Roll No										

PRESIDENCY UNIVERSITY

GAIN MORE KNOWLEDGE REACH GREATER HEIGHTS

Presidency University Act, 2013 of the Karnataka Act No. 41 of 2013 | Established under Section 2(f) of UGC Act, 1956
Approved by AICTE, New Delhi | Approved By BCI
Bengaluru

Even Semester End Term Examination, May / June 2026		
Date: 15/05/2026		**Time: 09.30 AM - 12.30 PM**
Course Code: CBS1033	**Course Name: Commercial Law**	
Semester: Second Semester	**Max. Marks: 100**	**Weightage: 50%**

CO - Levels	CO1	CO2	CO3	CO4	CO5	CO6	CO7	CO8
Marks	2	28	44	40	14	30	12	10

Part A: Answer Following Questions. 20 M

Qn.No	Questions	M	CO	BT
1	A (minor) enters into contract with B for loan. B sues for recovery. What is outcome under Indian Contract Act, 1872? **A)** Valid **B)** Voidable **C)** Void **D)** Illegal	2	CO1	BT2
2	A agrees to sell goods to B after 2 months. Ownership not transferred. Under Sale of Goods Act, 1930, it is: **A)** Sale **B)** Agreement to Sell **C)** Bailment **D)** Mortgage	2	CO7	BT2
3	X, a partner, borrows money for personal use in firm's name. Firm liable? (Partnership Act) **A)** Yes always **B)** No **C)** Yes if third party unaware **D)** Void	2	CO2	BT2
4	A delivers goods to B for safe custody without reward. It is: (Special Contracts) **A)** Sale **B)** Bailment **C)** Agency **D)** Pledge	2	CO3	BT2
5	A company enters contract beyond MOA. Status under Companies Act, 2013? **A)** Valid **B)** Void **C)** Voidable **D)** Illegal	2	CO3	BT2

6	A cheque is dishonoured for insufficient funds. Liability arises under: (NI Act, 1881) **A)** Civil only **B)** No liability **C)** Administrative **D)** Criminal liability	2	CO4	BT2
7	LLP partner liability is limited because: (LLP Act, 2008) **A)** Agreement **B)** Capital contribution **C)** Government approval **D)** Separate legal entity	2	CO3	BT2
8	SEBI regulates: (Regulatory Framework) **A)** Labour laws **B)** Capital markets **C)** Criminal law **D)** Banking only	2	CO5	BT2
9	A offers B ₹1 lakh. B replies "I will pay ₹90,000." Legal effect? **A)** Acceptance **B)** Counter-offer **C)** Revocation **D)** Void	2	CO6	BT2
10	A sells goods by description but delivers different goods. Buyer can: **A)** Must accept **B)** No remedy **C)** Only claim damages **D)** Reject goods	2	CO6	BT2

Part B: Answer Any 1 Following Questions. 16 M

Qn.No	Questions	M	CO	BT
11.a	Evergreen Private Limited has 9 directors on its Board of Directors. The company's Articles of Association currently state that the quorum for board meetings shall be 1/3rd of the total strength or 2 directors, whichever is higher. The company now intends to amend this article to specify that the quorum for board meetings shall be 1/3rd of the total strength or 4 directors, whichever is higher. Advise the company on the procedure for including this entrenchment provision in its Articles, in accordance with the provisions of the Companies Act, 2013. Would your advice differ if the company were a public company?	6	CO3	BT2
11.b	Mr. Sohanlal sold 10 acres of his agricultural land to Mr. Mohanlal on 25th September 2022 for ₹25 Lakhs. The property papers mentioned a condition, amongst other details, that whosoever purchases the land is free to use 9 acres as per his choice but the remaining 1 acre has to be allowed to be used by Mr. Chotelal, son of the seller for carrying out farming or other activity of his choice. On 12th October, 2022, Mr. Sohanlal died leaving behind his son and life. On 15th October, 2022 purchaser started construction of an auditorium on the whole 10 acres of land and denied any land to the son. Now Mr. Chotelal wants to file a case against the purchaser and get a suitable redressal. Discuss the above in light of provisions of Indian Contract Act, 1872 and decide upon Mr. Chotelal's plan of action?	10	CO2	BT2

