Rahul and Vishal.

Mangesh alone is bound to pay the Price to Ashok.

Marks

5. (a) (i) Ashok, a trader, delivered a camera to Mangesh on 'sale or return' basis. Mangesh delivers the camera to Rahul on the terms of 'sale for cash only or return'. Afterward, Rahul delivered it to Vishal on a 'sale or return' basis without paying cash to Mangesh. The camera, which was in the possession of Vishal was lost by theft though he exercised due care for its safety. Referring to the provisions of The Sale of Goods Act, 1930, analyse the situation and advise, whether Mangesh, Rahul or Vishal are, jointly or severally, liable to pay the price of the camera to Ashok. 4

sec 24 - owner

(ii) Ansari of Jaipur sold 100 smart TV set @ ₹ 50,000/- per set to Baburam of Delhi. He delivered the TV sets to Chetan, a transport carrier for transmission to Baburam. Baburam further sold these 100 TV sets to Shayamlal @ ₹ 60,000/- per set. On reaching the goods at the destination, Baburam demanded the delivery but Chetan, wrongfully, refused to deliver the goods to Baburam. That is why; he failed to deliver TV sets to Shayamlal and suffered a huge loss on account of non-delivery. Ansari came to know about this. He directed Chetan to stop the delivery to Baburam and re-deliver the goods to him at Jaipur. 3

Answer the following questions under the provisions of the Sale of Goods Act, 1930 :

(A) Whether Ansari has right to stop the goods in transit ?

(B) Whether Baburam can claim loss suffered due to non-delivery from Ansari ?

sec 50

(A): Ansari does not have the right to stop the goods in transit in this case, as the conditions for exercising such a right (e.g., the buyer's insolvency) are not met.
(B): Baburam can claim damages from Ansari for the loss suffered due to non-delivery of the TV sets, as Ansari's direction to stop the delivery was wrongful.

sec 57

(b) State the circumstances, in which a Court may, at the suit of the partner, dissolve a partnership firm under the provisions of the Indian Partnership Act, 1932. 7

Marks

(c) In accordance with the provisions of the Indian Contract Act, 1872, answer the following : 6

(i) Rights of Bailor against any wrong doer (Third Party)

(ii) Duties of the Pawnee

6. (a) Referring to the provisions of the Negotiable Instruments Act, 1881, answer the following in the given scenario :

(i) Aman drew the bill of exchange (the bill) on Baban, who accepted it, payable to Magan or order. Magan indorsed the bill to Gagan. Gagan indorsed the bill to Akash to be delivered to him on the next day. However, on the death of Gagan on the same day, his only son Ankit delivered the bill to Akash on the next day as intended by his deceased father. On presenting the bill on the due date, Baban refused to pay. Explaining the importance of delivery in negotiation, decide, whether Akash can enforce the payment of the bill against Baban or the previous parties. → sec57 - LR cannot make negotiation. 4

(ii) Reliable Limited, an Indian company, is a global leader in Petrochemical products. For payment of the sale price of machinery imported from Alex Manufacturing Limited, a USA-based company (the exporter), the Indian company drew a bill of exchange on Manish, a resident of Mumbai (India) who accepted the bill at Mumbai payable to the exporter in Los Angeles, USA. Decide, whether the bill of exchange is an inland instrument or a foreign instrument. Assume that the bill of exchange was signed by the authorised person for the drawer company. 3

sec 11

Inland instrument

P.T.O.

Marks

(b) Answer the following as per the provisions of the Indian Contract Act, 1872 :

(i) 'Agent cannot personally enforce, nor be personally bound by, contracts on behalf of the principal' however there are some exceptions to this general rule, explain. 4

(ii) State the rights of Indemnity-holder when sued. 2

OR

(i) Explain any four differences between Contract of Indemnity and Contract of Guarantee. 4

(ii) Whether the threat to commit suicide is coercion ? 2

(c) (i) Explain the legal rules of auction sale relating to the following points as per provisions of the Sale of Goods Act, 1930 : 4

(A) Bid by seller with or without notification

(B) Bidder to retract from his bid

(C) Effect of pretending bidding

(ii) Explain the provisions relating to the delivery of the wrong quantity of goods as per the provisions of the Sale of Goods Act, 1930. 3

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Provided that, if the goods or any part thereof have been delivered to, and appropriated by, the buyer, he shall pay a reasonable price therefor.

