

# INDEX

## Corporate Law

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## Securities Law

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## **Ch. 1 - Appointment and Qualification of Directors**

- 1) As per Section 149(1) a minimum number of DIRS in case of Private Company is\_\_\_\_\_, in OPC is \_\_\_\_\_ and Public Company is \_\_\_\_\_.
  - a) 3 , 2 , 5
  - b) 3 , 2 , 1
  - c) 5 , 2 , 3
  - d) 2 , 1 , 3
- 2) Mrs. Snehal the only woman directors of SPC Limited, resigns on 10<sup>th</sup> June 2018. The board meeting was held on 15<sup>th</sup> Oct 2018. Board wants to appoint Ms. Minal as woman director the appointment should be made before.....
  - a) 15<sup>th</sup> Oct 2018
  - b) 10<sup>th</sup> Sept 2018
  - c) 10<sup>th</sup> Dec 2018
  - d) 10<sup>th</sup> June 2018
- 3) In compliance to the Companies Act, 2013, at least one woman director shall be on Board of such class or classes of companies as may be prescribed. Ms. Riya is keen to hold the office of woman director in a company. She has selected some companies in which there is a vacancy for the woman director. Advice Ms. Riya in selecting the companies which are mandatorily required to appoint a woman director:
  - a) PQR Limited which is a unlisted company and having paid up share capital of one 50 crore rupees as per the last date of latest audited financial statements.
  - b) ABC Limited which is a listed company and having a turnover of 150 crore rupees as per the last date of latest audited financial statements.
  - c) XYZ Limited which is a unlisted company and having a turnover of 350 crore rupees as per the last date of latest audited financial statements.
  - d) Both in ABC Limited and XYZ Limited
- 4) There should be at least one woman director for:
  - a) Every listed company
  - b) Public company having – paid–up share capital of 100 crore rupees or more; or turnover of 300 crore rupees or more
  - c) Private company having – paid–up share capital of 100 crore rupees or more; or turnover of 300 crore rupees or more
  - d) (a) or (b)
- 5) There were total 15 directors in The Hindustan Ltd. which is a company Listed with Bombay Stock Exchange. The minimum independent directors required for Hindustan Ltd are .....
  - a) 2
  - b) 1
  - c) 3
  - d) 5
- 6) For the purpose of Section 149(4) unlisted companies exclude
  - a) a joint venture;
  - b) a wholly owned subsidiary; and
  - c) a dormant company as defined under section 455 of the Act.

- d) All of the above
- 7) As per section 149(4) the Public Companies having turnover of 100 crore rupees or more; shall have at least two directors as independent directors.  
For the purpose of assessment turnover shall be consider as, Turnover existing on .....
- a) last date of previous years audited financial statements
  - b) last date of latest audited financial statements
  - c) last date of latest financial statements
  - d) Any of the above
- 8) Ms. Deepika is CEO of "HLPC" a NPO, and receives 18% of receipts of such NPO and holds 1% voting power of the company. Can she be appointed as independent director?
- a) Yes
  - b) No
- 9) an independent director means a director other than
- a) a managing director
  - b) a whole-time director
  - c) a nominee director
  - d) (a) or (b) or (c)
- 10) Mr. Ram appointed as an Independent director of Ramayan Ltd. Currently Mr. Ram is a promoter of Mahabharat Ltd. which is an Associate company of Ramayan limited. Appointment of RAM as an Independent Director is .....
- a) Valid
  - b) Void
  - c) Voidable, and may became valid if remaining directors agree.
  - d) Any of the above
- 11) A person neither himself nor any of his relatives, Holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the ..... immediately preceding the financial year in which he is proposed to be appointed.
- a) Three calendar years
  - b) Two financial years
  - c) Three financial years
  - d) Four financial years
- 12) An independent director shall hold office for a term up to ..... on the Board of a company.
- a) One consecutive years
  - b) Three consecutive years
  - c) Two consecutive years
  - d) Five consecutive years
- 13) Mr. Salman was appointed as an Independent director as on 31<sup>st</sup> March 2010, after expiry of 5 years Mr. salman can be eligible for re-appointment on passing .....
- a) Special resolution
  - b) Ordinary resolution
  - c) Board Resolution
  - d) No resolution is required
- 14) The provisions of retirement of directors by rotation covered under sub-sections (6) and (7) of

- section 152 shall not be applicable to appointment of .....
- a) Resident director
  - b) Independent Director
  - c) Woman Director
  - d) None of the above
- 15) As per section 150 responsibility of exercising due diligence before selecting a person as an independent director from the data bank referred to above, shall lie with the .....
- a) Central Government
  - b) MCA
  - c) Company
  - d) All of the Above
- 16) Mr. Johny was appointed as an Independent Director at the Annual General Meeting of the company held on 9-10-2015 for a period of one year. Again, he was appointed in the subsequent Annual General Meeting held on 8-10-2016 for a period of two years as his second consecutive term. whether he can be again appointed in the Annual General Meeting to be held in September 2018 for another period of 2 years to complete his total term of 5 years?
- a) Mr. Johny can be appointed for 2 more years.
  - b) Mr. Johny cannot be appointed for 2 more years.
  - c) Mr. Johny can be appointed for 2 more years, after passing special resolution.
  - d) Mr. Johny can be appointed for 2 more years, after seeking board's approval.
- 17) "Small Shareholders" means a shareholder holding shares of ..... of not more than ₹ 20,000 or such other sum as may be prescribed.
- a) Market Value
  - b) Nominal Value
- 18) Amar Textiles Limited, a listed company, engaged in the production of furniture and fittings in Pune. The company is having 50,000 small shareholders. The small shareholders wanted to elect a small shareholders' directors amongst themselves so that their issues are resolved during the Board meetings at the earliest. 500 small shareholders served a notice for appointment of a small shareholder in the Board. Decide the validity of the notice by the small shareholders:
- a) Notice by 500 small shareholders is valid and company may appoint a small shareholder director.
  - b) Notice by 500 small shareholders is not valid and company may appoint a small shareholder 'director on the requisition of 1000 small shareholders.
  - c) Notice by 500 small shareholders is not valid and company may appoint a small shareholder director on the requisition of 5000 small shareholders.
  - d) Small shareholders director cannot be appointed in the company as the company doesn't fulfil the condition for appointment of small shareholders' director.
- 19) A ..... may have one director elected by such small shareholders in such manner and on such terms and conditions as may be prescribed.
- a) Listed company
  - b) Public company
  - c) Private company having turnover more than ₹ 100 Cr
  - d) Private company having Share capital more than ₹ 1000 Cr

