

**P P SAVANI UNIVERSITY**  
**Third Semester of MBA Examination**  
**December 2022**  
**SLMB8010 Legal Aspect of Business**

19.12.2022, Monday

Time: 09:00 a.m. To 11:30 a.m.

Maximum Marks: 60

**Instructions:**

1. The question paper comprises of two sections.
2. Section I and II must be attempted in separate answer sheets.
3. Make suitable assumptions and draw neat figures wherever required.
4. Use of scientific calculator is not allowed.

**SECTION - I**

- Q - 1** Answer the following
- |                  |  | CO  | BTL |
|------------------|--|-----|-----|
| <b>(i)</b>       | Answer the following question in the context of given caselet :<br>A agrees to sell goods to B on the guarantee of C for the payment for the price of goods in default of B.<br>Is the agreement of guarantee valid in each of the following alternate cases :<br>Case 1 : If A is a minor<br>Case 2 : If B is a minor<br>Case 3 : If C is a minor   | [3] | 1 2 |
| <b>(ii)</b>      | AGM is to be held within _____ months of the close of relevant financial year.   | [1] | 2 1 |
| <b>(iii)</b>     | Extension in the validity period of AGM by registrar can be for not exceeding _____ Months   | [1] | 2 1 |
| <b>Q - 2 (a)</b> | A hired Uber for outstation ride and agreed to pay ₹ 2,400 for the same. There is some defect in the car but A is not aware about it. Because of that the car broke down and A sustained some damages. Discuss the liability of Uber in the context of contract of bailment.   | [5] | 1 3 |
| <b>Q - 2 (b)</b> | Ms. Richierich gifted a property consisting of some land to one of her daughter Ms. Gently by a gift deed. The deed was registered to the proper authorities. One of the terms of the deed was that the daughter had to pay a sum of Rs.66,530 annually to her son Mr. Gentle. Later the old lady died, and the Ms. Gently refused to pay the money to Mr. Gentle. And hence the Mr. Gentle sued Ms. Gently for the recovery of the same. Whether the suit filed by Mr. Gentle who was not original party to the contract is tenable or not. | [5] | 1 4 |
- OR**
- Q. - 2** In August, 2019, Future Coupon Private Ltd (FCPL) entered into a Shareholder Agreement with Future Retail Limited (FRL). FCPL is a subsidiary company of FRL that sells corporate merchandise. FRL is the second largest retail company in India. The Agreement bound FRL to take FCPL's approval before transferring assets of the company to other parties.  
Later that month, Amazon.com - NV Investment Holdings LLC (Amazon) and FCPL entered into a Share Subscription Agreement and Shareholders Agreement, which gave Amazon a 49% stake in FCPL. As part of the agreements, Amazon had the right of first refusal for any sale made by Future Coupons. In a broader sense, these agreements bound FCPL to obtain Amazon's consent before implementing any decision in FRL. Through these agreements, Amazon effectively claimed control over FRL.  
Affected by lockdowns in the first wave of COVID-19, FRL was on the verge of bankruptcy. A whopping ₹22,000 crore in debt, FRL decided to sell its retail

businesses and assets to Reliance for ₹25,000 crore in August, 2020. This sale will allow Reliance to completely dominate the Indian retail market with over 1,800 retail outlets. This marriage of two retail heavy weights in the Indian market will make it virtually impossible for Amazon to establish a competitive ecommerce business in India.

Amazon claimed that the sale was a violation of its Shareholder Agreement with FCPL. Do you agree? Discuss.

- Q - 3 The Boring company is formed by 9 directors on December 15, 2022. However they are facing following difficulty and approached you for advice : [10] 2 4
- a) How many directors will be liable to retire by rotation and how many directors will get retired ?
- b) By what time, directors should hold its first Board meeting ?
- c) Some of the directors mostly stay at foreign country. Is it necessary for the directors to stay in India ?

OR

- Q - 3 Mr. Anything was managing his business on his own. Now, he wants to form a private limited company. He approached you for the legal opinion. What is the procedure to form a company? Briefly explain. [10] 2 6
- Q - 4 Attempt any one : [05]
- (i) One has to pay tax on Smuggling income but it doesn't mean a legal contract - discuss. 1 2
- (ii) Quorum of the board meeting 2 1

**SECTION - II**

- Q - 1 Answer the following. [05]
- (i) What is not included in the definition of "Goods" as per Sale of Goods Act, 1930 3 1
- (ii) Agreement to Sale is Executory or Executed contract? 3 1
- (iii) List out PDCA cycle phases. 3 2
- (iv) Is crypto a legal tender? 3 2
- (v) What will be the validity of the cheque? 4 1
- Q - 2 Mr. A has hacked into Defense Information Systems with an intention to steal classified information that threatens the security and sovereignty of India. He has used the services of a local cafe, 'CyberNet' for this purpose. The owner of 'CyberNet' tries to stop Mr. A but is threatened by Mr. A. Hence the owner of 'CyberNet' does not disclose A's activities to anyone. Mr. A is caught by the Vigilance Officers of the department. [10] 3 5
- (i) Is Mr. A punishable for his activities?
- (ii) Is the intermediary, 'CyberNet' liable?
- Please discuss the liabilities enunciated under the relevant sections of the Information Technology Act, 2000 in the above two cases.

OR

- Q - 2 M/s Woodworth & Associates, a firm dealing with the wholesale and retail buying and selling of various kinds of wooden logs, customized as per the requirement of the customers. They dealt with Rose wood, Mango wood, Teak wood, Burma wood etc. [10] 3 4
- Mr. Das, a customer came to the shop and asked for wooden logs measuring 4 inches broad and 8 feet long as required by the carpenter. Mr. Das specifically mentioned that he required the wood which would be best suited for the purpose of making wooden doors and window frames. The Shop owner agreed and arranged the wooden pieces cut into as per the buyers requirements.



The carpenter visited Mr. Das's house next day, and he found that the seller has supplied Mango Tree wood which would most unsuitable for the purpose. The carpenter asked Mr. Das to return the wooden logs as it would not meet his requirements.

The Shop owner refused to accept return of the wooden logs on the plea that logs were cut to specific requirements of Mr. Das and hence could not be resold.

(i) Explain the duty of the buyer as well as the seller according to the doctrine of "Caveat Emptor".

(ii) Whether Mr. Das would be able to get the money back or the right kind of wood as required serving his purpose?

Q - 3 In reference to Yahoo ! Inc Vs. Akash Arora, answer the following question : [10] 4 5

(i) What is Intellectual Property ?

(ii) Is a domain name protected under Intellectual Property Rights?

(iii) Is facilitating identical services under a similar domain name an infringement of intellectual property rights?

OR

Q - 3 What is the penalty for dishonor of cheque as per sec. 138 of Negotiable Instrument Act? [10] 4 4

Explain whether cheque dishonor due to signature mismatch qualifies the same penalty criteria as in Sec. 138 with reference to Parvaiz-Ahmad-Bhat Vs Fida-Mohamamd Ayoub - Jammu and Kashmir High Court case.

Q - 4 Attempt any one : [05]

(i) Rights of unpaid seller against the buyer 3 1

(ii) Rights of Consumers 4 1

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CO : Course Outcome Number

BTL : Blooms Taxonomy Level

Level of Bloom's Revised Taxonomy in Assessment

1: Remember	2: Understand	3: Apply
4: Analyze	5: Evaluate	6: Create