(*2*) Where such third party is prevented from making the valuation by the fault of the seller or buyer, the party not in fault may maintain a suit for damages against the party in fault.

→ Yes, as per sec 37(3) – Buyer may reject the entire quantity.

Mark

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Vasant

Kusum

(ii) Kartik agreed to sell his laptop to Vasant for a price to be fixed by Kusum a hardware engineer. However, before the delivery of the laptop, Kartik changed his mind and did not share any particulars and configuration of the laptop with Kusum, which made her unable to do the valuation. Kusum refused to do valuation. → Agreement avoid – section 10(1) 3

Vasant needed laptop for his project, so he promised Kartik that, if the laptop is delivered to him, he would pay a reasonable price for it. However, Kartik decided not to sell his laptop to Vasant. Now, Vasant wants to know from you, being a legal expert, whether Kartik is bound by his promise as he agreed earlier to deliver his laptop to him at a reasonable price. If he does not agree to deliver what is the other remedy available to Vasant ? Advise, referring to the provisions of the Sale of Goods Act, 1930.

→ sec 10(2) suit for damages

Not bound since agreement become void.

(b) Referring to the provisions of the Companies Act, 2013, answer the following :

(i) "Corporate veil sometimes fails to protect the members of the company from the liability connected to the company's actions." Explain any three instances. 5

(ii) What is the effect of Memorandum and Articles when registered ? 2

Section 10 of Co Act, 2013

Marks

(c) Referring to the provisions of the Limited Liability Partnership Act, 2008, answer the following :

(i) Under what circumstances a Limited Liability Partnership is compulsorily required to change its name ? Also, explain the compliance requirement following the change of name and the consequences, if any, in case of default therein. → Sec 17 (1) (2) 4

(ii) What do you mean by a Small Limited Liability Partnership ? 2

25L and 40 L → Sec 2(1)(ta)

3. (a) Referring to the provisions of the Indian Partnership Act, 1932, answer the following :

(i) Ram and Shyam are partners in a partnership firm styled as RS & Co. (the firm). Gopal, a renowned businessman, is their common friend. Ram introduced Gopal to Sundar, a supplier to the firm, as his newly joined partner. Gopal knowing that he is not a partner preferred to keep quiet on such an introduction. This information about Gopal, being a partner of the firm, was shared by Sundar with another businessman Madhav. Next day, Sundar supplied the raw material on credit and Madhav lent ₹ 5 lakhs to the firm for a short period on the understanding that Gopal is a partner of the firm. On due dates, the firm failed to discharge its liability towards both. Advise Gopal, whether he is liable to Sundar and Madhav for the aforesaid liability of the firm. → Liable. 3

sec 28 partner by holding out

(ii) On admission as a new partner, Amar agreed to be liable for the existing debts (referred to as the old debts) of the firm by an agreement signed by the all partners including Amar. Examine, whether Amar will be liable in a suit filed by the creditor against the firm and all existing partners for recovery of the old debt of the firm. 2

yes, sec 31

The Indian Partnership Act, 1932
Unit 2: Relations of Partners

Reconstitution of a Firm	
Modes of Reconstitution **Arjun Chhabra (CS LLB LLM) Law Maven**	The various ways in which a firm is reconstituted are: **1.** Introduction of a Partner **2.** Retirement of a Partner **3.** Expulsion of a Partner **4.** Insolvency of a Partner **5.** Death of a Partner **6.** Transfer of a Partner's interest