- 20) Is it possible to appoint a person who does not hold any share in the company, as small shareholders' director?
- Yes.
  - No.
- 21) Tenure as small shareholders' director shall not exceed a period of ..... consecutive years.
- Two
  - Three
  - Five
  - Ten
- 22) Small Shareholders intending to propose a person as small shareholder director shall give notice to company at least ..... days before the meetings in writing .
- 7
  - 14
  - 21
  - 30
- 23) If no manner and no name is specified in AOA for appointment of first directors, how will they appoint?
- Determined by lot
  - Voting
  - All Subscribers to MOA will become
  - None of the above
- 24) A person appointed as a director shall gives his consent to hold the office as director and such consent has been filed with the Registrar within thirty days of his appointment in Form .....
- DIR – 11
  - DIR – 12
  - DIR – 3
  - DIR – 6
- 25) Unless the articles provide for the retirement of all directors at every annual general meeting, not less than ..... of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation.
- $\frac{2}{3}^{\text{rd}}$
  - $\frac{1}{3}^{\text{rd}}$
  - $\frac{1}{2}$
  - $\frac{1}{4}^{\text{th}}$
- 26) Stylish Technology Limited engaged in the manufacturing of mobiles and chargers. The company's Board of Directors consist of 8 directors i.e. Mr. Ram (Director), Mr. Shyam (Director), Mr. Mohan (Director), Mr. Vijay (Director), Mr. Naresh (Director), Mr. Ashish (Independent Director), Mr. Neeraj (Independent Director) and Mr. Anil (Small shareholders' director). Calculate the number of directors to retire at Annual General Meeting held on 15th September, 2018.
- One
  - Two
  - Three
  - Four

- 27) Prince Ltd. desires to appoint an additional director on its Board of directors. The Articles of the company confer upon the Board to exercise the power to appoint such a director. As such M is appointed as an additional director on 12th December, 2017. The Annual General Meeting ought to have been held on 17th August, 2018 but adjourned to 5th October, 2018. Decide the date upto which M can continue as director in Prince Ltd.?
- 17th August, 2018
  - 30th September, 2018
  - 5th October, 2018
  - The appointment of additional director is not valid.
- 28) Mr. Q, a Director of PQR Limited proceeding on a foreign tour for six months, appointed Mr. Y as an alternate director to act for him during his absence. The articles of the company provide for appointment of alternate directors. Mr. Q claims that he has a right to appoint alternate director. Examine the validity of Mr. Q claim.
- Claim by Mr. Q is valid as the Articles provide for appointment of alternate directors
  - Claim by Mr. Q is not valid as the authority to appoint alternate director has been vested in the board of directors only and that too subject to empowerment by the Articles
  - Mr. Y cannot be appointed as alternate director as Mr. Q proceeds on a foreign tour for six months only
  - None of the above
- 29) Mr. B, director of XRL Company from 2006. He got his DIN allotted to him on May 6, 2017. By what date he should have intimated his DIN to XRL Company?
- Before May 20, 2017
  - Before June 6, 2017
  - Before July 6, 2017
  - Before August 6, 2017
- 30) Mr. M is a businessman and he owns number of companies. As of now, he is Director in 21 Companies. As his number of Directorship contravenes the provision of the Act, his consultant have asked him to resign from 2 Companies. However there is one more condition regarding number of Directorship in Public Companies. What is that Condition?
- maximum number of public companies in which a person can be appointed as a director shall not exceed Ten;
  - maximum number of public companies in which a person can be appointed as a director shall not exceed Five;
  - maximum number of public companies in which a person can be appointed as a director shall not exceed Fifteen;
  - maximum number of public companies in which a person can be appointed as a director shall not exceed Twenty;
- 31) Section 152(6) & (7), shall not apply to –
- Government company, which is not listed company, in which not less than 51% of paid up share capital is held by Central Government, or by any State Governments or by Central Government & one or more State Governments;
  - Government company, which is listed company, in which not less than 51% of paid up share capital is held by Central Government, or by any State Governments or by Central Government & one or more State Governments;
  - Government company, which is not listed company, in which not less than 50% of paid up share capital is held by Central Government, or by any State Governments or by Central

Government & one or more State Governments;

d) Government company, which is not listed company, in which not less than 51% of paid up share capital is held by Central Government.

32) Every individual, who is to be appointed as director of a company shall make an application electronically in Form ....., to the Central Government for the allotment of a DIN.

- a) DIR – 6
- b) DIR – 1
- c) DIR – 3
- d) DIR – 2

33) Mr. Anil singh, applied for the first time for allotment of a Directors identification Number (DIN) on 1st November, 2016 as he is planning to incorporate a private limited company in Form No. DIN-3 under The Companies Act, 2013. The status of his DIN applications presently is showing as "Put Under Resubmission". Within ..... days Anil singh needs to resubmit the application.

- a) 30 days
- b) 15 days
- c) 1 month
- d) 90 days

34) Every existing director shall, within ..... of the receipt of DIN from the Central Government, intimate his DIN to the company or all companies wherein he is a director.

- a) 30 days
- b) 15 days
- c) 1 month
- d) 90 days

35) The Nomination and Remuneration Committee of Hero Ltd recommended to appoint Mr. Amitabh as an Independent director. As per section 160 Mr. Amitabh needs to deposit .....

- a) ₹ 1,00,000
- b) No deposit required
- c) ₹ 50,000
- d) ₹ 10,00,000

36) As per section 160 deposit shall be refunded to such person or, as the case may be, to the member, if the person proposed gets elected as a director or gets more than .....

- a) 25%
- b) 21%
- c) 20%
- d) 35%

37) Under section 160, deposit in case of NIDHI company shall be

- a) 1,00,000
- b) 10,000
- c) No deposit required
- d) 10,00,000

38) The articles of a company may confer on its ..... the power to appoint any person as an additional director at any time.



- a) Shareholders
  - b) Board of Directors
  - c) Members
  - d) Central Government
- 39) The Annual General Meeting of company should have been held on 10<sup>th</sup> Sept. 2018 but due to want of quorum meeting is adjourned. Mr. Rishabh who was appointed as an additional director shall hold office till .....
- a) Appointment of another director
  - b) 10<sup>th</sup> Sept. 2018
  - c) 17<sup>th</sup> Sept. 2018
  - d) 9<sup>th</sup> Dec. 2018
- 40) The Board of Directors of a company may, if so authorised by its articles or by a resolution passed by the company in general meeting, appoint to a person to act as an alternate director for a director (original director) during his absence for a period not less than ..... from India.
- a) 1 month
  - b) 2 months
  - c) 3 months
  - d) 4 months
- 41) Mr. A, a Director of ABC Limited proceeding on a long foreign tour, appointed Mr. B as an alternate director to act for him during his absence. The articles of the company provide for appointment of alternate directors. Mr. A claims that he has a right to appoint alternate director.
- a) Appointment of Alternate director can be made only by Board of Directors.
  - b) Appointment of Alternate director can be made Mr. A
  - c) Appointment of Alternate director can be made only by Shareholders.
  - d) Appointment of Alternate director can be made only by Central Government.
- 42) In XYZ Ltd. there are 4 directors Mr. X, Mr. Y, Mr. Z and Mr. P . Mr. X went to London for the period of 4 months. The board of directors appointed Mr. P as an Alternate director in place of Mr. X. The said appointment is .....
- a) Valid
  - b) Void
- 43) Mr. P who is not qualified to be appointed as an independent director is appointed by the Board of Directors of XYZ Company Limited, for an independent director, as an alternate director. The said appointment is .....
- a) Valid
  - b) Void
- 44) The Board of directors of XYZ Ltd. filled up a casual vacancy caused by the death of Mr. P by appointing Mr. C as a director on 3rd April, 2014. Unfortunately Mr. C expired on 15th May, 2014 after working about 40 days as a director. Further appointment of director shall be made by .....
- a) Board of Directors
  - b) Members at general meeting
  - c) None of the above
  - d) Any of the above



