

CA FOUNDATION MAY/SEP 2026



BUSINESS LAWS

**LET'S WRITE
DAY-1**

PRACTICE DAILY, WIN CONFIDENTLY

FREE SANCHAY BATCH



CA WALLAH



Schedule



- 1 16/04 – The Companies Act, 2013
- 2 17/04 – The Partnership Act, 1932
- 3 18/04 – LLP + ICA
- 4 20/04 – The Indian Contract Act, 1872
- 5 21/04 – The Negotiable Instruments Act, 1881
- 6 22/04 – IRF + SOGA, 1930
- 7 23/04 – The Sale of Goods Act, 1930

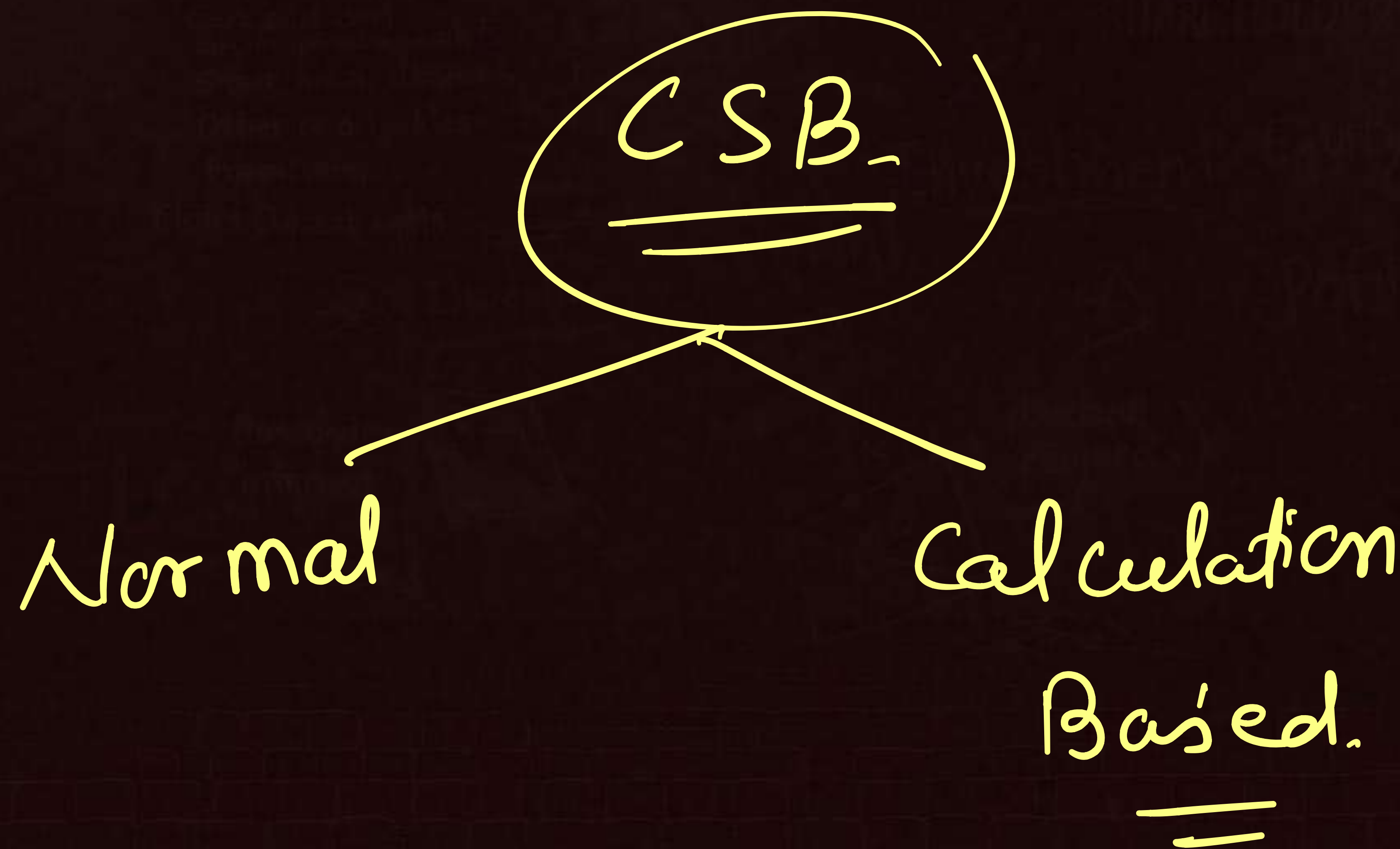






Topics to be Covered

1 16/04 – The Companies Act, 2013



DTQ



ARE YOU READY?



Question No. 01



Q - Mr. R, a manufacturer of toys, approached MNO Private Limited for supply of raw material worth Rs. 1,50,000/-. Mr. R was offered a credit period of one month. Mr. R went to the company prior to the due date and met Mr. C, an employee at the billing counter, who convinced the former that the payment can be made to him as the billing-cashier is on leave. Mr. R paid the money and was issued a signed and sealed receipt by Mr. C. After the lapse of due date, Mr. R received a recovery notice from the company for the payment of Rs. 1,50,000/-.