Point of discussion	Incoming Partner [Sec 31]	Retiring partner [Sec 32]	Insolvency [Sec 34]	Death [Sec 35]
Liability of Partner for Firm's Acts done before	Not liable unless he assumes by tripartite agreement	Liable unless he is discharged by tripartite agreement	Liable	Liable
For Firm's Acts done after	Liable	He continues to be liable to third party (other than one who deals with the firm without knowing that he was a partner) until public notice of his retirement is given either by himself or any of the other partners. This liability of a retiring partner is based on the principle of holding out.	Not liable after date of order	Not liable after date of death
Is Public Notice required?	No	Yes	No	No
Is Firm dissolved?	No	No	Unless otherwise agreed, Yes	Unless otherwise agreed, Yes

According to Section 37, if an outgoing partner's share in the partnership property has not been fully settled, and the firm continues to use that partner's share of property or capital for business purposes, the outgoing partner (or his/her legal representatives in case of death) is entitled to either:

- A share of the profits earned from the use of his/her share of the property, or
- Interest at 6% per annum on the value of his/her share in the property until the amount is settled.

Suman is entitled to either:

1. 10% of the profits earned after her retirement (i.e., ₹1 lakh, since 10% of ₹10 lakh equals ₹1 lakh), or
2. Interest at 6% per annum on her share of ₹20 lakh (10% of ₹200 lakh), which amounts to ₹1.2 lakh (₹20 lakh * 6%).

Suman's claim for ₹3 lakh is not valid under the Indian Partnership Act, 1932. According to Section 37, she is entitled to either ₹1 lakh (her share of the profits) or ₹1.2 lakh (interest at 6% on her share in the property). Therefore, the partners were correct in rejecting her claim for ₹3 lakh.

Marks

(iii) Suman, having 10% share in the property of ₹ 200 lakh of a firm retires from the firm on 31st March, 2023. The firm continues with the business thereafter without final settlement of accounts between the existing and retired partners and earned profits of ₹ 10 lakh during the financial year ending 31st March, 2024. Suman, in her own interest and in the absence of any provision in the partnership firm on this point, claimed ₹ 3 lakh from the firm toward the use of her share in the property and profit of the firm which was rejected by the partners. There is no contract between the partners contrary to the provisions of the Act in this regard. Examine the validity of the amount claimed by Suman under the provisions of The Indian Partnership Act, 1932. 2

(b) (i) JV Limited borrowed a secured loan of ₹ 5 crore from Star Bank Limited (the bank) to meet its working capital requirement. However, the borrowing powers of the company, under its Memorandum of Association, were restricted to ₹ 1 crore. The bank released the loan amount in two instalments of ₹ 1 crore and ₹ 4 crore. On the due date for repayment of the loan, the company refused to accept the liability of ₹ 5 crore on the ground that the borrowing was ultra vires the company. The company's books of account show that the company has utilised the loan amount of ₹ 3 crore for repayment of its lawful debts. The utilisation of the remaining ₹ 2 crore cannot be traced. Referring to the doctrine of ultra-vires under the Companies Act, 2013, examine the validity of the decision of the company denying the repayment of the loan and explore the remedy, if any, available to the bank for recovery of the loan. 4

If the ultra vires loan has been utilised in meeting lawful debt of the company, then the lender steps into the shoes of the debtor paid off and consequently he would be entitled to recover his loan to that extent from the company.

The company's refusal to repay the entire ₹5 crore loan on the grounds that it is ultra vires is partially valid. The borrowing beyond ₹1 crore was ultra vires, but since the company has benefited by using ₹3 crore for lawful debts, it must repay at least that amount. The bank can pursue recovery of the remaining ₹2 crore if it can establish the company benefited from it

In case a company does not have a common seal, the authorization shall be made by two directors or by a director and the Company Secretary, wherever the company has appointed a Company Secretary.