- 45) Casual vacancy filled by board of directors shall be subsequently approved by .....  
a) Members in the immediate next general meeting  
b) Central Government  
c) No need of Approval  
d) (a) Or (b)
- 46) Bollywood Pvt. Ltd. appointed 3 directors by a single resolution. The said appointment is.....  
a) Void  
b) Valid – only if the meeting first agreed that the appointment shall be made by a single resolution and no vote has been cast against such agreement.  
c) Valid without any restriction  
d) Valid at the opinion of board
- 47) Mr. Rajesh is a Director of AB Limited and PQ Limited. AB Limited did not file financial statements for the years ended 31st March, 2010, 2011 and 2012. Mr. Rajesh is proposed to be appointed as Additional Director of XY Limited in June, 2014. Is he eligible to be appointed as Additional Director in XY Limited?  
a) Yes  
b) No
- 48) Mr. Mahesh, who was caught red-handed in a shop lifting case two years ago, was convicted by a court and sentenced to imprisonment for a period of eight weeks. Is he eligible to appoint as a director?  
a) Yes  
b) No
- 49) Mr. Ramu is a director in 15 Private limited, 1 Dormant company (covered under section 455) & 4 Public limited. Whether Mr. Ramu appointed as a director in Mask Pvt. Ltd.?  
a) Yes  
b) No
- 50) Where all the directors of company vacate their office under any of the disqualifications specified, the ..... shall be appointed till the required number of directors who shall hold office till the directors are appointed by the company in general meeting.  
a) Promoter  
b) Members  
c) CFO  
d) Central Government
- 51) If a person has been convicted of any offence and sentenced for more than or equal to 7 years  
a) He will be ineligible to act as director for 5 years  
b) He will be ineligible to act as director for lifetime  
c) He will be ineligible to act as director for 10 years  
d) None of the above
- 52) Tally limited is a listed company with a turnover of Rs. 60 crores in the FY 2016-2017. The company appoints Ms. R as the women director on 1st March 2017. Ms. R is already a director in twelve companies including ten public companies. Also, Ms. R is chartered accountant in practice. Whether appointment of Ms. R is valid?  
a) Yes

b) No

53) The office of a director shall become vacant in case [Section 167(1)] - he absents himself from all the meetings of the Board of Directors held during a period of ..... with or without seeking leave of absence of the Board.

- a) Twelve months
- b) Three months
- c) Six months
- d) Four months

54) The company shall within 30 days from the date of receipt of notice of resignation from a director, intimate the Registrar in Form ..... and post the information on its website, if any.

- a) DIR-6
- b) DIR-3
- c) DIR-11
- d) DIR-12

55) A company may, by ....., remove a director other than a director appointed by the Tribunal under section 242 of the Act, before the expiry of the period of his office after giving him a reasonable opportunity of being heard.

- a) special resolution
- b) ordinary resolution
- c) board resolution
- d) Any of the above

56) Section 170(2) further provides that a return containing particulars and documents as may be prescribed, of the directors and the key managerial personnel shall be filed with the Registrar within 30 days from the .....

- a) Appointment of every director and key managerial personnel
- b) Annual General Meeting
- c) Board Meeting
- d) (b) or (c)

57) The register of directors and Key Managerial personnel kept under section 170(1) shall be open for inspection during .....

- a) 24\*7
- b) business hours
- c) 10.00am to 6.00pm
- d) 11.00am to 7.00pm

**Answer :-**

1	d	9	a	17	b	25	a	33	b	41	a	49	a	57	b
2	a	10	b	18	b	26	a	34	c	42	b	50	a		
3	d	11	c	19	a	27	b	35	b	43	b	51	b		
4	d	12	d	20	a	28	b	36	a	44	b	52	b		
5	d	13	a	21	b	29	b	37	b	45	a	53	a		
6	d	14	b	22	b	30	a	38	b	46	b	54	d		
7	b	15	c	23	c	31	a	39	b	47	b	55	b		
8	b	16	b	24	b	32	c	40	c	48	a	56	a		

## **Ch 2 - Appointment & Remuneration of Managerial Personnel**

- 1) Sophia group of companies appointed Mr. Ram as managing Director and Mrs. Rani as manager at the same time. Mr. Babulal a member claims that managing director and manager cannot be appointed at the same time. Contention of Mr. Babulal is \_\_\_\_\_
  - a) Correct
  - b) Incorrect
- 2) A Company cannot appoint or reappoint any MD, WTD or manager for a term exceeding \_\_\_\_\_ years.
  - a) 2 years
  - b) 5 years
  - c) 7 years
  - d) 12 years
- 3) Mr. X was appointed as Managing Director for life by the Articles of Association of a private company incorporated on 1st June, 2018. Examine in this connection, Can Mr. X be appointed for life as Managing Director?
  - a) Yes, Mr. X can be appointed as managing director for life in a private company
  - b) No, Mr. X cannot be appointed as managing director for life in private company as only public companies are allowed to appoint managing director for life
  - c) No, Mr. X cannot be appointed as managing director for life in private company as term of managing director cannot exceed five years at a time
  - d) No, Mr. X cannot be appointed as managing director for life in private company as private companies are not allowed to appoint managing director.
- 4) Key managerial personnel in relation to a company, means:
  - a) The managing director
  - b) The company secretary
  - c) Both (a) & (b)
  - d) None of the above
- 5) No company shall appoint or continue the employment of any person as managing director, whole-time director or manager who has attained age of years
  - a) 60
  - b) 65
  - c) 70
  - d) 75
- 6) A complaint was received by the Central Government from some shareholders of a public company that a person had been appointed as the Managing Director of the company without seeking the approval of the Central Government.
  - a) Approval of Central Government is required at the time of appointment of Managing director.
  - b) Approval of Central Government is required only if conditions of Schedule V are not complied.
  - c) Approval of Central Government is required only if conditions of Section 196(3) are not complied.
  - d) Approval of central government is not required in any of the case.