12.a	"To form a valid contract, consideration must be adequate". Comment.	6	CO2	BT2
12.b	Sahil deals in pre-owned cars. Raju sold his accidental car to Sahil by fraud. Sahil could not find that the car was accidental. Akshay, a customer visited the workshop of Sahil with intention to purchase a pre-owned car. Akshay informed Sahil his intention with the condition that car should be free from any accident. Sahil sold that car to Akshay on erroneously believing that car did not face any accident. Afterward, Akshay found that the car was actually an accidental car. He sued Sahil to avoid the contract and also for damages for expenses suffered on car. Taking into account the provisions of Indian Contract Act, 1872, state whether Akshay was eligible to avoid the contract and to claim damages from Sahil?	10	CO2	BT2

Part C: Answer Any 1 Following Questions. 16 M

Qn.No	**Questions**	**M**	**CO**	**BT**
13.a	In accordance with provisions of the Indian Partnership Act, 1932, explain the following: (i) The rights of an outgoing partner to carry on competing business. (ii) The rights of a partner to be indemnified by the firm and the liability of a partner to indemnify the firm.	6	CO3	BT2
13.b	Mr. G sold some goods to Mr. H for a certain price by issue of an invoice, but payment in respect of the same was not received on that day. The goods were packed and lying in the godown of Mr. G. The goods were inspected by H's agent and were found to be in order. Later on, the dues of the goods were settled in cash. Just after receiving cash, Mr. G asked Mr. H that goods should be taken away from his godown to enable him to store other goods purchased by him. After one day, since Mr. H did not take delivery of the goods, Mr. G kept the goods out of the godown in an open space. Due to rain, some goods were damaged. Referring to the provisions of the Sale of Goods Act, 1930, analyse the above situation and decide who will be held responsible for the above damage. Will your answer be different if the dues were not settled in cash and are still pending?	10	CO3	BT2
14.a	"Dissolution of a partnership firm may occur by mutual agreement with the consent of the majority of partners, while compulsory dissolution requires an order from the court." Discuss this statement with reference to the relevant provisions of the Indian Partnership Act, 1932.	6	CO3	BT1
14.b	ABC & Co. is a renowned partnership firm doing business in textile industry from last twenty years. But due to technical up-gradation, firm incurred heavy debts of ` 50 lakhs. To maintain the integrity of the firm they introduced Mr. D, as a new partner. Before admission of D, other partners A, B, and C decided on their own and made an agreement with the creditors that the new partner will be liable for existing debt through novation.	10	CO3	BT2

	When D joins, he came to know about the debt of ` 50 lakhs. With reference to the provisions of the Indian Partnership Act, 1932, give your opinion: (i) Whether D would be liable for the debts of the firm incurred prior to his admission by virtue of the agreement between A, B, C and the creditors? (ii) Whether your answer will be different if D was minor at the time of admission? (iii) Whether D would be liable to pay the debt upon becoming major?			

Part D: Answer Any 1 Following Questions. 16 M

Qn.No	Questions	M	CO	BT
15.a	Ratanmul Milk India Limited is a public company and formed on 01.01.2023. On this date, Mr. Sharman was appointed as Legal Advisor of the company. It was mentioned in the Articles of Association of the company that Mr. Sharman will not be removed from the post of Legal Advisor till 31.03.2027. On 01.07.2024, a Special Resolution was passed for the alteration in Articles of Association and Mr. Sharman was removed from the company. Mr. Sharman filed the suit against Ratanmul Milk India Limited for removal as a Legal Advisor. Referring the provisions of the Companies Act, 2013, whether can company remove Mr. Sharman?	6	CO4	BT2
15.b	An employee, Mr. Karan, signed a contract with his employer company, ABC Limited, that he will not solicit the customers after leaving the employment from the company. But after Mr. Karan left ABC Limited, he started up his own company, PQR Limited and started soliciting the customers of ABC Limited for his own business purposes. ABC Limited filed a case against Mr. Karan for breach of employment contract and for soliciting their customers for own business. Mr. Karan contended that there is a corporate veil between him and his company and he should not be personally held liable for this. In this context, the ABC Limited seeks your advice as to the meaning of corporate veil and when the veil can be lifted to make the owners liable for the acts done by a company.	10	CO4	BT3
16.a	In the Flower Fans Private Limited, there are only 5 members. All of them went on a pleasure trip in a boat into an open sea. The boat overturn and all of them were drowned. Explain with reference to the provisions of the Companies Act, 2013: A) Is Flower Fans Private Limited no longer in existence? B) Further is it correct to say that a company being an artificial person cannot own property and cannot sue or be sued?	6	CO4	BT2
16.b	(i) The Object clause of Memorandum of Association of ABC Pvt. Ltd. authorized the company to carry on the business of trading in property in Gurgaon. Since the company was not doing well, the Directors of the	10	CO4	BT3

