

Roll No.

Total No. of Questions – 6

Total No. of Printed Pages – 12

Time Allowed – 3 Hours

Maximum Marks – 100



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Answers to questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate who has not opted for Hindi Medium, his/her answers in Hindi will not be evaluated.

Question No. 1 is compulsory.

Answer any **four** questions from the remaining **five** questions.

Working notes should form part of the answers.

Candidate found copying or receiving or giving any help or defying instructions of the invigilators or having/using mobile phone or smart watch or any other electronic gadget will be expelled from the examination and will also be liable for further punitive action.

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1. (a) (i) Mr. VG and Mr. PG were trading in unlisted shares for the last seven years. They used to borrow funds from each other whenever required for any trade. Within a week's time, they used to refund the money to each other as per circumstances of the case. They were following this practice for the last five years. On 25th January 2025, Mr. PG wants to buy 20,000 shares of an unlisted company @ ₹ 500/- each. But due to insufficiency of funds, he asked Mr. VG for ₹ 40 lakhs. Mr. VG transferred ₹ 40 lakhs to Mr. PG. After about three months, Mr. VG reminded that Mr. PG

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had not refunded ₹ 40 lakhs to him till then. He asked him to pay back his money. Mr. PG told him that he was trying very hard to sell the shares at a reasonable price of 10% more than the price at which he bought these shares but was unable to do so due to market conditions. He asked Mr. VG to sell his shares on his behalf and authorised him to appropriate the amount of loan of ₹ 40 lakhs with interest out of the sale proceeds. Mr. VG agreed to do so.

After about 15 days, when market started recovering Mr. PG denied and revoked the authorization by saying that he would sell his shares himself.

With reference to provisions of the Indian Contract Act, 1872, whether the revocation of said agency by Mr. PG was lawful ?

- (ii) M/s GS Famous General Store in NK Market Delhi got a purchase order of 5 kg. Mamra Badam @ ₹ 3,400/- per kg. from Mr. PK to deliver at his residence in Rohini. When the delivery boy of M/s GS Famous General Store reached at Mr. PK's residence, he found the door locked. When the delivery boy called him on mobile telephone, he told him to hand over the goods to his neighbour Mr. Shah. Mrs. Shah was unaware of the fact that the Mamra Badam were not belonging to them, mixed the Mamra Badam with California Almond. When Mr. Shah told her that the Mamra Badam were belonging to Mr. PK, she again packed the 5 kg. Mamra Badam and delivered it to Mr. PK. This fact came to light when Mr. PK returned the packet to M/s GS Famous General Store by saying that it is not up to the quality and he refused to accept the packet.

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In above circumstances, what is the remedy available to Mr. PK according to provisions of the Indian Contract Act, 1872 ?

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- (b) Do you agree that a company is an artificial person ? Elucidate. Also explain how the authorization by M/s Beeta Limited, a company incorporated under the Companies Act, 2013 can be made in case it does not have a common seal. 5+2
=7
- (c) A, B and C are partners in an unregistered partnership firm named M/s ABC & Associates. Is the suit maintainable in the following cases as per the provisions of the Indian Partnership Act, 1932 ? Give justification also. 6
- (i) A filed a suit against B who had stolen the goods of the firm.
- (ii) A filed a suit against M/s ABC & Associates for claiming shares of the assets on its dissolution.
- (iii) M filed a suit against the firm M/s ABC & Associates for the recovery of ₹ 10,000/- dues from the firm. M also owed ₹ 4,000/- to the firm. The firm claimed a set off of ₹ 4,000/-.
2. (a) (i) X offered to sell Y a machine for ₹ 5,00,000/-. Y refused to buy it unless the machine is made into a running condition. X agreed to do the same but while the machine was being repaired, it was destroyed without the fault of any person. With reference to the relevant provisions of the Sale of Goods Act, 1930 examine whether X can recover the price from Y ? 4
- (ii) For the purpose of making uniforms for the employees, VK bought dark blue coloured cloth from PK. But did not disclose to the PK the purpose of the said purchase. When uniforms were prepared and used by the employees, the cloth was found unfit. However, there was evidence that the cloth was fit for caps and boots. Advise VK whether he is entitled to have any remedy, as per the provisions of the Sale of Goods Act, 1930. 3

- (b) Explain the Memorandum of Association (MOA) and Articles of Association (AOA) of a company. Also explain any three differences between MOA and AOA. 7

- (c) Five close friends decided to form a Limited Liability Partnership firm 'EDUDED LLP' for educating poor children as non-profit organization. They were Mr. A (Non-resident), Mr. B (Non-Resident), Ms. C (resident), Ms. D (resident) and Ms. E (resident). It was decided that Mr. A and Mr. B will be appointed as designated partners. 6

With reference to provisions of the Limited Liability Partnership Act 2008, answer each of the following:

- (i) Whether EDUDED LLP can be formed for above purpose ?
(ii) Whether Mr. A and Mr. B can be appointed as designated partners in EDUDED LLP ?