- 7) You are a Whole Time Director of Choco-chips Private Limited who wishes to appoint Mr. Vanilla Sequera as its Managing Director who has attained the age of 72 years. However, the Board has got to know about the fact that no company shall appoint or continue the employment of any person as managing director, whole-time director or manager who is below the age of twenty-one years or has attained the age of seventy years. You are requested by the board to evaluate the situation and suggest on whether he can be appointed as Managing Director?
- Yes, he can be appointed as MD by the Board of Directors;
  - No, he cannot be appointed as MD at all;
  - Yes, he can be appointed as MD by shareholders through Special Resolution;
  - Yes, he can be appointed as MD by making an application to the NCLT.
- 8) There are four directors in Shine Paper Limited. Mr. Madhav, being the director in station, has been authorized to draw and endorse cheque or other negotiable instruments on account of the company and also to direct registration of transfer of shares and signing the share certificates etc. Whether as per provisions of the Companies Act, 2013, he will be treated as managing director of the company?
- Yes
  - No
- 9) Mr. A was appointed as a Manager of PQR Ltd for the period of five years on 20<sup>th</sup> June, 2015. Considering his performance and dedication, before completion of his tenure, management decided to re-appoint him as a manager. On which date his re-appointment will be considered valid?
- 24th June 2019
  - 1st February 2019
  - 12th March 2018
  - 10th September 2018
- 10) Every public company having a paid-up share capital of or more shall have whole-time key managerial personnel:
- 1 crore
  - 5 crore
  - 10 crore
  - 100 crore
- 11) If the office of any whole-time KMP is vacated, the resulting vacancy shall be filled-up by the Board at a meeting of the Board within a period of ..... from the date of such vacancy
- Three Months
  - Six Months
  - One Month
  - Nine Months
- 12) Minakshi was proposed to be appointed as WTD. She has stayed in India for a period of 184 days in previous years. Is she a resident person & thus be appointed as WTD?
- Yes
  - No
- 13) Form no. \_\_\_\_\_ shall be filed along with prescribed fees and shall be filed with registrar within \_\_\_\_\_ days of appointment of particular WTD/MGR.

- a) MR1, 60
  - b) MR2, 60
  - c) MR1, 30
  - d) MR2, 20
- 14) ABP Ltd. is a Company having paid up Capital of INR 100,000,000. It needs to appoint key managerial personnel. It can use combination of:
- (i) Chief Executive officer, Company Secretary and Manager
  - (ii) Chief Executive officer, Company Secretary and Chief Financial officer
  - (iii) Managing Director, Company Secretary and Manager
  - (iv) Managing Director, Company Secretary and Chief Executive officer
- Which options are available for the Company?
- a) (ii) & (iii)
  - b) (iii) & (iv)
  - c) (ii) & (iv)
  - d) (iii) & (iv)
- 15) No company shall appoint in the employment of any person as managing director, whole-time director or manager who- is below the age of .....
- a) 18 Years
  - b) 21 Years
  - c) 22 Years
  - d) 25 Years
- 16) Schedule V to the Companies Act, 2013, has prescribed additional conditions for managing or whole time director or a manager to be eligible for appointment - he had not been sentenced to imprisonment for any period, or to a fine exceeding ....., for the conviction of an offence under 16 Acts as specified under Schedule V.
- a) ₹ 10,000
  - b) ₹ 1,00,000
  - c) ₹ 1,000
  - d) ₹ 500
- 17) The terms and conditions and remuneration approved by Board of Directors for appointment of MD, WTD & Manager shall be subject to the approval of .....
- a) Shareholders by a resolution at the next general meeting of the company
  - b) NCLT
  - c) Central Government
  - d) None of the above
- 18) where an appointment of a managing director, whole-time director or manager is not approved by the company at a general meeting, any act done by him before such approval shall deemed to be .....
- a) Void
  - b) Voidable
  - c) Valid
  - d) Will be decided according to duration of work done
- 19) Capable Limited appoints Mr. Vikas as the Managing director of the company. The board of directors entrusted him with some powers. Mr. Vikas is not ready to do such administrative

acts authorised by the Board of Directors keeping in view that he shall be entrusted with substantial powers of the management. Decide the acts which Mr. Vikas can undertake:

- a) To draw and endorse any cheque on the account of the company in any bank
  - b) To sign the financial statements of the company
  - c) To draw and endorse any negotiable instrument
  - d) to Sign any certificate of share
- 20) ..... means an individual who subject to superintendence, control and direction of BOD has management of whole, substantially the whole of affairs of the company and includes a director.
- a) MD
  - b) WTD
  - c) Manager
  - d) None of the above
- 21) Directors including managing director, WTD, and manager of public companies are eligible to maximum ..... % of profits of company for that FY.
- a) 1
  - b) 3
  - c) 10
  - d) 11
- 22) Sitting fees of Directors shall not exceed ..... per meeting of board of committee thereof.
- a) Rs. 5 lakh
  - b) Rs.1 lakh
  - c) Rs. 10 lakh
  - d) None of the above
- 23) Is independent director entitled to any stock options by the company?
- a) Yes
  - b) No
- 24) Any independent director can receive remuneration by way of .....
- a) Sitting fees
  - b) Reimbursement of expenses for participation in meetings
  - c) Profit related commission as approved by members
  - d) All of the above
- 25) If any insurance is taken by company on behalf of MD, WTD, Manager, CEO, CFO etc. and premium paid and if person is found guilty than premium paid shall be \_\_\_\_\_
- a) Considered as part of remuneration
  - b) Cannot be considered as remuneration
- 26) Star Health Specialties Ltd. owns a Multi-specialty Hospital in Chennai. Dr. Hamilton, a practising Heart Surgeon, has been appointed by the company as its director and it wants to pay him fee, on case to case basis, for surgery performed on the patients at the hospital. A question has arisen whether payment of such fee to him would amount to payment of managerial remuneration to a director subject to any restriction under the Companies Act, 2013.