 PTO (Please Turn Over)

	company in a recent board meeting planned to diversify the business and enter into Construction business. For this purpose, they borrowed a sum of ` 5 crores from Magnum Finance Ltd. But the members of the company did not approve the decision of the board hence, company refused to repay the loan. According to provisions of the Companies Act, 2013 what is the recourse available to Magnum Finance Ltd. for recovery of the loan? (ii) SNM Ltd. was registered in 2021 with a share capital of ` 50 Lakh divided into 5 lakhs equity share of ` 10 each under Section 8 of the Companies Act, 2013 for promotion of art in Jaipur. Company earned huge profits during thWith reference to provisions of the Companies Act, 2013 decide whether SNM Ltd. can declare dividend @ 10% to equity shareholders for the year ending 31st March 2025.e financial year ending on 31st March 2025 due to boom in the market. On 10th May 2025, 75% members of the company demanded to distribute 10% dividend to the equity shareholders. For this purpose, they passed special resolution in EGM.			

Part E: Answer Any 1 Following Questions. 16 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
17.a	What do you mean by Designated Partner? Whether it is mandatory to appoint Designated partner in a LLP?	6	CO5	BT2
17.b	A & B were friends. Now they have plans of setting up a supermarket in their locality. They are confused as to whether to register as a traditional partnership or as a Limited Liability Partnership. As an advisor, enumerate the differences between the two forms of business highlighting the compliances & other legal formalities.	10	CO6	BT2
18.a	Explain the legal provisions regarding the eligibility of persons to become partners in a Limited Liability Partnership (LLP) under the LLP Act, 2008. What are the consequences if LLP carries on business with less than the minimum number of partners as prescribed?	6	CO6	BT2
18.b	A LLP is a new form of legal business entity with limited liability. It’s an alternative corporate business vehicle that only gives the benefits of limited liability at low compliance cost but allows its partners the flexibility of organizing their internal structure as a traditional partnership. Keeping in view of above, define the following characteristics of LLP. (i) Body Corporate (ii) Mutual Agency (iii) Foreign LLPs (iv) Artificial legal person	10	CO6	BT2

Part F: Answer Any 1 Following Questions. 16 M				
Qn.No	**Questions**	**M**	**CO**	**BT**

19.a	Explain in brief the important functions played by the Ministry of Finance, the Ministry of Corporate Affairs and the Ministry of Law and Justice in enforcing the law in India.	6	CO5	BT2
19.b	A, B and C jointly promised to pay D a sum of ` 6,000. Examine, considering the provisions of the IndianContract Act, 1872 -  (i) Can D compel any of three parties A, Band C to pay him ` 6,000? (ii) C is compelled to pay the whole of the amount to D. Can he recover anything from A and B, when - (1) Both A and B were solvents. (2) A is not in a position to pay anything.	10	CO7	BT3
20.a	Explain in brief the important functions played by the Ministry of Finance, the Ministry of Corporate Affairs and the Ministry of Law and Justice in enforcing the law in India.	6	CO4	BT2
20.b	Explain the concept of Quantum Meruit with reference to the Indian Contract Act, 1872. Under what circumstances can a party claim compensation under this doctrine?	10	CO8	BT2