Question No. 01



Mr. R informed the company that he had already paid the above amount and being an outsider had genuine reasons to trust Mr. C who claimed to be an employee and had issued him a receipt. The Company filed a suit against Mr. R for non-payment of dues. Discuss the fate of the suit and the liability of Mr. R towards company as on current date in consonance with the provision of the Companies Act, 2013? Would your answer be different if a receipt under the company seal was not issued by Mr. C after receiving payment?

[7m,MDTP4], [7m,MTP3,Ju24], [4m,D22], [3m,MTP2,D23]

Answer - 1

Provision:-

As per the provisions of The Companies Act, 2013, Doctrine of Indoor Management is the exception of Doctrine of Constructive notice which means that outsiders are not deemed to have the notice of the internal affairs of the company.

If outsider is dealing with the directors or officers of the company, they are entitled to assume that the acts of directors or officers are validly performed if they are within the scope of their authority.

Ref Case law: Royal British Bank vs Turquand.

facts of the case

In the given case, Mr. R paid money to Mr. C who was the employee

of the company. The payment was made for the credit purchase for which payment receipt was received by Mr. C. But later on, Company sent the recovery

notice which was rejected by Mr. R
and Company sued against him.

Conclusion of the case

From the above provision and facts
of the case, It was rightful on the
part of Mr. R to assume that Mr. C
was authorised to receive money as

he had also issued the payment receipt.

Hence, Mr R. is not liable anymore as already paid to the employee of company.

(ii) Liability in no receipt was issued

The Doctrine of Indoor Management

no way rewards those who behave
negligently as suspicion of irregularity
is the exception to it.

It was the duty of Mr. R. He
should have made necessary enquiry
as transaction was not in ordinary
course, Hence he will be liable.



Question No. 02

Q - Powertech Limited was registered as a public company. There are 230 members in the company as noted below: ?

a) Directors and their relatives 190

b) Employees 15

c) Ex-Employees (Shares were allotted when they were employees) 10

d) 5 couples holding shares jointly in the name of husband and wife (5×2) 10

e) Others 05



Question No. 02

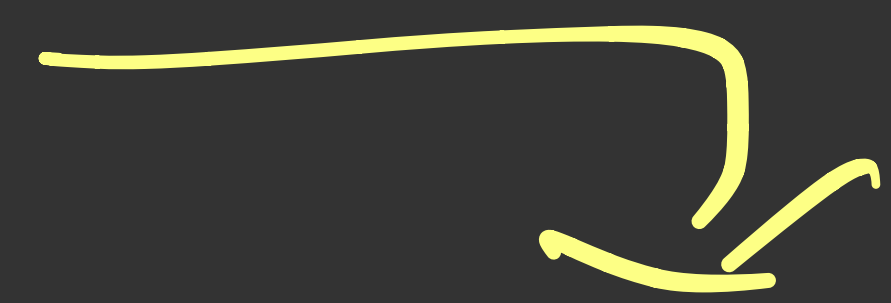


The Board of Directors of Powertech Limited proposes to convert it into a private company. Also advise whether a reduction in the number of members is necessary.

[4m,MDTP5], [4m,MTP1,S24,Ju23], [3m,MTP2,Ju21], [4m,MTP1,Ju20],

[RTP,Ju19], [3m,MTP1,Ju19]

Cal



Provision

Provision

facts

facts & Analysis

Analysis

Conclusion

Conclusion

Answer - 2

Provision: -

As per section 2(68) of The Companies Act, 2013, Private Company means a company having minimum paid up share capital prescribed and which by its articles:-

a) Restricts the right to transfer its shares

b) Except in case OPC, limits the number of its members to two hundred, provided two or more persons holding shares jointly shall be counted as single member.

c) Prohibits invitation to public to
subscribe its securities.

Provided further that, In counting
the number of members, following shall
not be included

→ Persons who are in the employment
of the company.

→ Persons who are formerly in the
employment of company were members
in employment and continued their
membership even after cessation
of employment.

Facts & Analysis of the case

In the instant case, Powertech limited have 230 members and board proposes to convert it into private company.
From the stated law above, The current number of members in the company are as follows :-

- | | |
|---|-----|
| a) Director & relatives | 190 |
| b) Employee | - |
| c) Ex - Employee | - |
| d) 5 couples holding jointly (5×2) | 5 |
| e) others | 5 |

Total

200

Conclusion of the case

As per the above law & facts of the case, the present employees & the ex-employees [shares allotted during employment] shall not be counted in the number of members.

Hence, The existing number of members

are 200 which does not exceed the
maximum limit in case of private
Company, Therefore no need for
reduction of members.



Question No. 03



Q - Can a non-profit organization be registered as a company under the Companies Act, 2013? If so, what procedure does it have to adopt?