- a) Professional fee of Dr. Hamilton shall not be construed as a Managerial Remuneration under the Act
  - b) Professional fee of Dr. Hamilton shall be construed as a Managerial Remuneration under the Act
- 27) Mr. X, a Director of MJV Ltd., was appointed on 1st April, 2012. The company was not in a position to pay any remuneration but he was paid Rs. 50 lacs for the year, as paid to other directors. The effective capital of the company is Rs. 150 crores. Referring to the provisions of Companies Act, 2013, as contained in Schedule V, examine the validity of the above payment of remuneration to Mr. X.
- a) Valid
  - b) Void
- 28) Mr. X in FY 17-18 had no profits. It can pay remuneration upto ..... lakhs to its managerial person if its effective capital is 80 crores.
- a) 60 Lakhs
  - b) 84 Lakhs
  - c) 120 Lakhs
  - d) 92 Lakhs
- 29) An shall not be entitled to any stock option.
- a) Whole time director
  - b) Managing director
  - c) Woman director
  - d) Independent director
- 30) The treatment when excess remuneration is paid to director than the mentioned limits shall be
- a) Director shall refund the extra remuneration paid.
  - b) Company can waive the recovery of any sum refundable to it.
  - c) Both a & b
  - d) None of the above.
- 31) Mr. N, Managing Director resigned w.e.f. 13th March, 2014 due to preoccupation. Mr. M, Whole Time Director and Mr. O, Director, resigned w.e.f. 20th March, 2015 as a part of reconstruction of the company. Mr. M and Mr. O made an application to the Board for compensation for loss of office. When Mr. N came to know that he also asked for compensation. Who will be eligible for such compensation?
- a) Mr. N;
  - b) Mr. M;
  - c) Mr. N & Mr. M;
  - d) Mr. M & Mr. O;
- 32) Can an individual be appointed or reappointed as chairperson of the company as per AOA as well as MD or CEO at the same time?
- a) Yes
  - b) No
- 33) Every key managerial personnel shall be appointed by means of ..... resolution containing the terms and conditions of appointment including remuneration.
- a) Board
  - b) General



- c) Ordinary
  - d) Special
- 34) If whole time KMP is holding office is more than one company at the same time of commencement of act he shall within ..... months from such commencement choose one company in which he wishes to hold office of KMP.
- a) 4 months
  - b) 6 months
  - c) 9 months
  - d) 12 months
- 35) Every public company with \_\_\_\_\_ shall appoint secretarial auditor.
- a) Paid up share capital of Rs.50 crore or more
  - b) Turnover of 250 crore or more
  - c) Both a & b
  - d) None of the above
- 36) Sec 205 deals with .....
- a) Secretarial audit of big companies
  - b) Penalties for contravention of secretarial provisions
  - c) Functions of company Secretary
  - d) b & c
- 37) Where effective capital of 4.5 crore limit of yearly remuneration paid shall not exceed Rs.....
- a) Rs. 84 lakhs
  - b) Rs. 120 lakhs
  - c) Rs. 120 lakhs + 0.01% of effective capital
  - d) Rs. 60 lakhs
- 38) As per Schedule V Limit of yearly remuneration of directors can be doubled by passing a .....
- a) Special resolution
  - b) Specific resolution
  - c) General resolution
  - d) Ordinary Resolution
- 39) In calculation of net profit for purpose of determining remuneration payable profits on sales by the company of forfeited shares shall not be de ducted from profit
- a) True
  - b) False
- 40) In calculation of net profit for purpose of determining remuneration payable bounties and subsidies received from any Government shall be added to profit
- a) True
  - b) False
- 41) Compensation for loss of office of whole time director shall not be paid in following cases:
- a) Where the director resigns from his office on account of reconstruction of the company or its amalgamation
  - b) Where the director has instigated, or has taken part directly or indirectly in bringing about, the termination of his office.
  - c) Both a & b
  - d) None of the above

- 42) Following perquisites shall not be included in computation of the ceiling on remuneration specified in section II & III
- Encashment of leave
  - Contribution to provident fund
  - None of the above
  - Both a & b
- 43) MD is entrusted with
- Substantial powers of management
  - Substantial powers of management, not exercisable by a director
  - Substantial powers of management, exercisable by a director
  - Both (b) & (C)
- 44) No company can appoint any person as MD if he has attained 70 years of age unless
- OR has been passed
  - SR has been passed
  - No SR is passed but votes cast in favour exceed votes cast against it and CG is satisfied
  - CG satisfied
- 45) Section 196(2) is not applicable
- Listed company
  - Pvt. Ltd. Company
  - IFSC Company
  - Government Company
- 46) While calculating effective working capital loans are to be
- Included
  - Excluded
  - Included upto 50%
  - None of the above
- 47) Secretarial standards are standards issued by ICSI and approved by .....
- ICAI
  - CG
  - NFRA
  - National Advisory Committee

**Answers:-**

1	a	9	a	17	a	25	a	33	a	41	c
2	b	10	c	18	c	26	a	34	b	42	d
3	c	11	b	19	b	27	a	35	c	43	b
4	c	12	a	20	c	28	b	36	c	44	c
5	c	13	a	21	d	29	d	37	d	45	d
6	b	14	c	22	b	30	a	38	a	46	b
7	c	15	b	23	b	31	b	39	b	47	b
8	b	16	c	24	d	32	b	40	a		

## Ch 3 - Meetings of Board and its Powers

- 1) First Board meeting: Every company shall hold the first meeting of Board of Directors within \_\_\_\_ days of the date of incorporation.
  - a) 45
  - b) 60
  - c) 30
  - d) 15
- 2) Sec 173 allows directors to attend Board meetings \_\_\_\_\_.
  - a) Through video conferencing
  - b) In person
  - c) Other audio visual means as may be prescribed.
  - d) All of the above
- 3) Every company shall hold minimum of \_\_\_\_\_ meetings every year provided that the gap between two consecutive board meetings shall not be more than \_\_\_\_\_.
  - a) 4, 150
  - b) 3, 150
  - c) 3, 120
  - d) 4, 120
- 4) Every dormant company shall hold minimum of meetings
  - a) At least one meeting of the Board of Directors in each quarter of a year.
  - b) At least one meeting of the Board of Directors in each half of a calendar year.
  - c) At least four meetings of the Board of Directors in each calendar year.
  - d) None of the above.
- 5) One Person Company in which there is only 1 director on its Board, it shall not be required to hold at least two Board meetings in each half of a calendar year:
  - a) True
  - b) False
- 6) Board meeting has to be conducted for approval of annual financial statements. Meeting can be conducted in the following manner
  - a) Video Conferencing
  - b) Audio Visual means
  - c) Both a & b
  - d) None of the above
- 7) Minutes shall be entered in the minute book signed by the
  - a) CFO
  - b) General Manager
  - c) Chairperson
  - d) None
- 8) The quorum for a Board Meeting shall be
  - a) one-half its total strength or one director, whichever is higher
  - b) one fourth of its total strength or two director, whichever is lower
  - c) one-third of its total strength or two directors, whichever is higher