Marks

(ii) After incorporation of Goodwill Private Limited (the company) on 15th May, 2024 the share certificates were issued to Amit, Sumit and Sumati being subscribers to the Memorandum of Association of the company without affixing the common seal thereon and under the signature of Amit and Sumit, the directors of the company. The company has yet to appoint a company secretary. On objection raised by Sumati, a director, about the validity of the share certificate signed by other two directors, Amit and Sumit, clarified that since the company has opted not to have the common seal for the company the share certificates (i.e. the document) signed by two directors are valid. Referring to the provisions of the Companies Act, 2013, examine the correctness of the objection raised by one of the directors and in response, the clarification offered by other directors. 3

Would your answer be different, if the company had a company secretary ? Director and CS.

(c) (i) In case of breach of contract, the court may award compensation or damages. Explain the circumstances when court may award ordinary damages, special damages and liquidated damages under the provisions of The Indian Contract Act, 1872. 3

(ii) What are the conditions need to be fulfilled to make the following agreements valid without consideration as per the provisions of the Indian Contract Act, 1872 ? 3

(A) Agreement made based on natural love and affection

(B) Promise to pay time-barred debts

Marks

4. (a) (i) Raghav found gold and diamond studded wristwatch value approximately ₹ 1,00,000/- on the roadside. He picked it up and then advertised in the newspaper that the true owner thereof can take the watch after showing proper evidence. After waiting for a certain period of time, when the true owner did not turn up, he gifted that wristwatch to his son Mahesh. A few days later, Madhav, the true owner of watch, somehow noticed his watch on wrist of Mahesh. He approached him to collect the same, but Mahesh refused. In the evening, Raghav called Madhav and told him that he incurred ₹ 20,000 to find the true owner if he fails to reimburse him the lawful expenses incurred on finding out the true owner, he will sue him for recovery thereof or retain the possession of the watch with him till recovery. Even he can sell the watch for recovery of expenses. Advise whether the following actions of Raghav were lawful according to provisions of The Indian Contract Act, 1872 : 4

(A) Gifting the wristwatch to his son. → sec 71

(B) Warning Madhav to sue for recovery of lawful expenses incurred in finding true owner. → 168 → No right to file suit.

(C) Retaining the possession of wristwatch till recovery of lawful expenses. → 168 → may retain

(D) Selling of wristwatch for recovery of expenses. → 169 - No.

(ii) Woollen Garments Limited entered into a contract with a group of women in July, 2023 to supply various woollen clothes for men, women and kids like sweaters, monkey caps, mufflers, 3

Marks

woollen coats, hand gloves etc. before the commencement of the winter season. The agreement expressly provides that the woollen clothes shall be supplied by the end of October, 2023 before starting of winter season. However, due to the prolonged strike, women group could tender the supplies in March, 2024 when the winter season was almost over. Analysing the situation and answer the following questions in light of the provisions of The Indian Contract Act, 1872 :

(A) Whether company can reject the total supply by women group ? → Sec 55, yes

(B) Whether company can accept the total supply on request of women group ? sec 55, yes but can claim damages

(b) (i) With reference to provisions of The Negotiable Instruments Act, 1881, tell the instances where a person shall be deemed to have committed an offence for dishonour of cheque and what are the conditions to be compiled with for not constituting such an offence ? **4**

(ii) (A) All cheques are bills while all bills are not cheques. Explain the additional features of a cheque which differentiate a cheque from bill as per the Negotiable Instruments Act, 1881. **3**

(B) Ambiguous instrument

(c) Explain the types of laws in the Indian Legal System considering the Indian Regulatory Framework. **6**

Section - 55 of ICA, 1872.

(A): The company can reject the total supply due to the delay, as time was of the essence in this contract.
(B): The company can also accept the delayed supply if it chooses to, but it can claim compensation for the losses suffered due to the delay in delivery.

Ashok —Delivered / sale or return→ Mangesh —Deliver. cash only→ Rahul

bound to pay the Price

No cash.

Mangesh adopted the transaction and became owner.

Rahul —sale or return→ vishal.

Lost without fault of vishal.

Ashok has no right against Rahul and vishal.

Mangesh alone is bound to pay the Price to Ashok.