[RTP,J26], [6m,MTP1,D22], [RTP,Ju19], [RTP,Ju18], [ICAI Module]

Answer 3

As per The Companies Act, 2013, section 8 companies deals with the formation of companies with charitable objects like commerce, science, arts, education, sports etc. Such company shall apply its profits in promoting

its objects & are prohibited to
distribute dividends.

Hence, Non-Profit organisations can
be registered as company under The
Companies Act, 2013.

The procedure to incorporate the
Company is as below :-

→ Section 8 allows Central Government
to issue license and register person
or association of persons as company
with limited liability without addition
of the words "limited" or "Private
limited" to its name.

→ The registrar shall on application
register such person or association
as section 8 company.

→ On and after registration, the
company shall enjoy same privileges
as limited liability company.



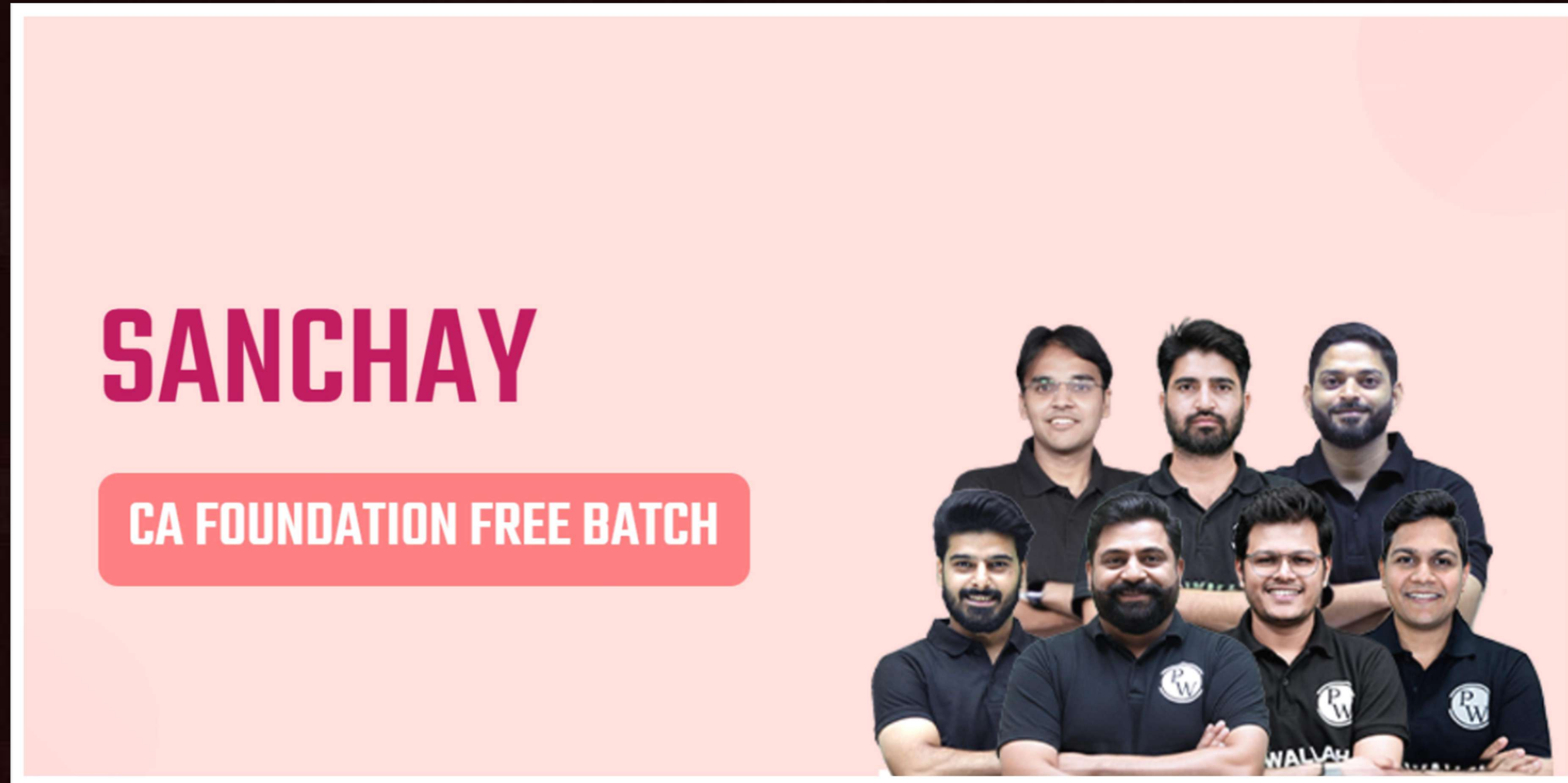
Homework



Q - "The Memorandum of Association is a charter of a company". Discuss. Also, explain in brief the contents of Memorandum of Association.

[6m,D19], [6m,MTP2,Ju22], [6m,MTP1,D21]

Find the notes of the session here



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