- d) one-third of its total strength or two directors, whichever is lower
- 9) The directors who participate by video conferencing or by other audio visual means shall also be counted for the purpose of determining the quo rum at the meeting
- a) True
  - b) False
- 10) The \_\_\_\_\_ shall take due and reasonable care to ensure that no person other than the concern directors are attending or have access to the proceedings of meetings through video conferencing mode or other audio visual means.
- a) Chairperson of meeting
  - b) Company Secretary, if any
  - c) Both (a) & (b)
  - d) Either(a) or (b)
- 11) The draft minutes of the meeting shall be circulated among all the directors within \_\_\_\_\_ days of the meeting either in writing or in electronic mode as may be decided by the Board.
- a) 15
  - b) 30
  - c) 45
  - d) 60
- 12) According to sec 173(3), every board meeting shall be called by giving at least \_\_\_\_\_ days in writing to the directors at their registered address (whether in India or outside India).
- a) 7 days
  - b) 14 days
  - c) 21 days
  - d) 30 days
- 13) Notice for meeting shall be sent to \_\_\_\_\_ directors.
- a) Additional
  - b) Alternate
  - c) Managing
  - d) All
- 14) The notice may be sent by \_\_\_\_\_.
- a) Post
  - b) Electronic means
  - c) Hand delivery
  - d) Any of the above
- 15) Mr. X, a director of the company, intimated of his participation in the meeting scheduled on August, 2018. He declared his participation through electronic mode, in June 2017. State whether Mr X is entitled to participate in the meeting to be conducted in August 2018 –
- a) Yes, intimate about such participation was made at the beginning of the calendar year
  - b) No, because intimation was made in previous calendar year
  - c) Yes, because company was intimated of its participation in the meeting.
  - d) No, because valid period of declaration (i.e., 1 year) of his participation expired.

- 16) According to the Companies Act, 2013, the draft minutes of a Board meeting held through audio visual means shall be circulated among all the directors within \_\_\_\_\_ of the meeting:
- 10 days
  - 15 days
  - 30 days
  - One month
- 17) Seafood Limited, a public limited company was incorporated on 1st April, 2016. The company has conducted four Board Meetings during the financial year 2016-17 i.e. on 6th April, 2016, 28th August, 2016, 30th September, 2016 and 30th March, 2017. Decide on the validity of the frequency of the Board Meeting:
- There is no contravention of the provision related to holding of board meeting as 4 board meetings has been held during the year.
  - There is no contravention of the provision related to holding of board meeting as the first board meeting was held within 30 days of incorporation.
  - There is a contravention in respect of the conduct of the board meetings as gap between two consecutive board meetings (6th April and 28th August) is 143 days and gap between two consecutive board meetings (30th September and 30th March) is 181 days.
  - There is a contravention in respect of the conduct of the board meetings as gap between two consecutive board meetings (6th April and 28th August) is 123 days and gap between two consecutive board meetings (30th September and 30th March) is 141 days.
- 18) There are 9 directors in a company and out of which 2 officers of the directors have fallen vacant. What will be the quorum for the board meeting?
- 2
  - 3
  - 4
  - 5
- 19) Mr. Rajesh Jathar and Mr. Veena Jathar are the shareholders of NY Private Limited. Mr. Jathar is out of Country for business purpose. They have to have a Board meeting through video conference to comply with the requirements. Which of the following items they cannot discuss in such meeting?
- Approval of Board's report.
  - Appointment of Managing Director.
  - Convening of General meeting.
  - Transfer of Shares.
- 20) Companies covered under section 8 of the Companies Act, 2013 shall constitute quorum for the Board meeting as:
- Either eight members or 25% of its total strength whichever is less. Provided that quorum shall not be less than two members
  - Either eight members or 10% of its total strength whichever is less
  - Either eight members or 25% of its total strength whichever is less. Provided that quorum shall not be less than three members.
  - Either eight members or 25% of its total strength whichever is less.

- 21) One Person Company in which only one Director on its board of Directors shall also be required to hold at least one board meeting in each of a calendar year.
- a) Correct
  - b) Incorrect
- 22) The provisions of section 174 mutatis mutandis on One Person company in which there is only one director on its board of directors
- a) Correct
  - b) Incorrect
- 23) Mr Abhishek went on Bangkok tour and appointed proxy in his absence. Ms. Priya other director claimed that a director cannot appoint proxy. Is contention of Ms. Priya valid as per provisions of companies Act?
- a) True
  - b) False
- 24) A secretary has \_\_\_\_\_ to call a board meeting on his own.
- a) Authority
  - b) No Authority
- 25) If at least \_\_\_\_\_ of total number of directors of the company for the time being require that any resolution under circulation must be decided at a meeting, the chairperson shall put the resolution to be decided at meeting of the Board (Instead of being decided by circulation).
- a) One third
  - b) One fourth
  - c) Half
  - d) Two third
- 26) Audit committee shall be constituted by following:
- a) Every Listed company
  - b) All public companies having turnover of 100 crore rupees or more
  - c) Both (a) & (b)
  - d) None of the above
- 27) The responsibilities of audit committee are:
- a) Valuation of undertakings or assets of the company, wherever it is necessary
  - b) Scrutiny of inter-corporate loans and investments
  - c) The recommendation for appointment, remuneration and terms of auditors of the company
  - d) All of the above
- 28) For section 8 companies, the Audit Committee shall consist of a minimum of 3 directors with independent directors not necessarily forming a majority
- a) True
  - b) False
- 29) The Companies which have borrowed money from banks and public financial institutions in excess of rupees shall constitute Vigil mechanism
- a) 20 Crore
  - b) 30 Crore

- c) 15 Crore
  - d) 50 Crore
- 30) Nomination & Remuneration committee shall be formed by:
- a) Every Listed company
  - b) Unlisted public company with a paid up capital of ten crore rupees or more
  - c) Both (a) & (b)
  - d) None of the above
- 31) Board of directors of a company which consists of more than 1000 at any time during a financial year shall constitute a Relationship Committee.
- a) Debenture holders
  - b) Deposit holders
  - c) Shareholders
  - d) All of the above
- 32) XYZ Limited is an unlisted company engaged in manufacturing of fabrics. The turnover of the company as on the last date of latest audited financial statements is Rs. 100 Crore. The company is having 7 directors in its Audit Committee. Advise the company by choosing the correct option for the company regarding requirement of appointment of independent director and minimum number of independent directors if required?
- a) The appointment of independent directors is mandatorily required under XYZ Limited and the minimum number of independent directors is two.
  - b) The appointment of independent directors is mandatorily required under XYZ Limited and the minimum number of independent directors is three.
  - c) The appointment of independent directors is mandatorily required under XYZ Limited and the minimum number of independent directors is four.
  - d) The appointment of independent directors is not mandatorily required under XYZ Limited.
- 33) According to sub sec 2 of sec 177, the Audit committee shall consist a minimum of \_\_\_\_\_ directors with independent director forming a majority.
- a) 4
  - b) 2
  - c) 3
  - d) 1
- 34) Is the Composition of the Audit Committee mandatorily be disclosed in Board's report.
- a) Yes
  - b) No
- 35) Every Audit committee shall acts in accordance with the term of reference specified in writing by the board which shall, include\_\_\_\_\_.
- a) Examination of financial statements and the Auditor's report thereon
  - b) Scrutiny of the inter-corporate loans and investment.
  - c) Valuation of undertakings or assets of the company wherever it is necessary
  - d) All of the above
- 36) Vigil mechanism shall be performed in the \_\_\_\_\_ company's.
- a) Every listed company