Marks

5. (a) (i) Ashok, a trader, delivered a camera to Mangesh on 'sale or return' basis. Mangesh delivers the camera to Rahul on the terms of 'sale for cash only or return'. Afterward, Rahul delivered it to Vishal on a 'sale or return' basis without paying cash to Mangesh. The camera, which was in the possession of Vishal was lost by theft though he exercised due care for its safety. Referring to the provisions of The Sale of Goods Act, 1930, analyse the situation and advise, whether Mangesh, Rahul or Vishal are, jointly or severally, liable to pay the price of the camera to Ashok. 4

sec 24 - owner

(ii) Ansari of Jaipur sold 100 smart TV set @ ₹ 50,000/- per set to Baburam of Delhi. He delivered the TV sets to Chetan, a transport carrier for transmission to Baburam. Baburam further sold these 100 TV sets to Shayamlal @ ₹ 60,000/- per set. On reaching the goods at the destination, Baburam demanded the delivery but Chetan, wrongfully, refused to deliver the goods to Baburam. That is why; he failed to deliver TV sets to Shayamlal and suffered a huge loss on account of non-delivery. Ansari came to know about this. He directed Chetan to stop the delivery to Baburam and re-deliver the goods to him at Jaipur. 3

sec 50

(A): Ansari does not have the right to stop the goods in transit in this case, as the conditions for exercising such a right (e.g., the buyer's insolvency) are not met.

(B): Baburam can claim damages from Ansari for the loss suffered due to non-delivery of the TV sets, as Ansari's direction to stop the delivery was wrongful.

sec 57

Answer the following questions under the provisions of the Sale of Goods Act, 1930 :

(A) Whether Ansari has right to stop the goods in transit ?

(B) Whether Baburam can claim loss suffered due to non-delivery from Ansari ?

(b) State the circumstances, in which a Court may, at the suit of the partner, dissolve a partnership firm under the provisions of the Indian Partnership Act, 1932. 7

Marks

(c) In accordance with the provisions of the Indian Contract Act, 1872, answer the following : 6

(i) Rights of Bailor against any wrong doer (Third Party)

(ii) Duties of the Pawnee

6. (a) Referring to the provisions of the Negotiable Instruments Act, 1881, answer the following in the given scenario :

(i) Aman drew the bill of exchange (the bill) on Baban, who accepted it, payable to Magan or order. Magan indorsed the bill to Gagan. Gagan indorsed the bill to Akash to be delivered to him on the next day. However, on the death of Gagan on the same day, his only son Ankit delivered the bill to Akash on the next day as intended by his deceased father. On presenting the bill on the due date, Baban refused to pay. Explaining the importance of delivery in negotiation, decide, whether Akash can enforce the payment of the bill against Baban or the previous parties. → sec57 - LR cannot make negotiation. 4

(ii) Reliable Limited, an Indian company, is a global leader in Petrochemical products. For payment of the sale price of machinery imported from Alex Manufacturing Limited, a USA-based company (the exporter), the Indian company drew a bill of exchange on Manish, a resident of Mumbai (India) who accepted the bill at Mumbai payable to the exporter in Los Angeles, USA. Decide, whether the bill of exchange is an inland instrument or a foreign instrument. Assume that the bill of exchange was signed by the authorised person for the drawer company. 3

sec 11

Inland instrument

P.T.O.

Marks

(b) Answer the following as per the provisions of the Indian Contract Act, 1872 :

(i) 'Agent cannot personally enforce, nor be personally bound by, contracts on behalf of the principal' however there are some exceptions to this general rule, explain. 4

(ii) State the rights of Indemnity-holder when sued. 2

OR

(i) Explain any four differences between Contract of Indemnity and Contract of Guarantee. 4

(ii) Whether the threat to commit suicide is coercion ? 2

(c) (i) Explain the legal rules of auction sale relating to the following points as per provisions of the Sale of Goods Act, 1930 : 4

(A) Bid by seller with or without notification

(B) Bidder to retract from his bid

(C) Effect of pretending bidding

(ii) Explain the provisions relating to the delivery of the wrong quantity of goods as per the provisions of the Sale of Goods Act, 1930. 3