3. (a) M/s M&M Associates was registered in 1985 by its three partners namely Mr. X, Mr. Y and Mr. Z as the partnership at will. On 5th January 2022, Mr. X, being a very senior partner of age 75 years decided to retire and transfer his shares in the firm to his grandson Mr. S, who was 17 years old at the time of the transfer. Mr. Y and Mr. Z were not interested but when they came to know that Mr. S is a minor, they agreed to admit Mr. S as partner. On 5th October, 2023 at the time of inspection of books and accounts, Mr. S noticed that the books of accounts were displaying only a small amount as profit despite a huge turnover. When, he asked other partners about this fact, then Mr. Y told him that one of the major clients, Mr. T refused to pay huge amount of fees. Mr. S decided to sue Mr. T for recovery of fees and sent a notice for the same. Mr. T argued that Mr. S cannot sue him because he has not given notice of remaining a partner on attaining majority. 7

With reference to provisions of the Indian Partnership Act, 1932 decide :

- (i) Whether Mr. X can retire and introduce Mr. S (minor) as a partner ?
- (ii) Whether Mr. S has right to inspect books of accounts ?
- (iii) Whether Mr. S has authority to sue Mr. T, on non-payment of fees ?

- (b) Mr. RM was engaged in the trading of handloom items with his wife. 7
One of their friends suggested that they should form a private limited company. By corporatizing their business, they could gain better recognition and even explore export opportunities.

They established M/s RM Private Limited with both as the sole members. They got the work orders on job basis from local artisans, sold their products in the Indian market, and exported them as well. The company also secured a line of credit from the bank amounting to ₹ 30 lakhs.

Tragically, Mr. RM met with an accident and passed away. Now Mrs. RM was the only member in the private limited company. A family friend suggested including her brother as a member, but she declined. Instead, she decided to convert the private limited company into a One Person Company (OPC) and nominate her brother, Mr. AK, who is currently employed in London, UK.

Examine with reference to the Companies Act, 2013:

- (i) Whether Mrs. RM's decision to convert the private limited company into a One Person Company (OPC) is legally valid; and
- (ii) When Mrs. RM's decision to nominate her brother Mr. AK, as a nominee, is not legally valid ?

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- (e) A, B, and C act as co-sureties for a loan of ₹ 4,00,000/- taken by R from XYZ Bank. There are three bonds specifying different liability limits for each surety such as A's liability is limited to ₹ 1,00,000/-, B's liability is limited to ₹ 2,00,000/- and C's liability is limited to ₹ 4,00,000/-. Due to financial difficulties, R defaults on the loan, and the bank seeks to recover the amount from the sureties. 6

As per the provisions of the Indian Contract Act, 1872,

- (i) Analyse and determine the amount each co-surety (A, B, and C) is liable to pay, and
- (ii) What will be your answer if the loan amount is ₹ 6,00,000/- instead of ₹ 4,00,000/- ?

4. (a) With reference to provisions of the Indian Contract Act, 1872, analyse the given situations and answer each of the following questions :

- (i) Mr. X visited a Cosmo Mega Mall at Nagpur, which has a variety of items for day-to-day use. The mall has a self-service system. Mr. X took a basket, picked up ten different items of his choice, and reached the cashier for payments. The cashier accepted the price of nine items but did not accept the price of remaining one item which was at the highest price of ₹ 10,050/- among the ten items. 4

Decide as per the provisions of the Indian Contract Act, 1872 whether the Cosmo Mega Mall be compelled to sell the said article to Mr. X.

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- (ii) Mr. AT completed his M. Tech. qualification in April 2022. He got married with Ms. Priya in November 2022. He got an appointment as Technical Consultant in a very renowned company in USA on 2nd February 2023. He promised his wife that he will send ₹ 30,000/- per month for her daily routine expenses. Mr. AT went to USA on 25th October 2023. He never sent any money to his wife. Mrs. Priya was not in a position to meet her daily expenses. She was facing severe financial issues regarding rent and other maintenance expenses. On 20th March 2024 during her telephonic discussion with Mr. AT, she came to know that he would never send her money. Due to her financial hardships, she decided to file a suit against him for ₹ 7,50,000/-. Whether Mrs. Priya would be able to recover the above amount according to provisions of the Indian Contract Act, 1872 ? 3

- (b) "Negotiable Instruments is an instrument which is freely transferable from one person to another by mere delivery or by endorsement and delivery." Classify the different types of Negotiable instruments according to manner in which it is made as per the provisions of the Negotiable Instrument Act, 1881. 7

- (c) Define Law and explain various sources of Law. 6

5. (a) (i) Ms. S visits an electronic store and asks for a laptop suitable for high-end graphic design work. The salesman recommends a specific model, assuring her that it will meet her needs. Relying on this advice, Ms. S purchases the laptop. However, after using it, she realises that the laptop lacks the necessary processing power and graphics capability for her work. 3

Can Ms. S take legal action against the seller under the Sale of Goods Act, 1930 ? Justify your answer.

