

TILAK MAHARASHTRA VIDYAPEETH, PUNE
BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.)(071)/
B.Sc IN BUSINESS ADMINISTRATION(B.Sc.BA) (755)
BSC SPORTS MANAGEMENT (770)
EXAMINATION: MAY - 2026
SEMESTER - I

Sub.: Legal Aspects of Business - I
(BBA24-114, BSBA24-114, BSC24-114)

Date : 26/05/2026

Total Marks : 60

Time: 10.00 am to 12.30 pm

Instructions: 1) All questions are compulsory.
 2) Figures to the right indicate full marks.

-
- Q. 1. Choose the most appropriate option. (05)**
1. When parties to a contract agree to substitute a new contract for the original one, it is known as
 - a) rescission
 - b) alteration
 - c) novation
 - d) remission
 2. When a contract is breached, the injured party is entitled to:
 - a) Only nominal damages
 - b) Specific performance only
 - c) Compensation for direct losses
 - d) No compensation if the breach was accidental
 3. As per Section 2(84) Share means share in the share capital of a Company and includes _____
 - a) debentures
 - b) preferred shares
 - c) stocks
 - d) bonds
 4. Which one of the following is Not an essential feature of a company?
 - a) perpetual succession
 - b) unlimited liability
 - c) separate property
 - d) transferability of shares
 5. Who elects Chief Commissioner and other Commissioner?
 - a) state government
 - b) President
 - c) central government
 - d) Prime minister
-
- Q. 2. State True / False (05)**
1. Parties can mutually agree to rescind, alter, or replace a contract by novation
 - a) True
 - b) False
 2. A minor breach may allow for damages, but not discharge of the whole contract
 - a) True
 - b) False
 3. A company is an artificial person.
 - a) True
 - b) False
 4. The Memorandum of Association can never be changed
 - a) True
 - b) False
 5. The IT Act came into existence in 2003
 - a) True
 - b) False
-
- Q. 3. Write Short notes on (Any Three) (15)**
1. Novation
 2. Duties of Agents
 3. MOA
 4. Digital Signature
 5. Redressal Agencies

Q. 4. Answer in detail (Any Two) (20)

1. What is the most common way a contract is discharged?
2. Explain Private limited company
3. Explain the rights of the consumer
4. Give in detail the objectives and scope of IT Act.

Q. 5. Case study (15)

Moon Star Ltd. has registered office at Delhi and branch office in California. The company is mainly working under processed food manufacturing segment. The Board of directors of the company have very sound knowledge of processed food segment, management and finance. The company planned to set up an Agro Cluster Food Park in India in due course of time.

After some time, the board noticed chaos among themselves on the issue of positions and holdings in the company. Consequently, it was observed that the company had not been reporting true and fair view of the state of affairs of its financial statements since more than ten years and the misreporting of financial statements had not come to the notice of none of the stakeholders.

The situation of the Company went from bad to worse and it had no option but to file an application for initiating corporate insolvency resolution process with the Adjudicating Authority. Meanwhile one of the director of the company has released a press statement that there is a disparity between actual and reported financial statements due to accounting errors which was prevailing since many years.

The first question from shareholders of the Company was, as to why the auditors of the company had not spotted and corrected the fundamental accounting errors?

Subsequently, the shareholders holding 75% of the paid up share capital of the company have approached to the Central Government as per the provisions of the Companies Act, 2013 for investigating into the affairs of the company and Central Government ordered for investigation into the affairs of company.

The investigation report stated that the auditors of the Company (one of the largest audit firms in the country) had compromised its independence by charging a huge amount of audit fee and also consultancy income worth several times the audit fee. Auditors had knowingly signed inaccurate accounts in order to protect the management of the Company. Investigation revealed significant deficiencies in internal control system, external reporting processes and non-adherence of relevant accounting standards.

Questions :

1. Whether Moon Star Ltd. is required to adhere to provision(s) of the Companies Act, 2013 pertaining to keeping and maintenance of proper books of account of branch office situated outside India?
2. Whether shareholders holding 75% of the paid-up share capital of Moon Star Ltd. can approach the Central Government to order an investigation into the affairs of the company? Whether the Central Government can suo motu order an investigation into the affairs of the company?
3. Suggest the suitable title to this case.