**Legal Aspect of Business**

**NMIMS Centre for Distance and Online Education (NCDOE)**

**Internal Assignment Applicable for June 2025 Examination**

**Q1 A startup named "SunDisk Pvt. Ltd." specialises in software development. Initially, its Memorandum of Association (MOA) focused solely on developing enterprise software solutions. However, when market patterns changed, the business recognized profitable prospects in cloud computing services and artificial intelligence (AI) consulting. The board of directors decided to enter these segments without modifying the MOA. Soon after, a major investor raised concerns that these activities were ultra vires and could lead to legal consequences. The company now faces challenges related to business expansion, legal compliance, and shareholder confidence.**

**Based on the given scenario, highlight the challenges before SunDisk Pvt. Ltd. if the MOA continues to remain unamended. Please explain the challenge by emphasizing the doctrine of ultra vires under the Companies Act, 2013, and suggest potential solutions to avoid the company violating the provisions of Companies Act, 2013.**

**(10 Marks)**

**Answer:**

**Introduction:**

SunDisk Pvt. Ltd. is a growing software development startup that initially focused on enterprise software solutions. However, as market trends shifted, the company identified lucrative opportunities in cloud computing services and artificial intelligence (AI) consulting. The board of directors made a strategic decision to expand into these new areas without amending the company’s Memorandum of Association (MOA). This led to concerns from a major investor who argued that these new business activities were ultra vires, meaning beyond the company's legal capacity as defined in its MOA.

**This is partially solved sample answer**

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**Q2 (A) Innovative Constructions Pvt. Ltd. signs a contract with the government to build a highway in two years. The contract includes terms about work deadlines and quality. However, the company faces three major problems:**

**1. Delay in Work: Due to supply chain problems, only 90% of the work is done on time. The government may take legal action for not completing the project.**

**2. Change in Contract: The company asks for extra time, and the government agrees, but some contract terms need to be changed.**

**3. Work Becomes Impossible: A new law bans an important material needed for the project. The company claims that the contract should end because completing the work is now impossible.**

**Question: Under the Indian Contract Act, 1872, explain how the company should handle these problems legally. Consider rules about performance (finishing the work), changing terms of the contracts by mutual agreement, and what happens when the work becomes impossible to perform. Mention relevant legal sections where applicable.**

**(5 Marks)**

**Answer:**

**Introduction:**

Innovative Constructions Pvt. Ltd. has entered into a contract with the government to construct a highway within two years. However, the company faces legal challenges due to delays, contract modifications, and unforeseen legal restrictions. The Indian Contract Act, 1872, provides guidelines on contract performance, modification, and the doctrine of impossibility. To navigate these challenges, the company must assess its legal standing and obligations under relevant sections of the Act. Addressing these issues requires understanding the principles of performance of contracts, mutual agreement for changes, and the legal consequences of impossibility of performance.

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**Q2 (B) Harish, a real estate developer, signs a contract with Mehta & Sons to build a luxury apartment complex in two years. The contract states that if the project is delayed, Mehta & Sons must pay a penalty (liquidated damages). However, due to poor management, they fail to complete the project on time. Harish suffers financial loss and damage to his reputation.**

**Question:**

**Under the Indian Contract Act, 1872, what legal remedies does Harish have for this contract breach? What steps can he take to prevent further delays? Mention relevant legal sections.**

**(5 Marks)**

**Answer:**

**Introduction:**

In business contracts, timely performance is crucial to maintaining trust and ensuring smooth transactions. Under the Indian Contract Act, 1872, if a party fails to fulfill its contractual obligations, the other party has legal remedies to seek compensation for losses. In this case, Harish, a real estate developer, entered into an agreement with Mehta & Sons for the timely completion of a luxury apartment complex. However, due to mismanagement, Mehta & Sons failed to deliver the project on time, leading to financial loss and reputational damage for Harish. This breach of contract allows Harish to seek remedies as per the law.

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