- b) Companies which accept deposits from public
  - c) Both of the above
  - d) None of the above
- 37) A Vigil mechanism shall be formed for \_\_\_\_\_ to report genuine concerns in such a manner as may be prescribed.
- a) Employees
  - b) Directors
  - c) Public
  - d) Only a & b
- 38) The companies which are required to constitute an audit committee shall oversee the vigil mechanism through the committee.
- a) Correct
  - b) Incorrect
- 39) The Nomination and Remuneration committee shall consist of \_\_\_\_\_.
- a) 3 non-executive directors
  - b) 2 non-executive directors
  - c) 3 executive directors
  - d) 2 executive directors
- 40) The Stakeholders Relationship Committed shall considers and resolve the grievances of the \_\_\_\_\_ of the company.
- a) Share holders
  - b) Security holders
  - c) Members
  - d) Directors
- 41) The Board of directors of Very Well Ltd., wants to contribute Rs. 60,000 to a charitable organization during the financial year 2017-2018. During the financial year 2015-2016, the company suffered losses. The directors are contemplating to contribute the said amount in spite of the losses. In this connection, state whether the directors can do so?
- a) No, Very Well Ltd. cannot contribute Rs. 60,000 in 2017-2018 as the company suffered losses in 2015-2016.
  - b) No, the board of directors are not authorized to contribute to bonafide charitable and other funds.
  - c) No, Permission of the company in general meeting shall be required for contribution to bonafide charitable and other funds
  - d) Yes, Very Well Ltd. Can contribute Rs. 60,000 to a charitable organization inspite of losses in 2015-2016 provided it is to a bonafide charitable fund.
- 42) Can BOD delegate it powers if situations so demands?
- a) Yes
  - b) No
- 43) Prior permission of the company in general meeting shall be required for contribution to charitable funds in case any amount the aggregate of which, in any financial year, exceed of its average net profits for the three immediately preceding financial years.
- a) 1%

- b) 3%
  - c) 5%
  - d) 10%
- 44) Following companies can contribute to political parties:
- a) Government Co.
  - b) A company in existence for more than three years
  - c) Both (a) & (b)
  - d) None of the above
- 45) If any loan is advanced or a guarantee is given or provided in of the provisions of section 185, the penalty of minimum of Rs. \_\_\_\_\_ and maximum of Rs. \_\_\_\_\_ shall be levied on the company.
- a) 1 lakh; 20 Lakhs
  - b) 10 Lakhs; 50 Lakhs
  - c) 5 Lakhs; 25 Lakhs
  - d) 3 Lakhs; 30 Lakhs
- 46) The expression "to any other person in whom director is interested" means
- a) Any Body Corporate at a general meeting of which not less than ten per cent of the total voting power may be exercised or controlled by any such director.
  - b) Any firm in which any such director or relative is a partner
  - c) Both (a) & (b)
  - d) None of the above
- 47) Company shall disclose to the members in the financial statement the full particulars of
- a) Investment made or guarantee given or security provided
  - b) Loan given
  - c) The purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security
  - d) All of the above
- 48) Any director of a company or any of its key managerial personnel shall be allowed to buy in the company, or in its holding, subsidiary or associate company
- a) a right, as he may elect, to call for delivery or to make delivery at a specified price and within a specified time, of a specified number of relevant shares or a specified amount of relevant debentures.
  - b) a right to call for delivery or a right to make delivery at a specified price and within a specified time, of a specified number of relevant shares or a specified amount of relevant debentures.
  - c) Both a & b
  - d) None of the above
- 49) If board meeting is called at shorter notice than atleast \_\_\_\_\_ shall be present
- a) One WTD
  - b) One Independent Director if any
  - c) One Women Director
  - d) All of the above
- 50) Minutes of resolution that has been passed by circulation must be in
- a) Same Meeting

- b) Next Meeting
  - c) AGM
  - d) None of the above
- 51) In case of Audit Committee of company, independent forming a majority is not required
- a) Section 8 Company
  - b) Government Company
  - c) Listed Company
  - d) IFSC Company
- 52) XYZ Ltd was into manufacturing business from past 2 FY and was earning huge profits. Hence for the current FY year company decided to make political contributions amounting to Rs. 21,000. Is this allowed?
- a) Yes allowed
  - b) No not allowed
  - c) Allowed but Rs. 10,000 only
  - d) None of the above
- 53) The BOD of the company may contribute to bona fide and other funds.
- a) True
  - b) False
- 54) ONBG, Government company is willing to make political contributions amounting to Rs. 4500. Is this allowed?
- a) Yes allowed
  - b) No not allowed
  - c) Allowed up to Rs.10000
  - d) None of the above
- 55) The Board of Directors of ABV Limited is desirous to delegate some of its powers to its committee of directors as they find it difficult to manage everything on their own. The Board of Directors are confused between the various powers of the Board as which power can be delegated or not. Advise the Board amongst the following powers which they can delegate to its committee of directors:
- a) To authorise buy-back of securities
  - b) To invest the funds of the company
  - c) To diversify the business of the company
  - d) To take over a company or acquire a controlling or substantial stake in another company
- 56) PQR company give its assent to give guarantee to ABZ company on the taking of loan from financial institution. According to the Companies Act, 2013, the said act should be approved by the Board of Directors. State the mode of approval adopted by the board of directors of PQR company-
- a) Board shall give approval for giving guarantee on the loan by simple majority
  - b) Board shall give approval by passing circular resolution.
  - c) Board shall give approval by passing resolution through special majority
  - d) Board shall give unanimous approval.
- 57) Sec 183 has overriding effect on MOA/AOA.
- a) True
  - b) False

- 58) Every director shall disclose his interest in companies during \_\_\_\_\_.  
a) Every meeting thereafter of BOD n every FY  
b) Whenever there is change in disclosures made  
c) First meeting of BOD in which he participates as a DIR  
d) All of the above
- 59) If a contract or engagement entered into by the company without disclosing or participation by director who is concerned or interested in any direct or indirect way, in the contract or the arrangement shall be \_\_\_\_\_.  
a) Valid  
b) Voidable  
c) Void ab initio  
d) None of the above
- 60) While considering auditor's report, auditors shall have a right to but to vote  
a) to be heard; no right  
b) not to be heard; no right  
c) to be heard; full right  
d) represent; no right
- 61) For the purpose of Section 178 unlisted companies exclude  
a) Joint Venture  
b) 100% subsidiary  
c) Dormant Company  
d) All of the above
- 62) For Buy Back of more than 10% of capital, is required  
a) SR  
b) Permission of CG  
c) OR  
d) Permission of ROC
- 63) Directors can enter into Non-Cash transactions with the company and vice – versa only if it is  
a) Approved by board's resolution in board meeting  
b) Approved by company's resolution in general meeting  
c) Both (a) & (b)  
d) None of the above
- 64) Chairperson of Stakeholder's Relationship Committee should be a  
a) Executive Director  
b) Non Executive Director  
c) Women Director  
d) Independent Director
- 65) Contract or Arrangement shall required prior approval of members by \_\_\_\_\_ if the limit u/s 188 is exceed  
a) OR  
b) Unanimous Approval  
c) SR  
d) None of the above
- 66) Section 189 shall apply to section 8 company only if transaction value exceeds