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- (ii) Mr. S was going through severe financial hardships. His wife suggested to take a gold loan. On 15th January 2025, he pledged his wife's jewellery worth ₹ 30 lakhs with one of his friend Mr. R and took a loan of ₹ 25 lakhs. On 17th January 2025, he sold total jewellery for ₹ 28 lakhs to M/s RL Jewellers Pitampura. The jeweller purchased it in good faith without knowing the fact that the jewellery was already pledged. After all this, Mr. S declared himself insolvent. When Mr. R came to know about this, he filed a suit against M/s RL Jewellers. But M/s RL Jewellers contended that they were unaware about pledge. With reference to provisions of the Sale of Goods Act, 1930 what is the remedial action available to Mr. R ? 4
- (b) (i) M/s SR Enterprises is a well-known trading firm. Mr. AM, a former partner of the firm, had retired in 2022 but never made any public announcement about his retirement. In 2024, Mr. R, a supplier, entered into a business transaction with M/s SR Enterprises believing that Mr. AM was still a partner in the firm. He relied on Mr. AM's past association with the firm and extended a credit line to the firm. When M/s SR Enterprises defaulted on payment, Mr. R, demanded that Mr. AM also be held liable for the dues. Mr. AM refused, stating that he was no longer a partner in the firm and had no involvement in the firm's affairs for long time. Examine with reference to the provisions of the Indian Partnership Act, 1932 whether Mr. AM can be held liable for the firm's above debt. 3

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- (ii) M/s LMP & Associates, a partnership firm engaged in carpet manufacturing and exporting, was initially managed by senior partners L, M, and P. On 25th August, 2022, the firm admitted Mr. G, an expert in carpet manufacturing, as a partner. However, on 10th January, 2024, Mr. G was accused of unauthorized activities and subsequently expelled from the partnership with the unanimous approval of the remaining partners.

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With reference to the provisions of the Indian Partnership Act, 1932, answer each of the following:

- (1) Examine whether action by the partners was justified or not ?
- (2) What are the factors which should be kept in mind prior to expelling a partner from the firm by other partners ?

- (e) State with reference to the provisions of the Indian Contract Act, 1872 whether the following are True or False with justification.

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- (i) The pledge of documents of title to goods by a mercantile agent with the consent of an owner is invalid pledge.
- (ii) A appoints B as his agent to sell A's land. Subsequently, under the authority of A, B appoints C as his agent. Later on, A revokes the authority of B, but not that of C. Consequently, the authority of C cannot be terminated.
- (iii) The contract of life insurance is not fully covered under the contract of indemnity.

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6. (a) (i) Mr. K draws a bill of exchange payable 60 days after sight to Mr. J. Mr. J holds the bill for 30 days before presenting it to Mr. N, the drawee, for acceptance. Mr. N accepts the bill upon presentation. Decide as per the provisions of the Negotiable Instruments Act, 1881, when does the maturity period of the bill commence ? 3
- (ii) A promissory note is made payable at a specific place on a fixed date. The holder, Mr. Mohan presents the note for payment two days after the due date because of unforeseen circumstances. Decide each of the following as per the provisions of the Negotiable Instruments Act, 1881 :
- (A) Does the delay in presentation affect Mr. Mohan's right to recover the amount ? 2
- (B) Under what circumstances can a delay in presentation be excused according to the Act. 2
- (b) Consent is said to be free when it is not caused by 'Fraud'. According to provisions of the Indian Contract Act, 1872, answer each of the following : 6
- (i) What do you mean by 'Fraud' ?
- (ii) What would be effect of fraud upon validity of a contract and state the instances in which a contract is not voidable ?

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- (b) What is the meaning of the term Quantum Meruit ? Explain any four cases in which a claim for quantum meruit can arise. 6
- (c) Contract of sale resembles with contracts of hire-purchase. However, sale is distinguished from hire-purchase. Explain hire-purchase agreement and state any five points of distinction between Sale and Hire-purchase. 7
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