- a) 5,00,000
  - b) 10,00,000
  - c) 1,00,000
  - d) 10,000
- 67) Political Contribution can be made in
- a) Cheque
  - b) NEFT
  - c) Draft or ECS
  - d) Any of the above
- 68) Section 190 is not applicable to
- a) Listed Public company
  - b) Private Company
  - c) Unlisted Public Company
  - d) None of the above
- 69) Any loan made by holding company to its wholly owned subsidiary company or any guarantee given or securities provided by holding company in respect of any loan made to wholly owned subsidiary is allowed.
- a) Correct
  - b) Incorrect
- 70) Sec 185 is applicable to \_\_\_\_\_ companies.
- a) Public
  - b) Private
  - c) Both a & b
  - d) Only Public
- 71) Loans /advances made by company to their employees, other than MD or WTD are not governed by sec 186.
- a) True
  - b) False
- 72) Related Party Transactions \_\_\_\_\_
- a) Are Valid
  - b) Are Void
  - c) can be Voidable at the option of Board.
  - d) Void ab initio
- 73) Following are considered as related parties \_\_\_\_\_.
- a) KMP or his relative
  - b) Firm in which a director manager or relative is partner
  - c) Both a & b
  - d) None of the above
- 74) Every director or KMP within period of \_\_\_\_\_ days of his appointment disclose to the company the particulars relating to his interest in the concern.
- a) 21 days
  - b) 30 days
  - c) 12 days
  - d) 45 days

- 75) The copies of contract of employment shall be open to inspect by any member of the company\_\_\_\_\_ payment of fees.  
 a) With  
 b) Without
- 76) Any arrangement entered into by company in contravention of sec 192 shall be\_\_\_\_\_ at the instance of the company.  
 a) Void  
 b) Voidable  
 c) Valid  
 d) Void ab initio

Answers:-

1	c	11	a	21	a	31	d	41	d	51	a	61	d	71	a
2	d	12	a	22	a	32	c	42	a	52	b	62	a	72	c
3	d	13	d	23	a	33	c	43	c	53	a	63	b	73	c
4	b	14	d	24	b	34	a	44	b	54	b	64	b	74	b
5	a	15	d	25	a	35	d	45	c	55	b	65	a	75	b
6	d	16	b	26	a	36	c	46	b	56	d	66	c	76	b
7	c	17	c	27	d	37	d	47	d	57	a	67	d		
8	c	18	b	28	a	38	a	48	d	58	d	68	b		
9	a	19	a	29	d	39	a	49	b	59	b	69	a		
10	c	20	a	30	c	40	b	50	b	60	a	70	c		

## Ch 4 - Inspection, Inquiry and Investigation

- 1) The term \_\_\_\_\_ implies a systematic and in-depth examination or enquire to establish a fact or to evaluate a specific situation.
  - a) Auditing
  - b) Due diligence
  - c) Investigation
  - d) None of the above
- 2) Investigation is \_\_\_\_\_.
  - a) Mandatory
  - b) Depends on situation
  - c) Voluntary
  - d) None of the above
- 3) Before calling the company to furnish in writing any information or explanations and carrying out inquiry, the Registrar has to inform the company of allegations made against it by a written order.
  - a) Correct
  - b) Incorrect
- 4) Where a Registrar or inspector calls for the books of account and other books and papers under sec 206, it shall be duty of every director, officer or other employee of the company to \_\_\_\_\_.
  - a) To produce all such documents to the registrar or inspector
  - b) To furnish him with such statements, information or explanations in such a form as a Registrar or inspector may require
  - c) To render all assistance to Registrar or inspector in connection with such inspection
  - d) All of the above
- 5) The inspector has reasonable grounds to believe that the books and the papers of ,or relating to, any company or other body corporate or managing director or managing director of the company are likely to be destroyed, mutilated, altered, falsified or secreted, the inspector may \_\_\_\_\_.
  - a) Enter with such assistance as may be required, the place or places where such books and papers are kept in such a manner as may be prescribed
  - b) Seize books and papers as he consider after allowing the companies to take copies of, or extract from, such books and papers at its cost for the purpose of his investigation
  - c) Both of the above
  - d) None of the above
- 6) The Registrar or Inspector making an inspection or inquiry under 206 may, during the course of such inspection or enquiry, \_\_\_\_\_ as the case may be.
  - a) Make or cause to be made copies of the books of account and other books and papers
  - b) Place or cause to be placed any marks of identification in such books in token of the inspection having been made
  - c) A and B



- d) A or B
- 7) \_\_\_\_\_ is an independent examination of financial statements of an entity, when such an examination is conducted with a view to express an opinion thereon.
- a) Due and Diligence
  - b) Auditing
  - c) Investigation
  - d) None of the above
- 8) If a director or an officer of the company has been convicted of an offence under this section, the director or the officer shall, on and from the date on which he is so convicted, be deemed to have vacated his office as such and on such vacation of office, shall be disqualified from holding an office in the company.
- a) Correct
  - b) Incorrect
- 9) SFIO is to be established as per sec \_\_\_\_\_ of the company Act, 2013
- a) Sec 210
  - b) Sec 211
  - c) Sec 209
  - d) Sec 212
- 10) The Central Government shall, by notification, appoint the director in SFIO, who shall be an officer not below the rank of a Joint secretary to Government of India having Knowledge and experience in dealing with the matters relating to corporate affairs.
- a) Correct
  - b) Incorrect
- 11) \_\_\_\_\_ is of the opinion that it is necessary to investigate into the affairs of the company by the SFIO, the central government may , by order, assign the investigation into the affairs of the said company to the SIFO.
- a) Public interest
  - b) On request of any department of the central government or a state government
  - c) On receipt of a report of the Registrar or inspector
  - d) All of the above
- 12) The \_\_\_\_\_, who are or have been in employment of the company shall be responsible to provide all information, explanation, documents and assistance to the investigation officer as he may require for conduct of the investigation.
- a) Officer
  - b) Company
  - c) Employee
  - d) All of the above
- 13) The SFIO shall submit the investigation report to the \_\_\_\_\_ on completion of the investigation.
- a) Central Government
  - b) Directors

- c) Experts
  - d) None of the above
- 14) Section \_\_\_\_\_ of the Companies Act, 2013 provides for security for payment of costs and expenses of investigation.
- a) Sec 212
  - b) Sec 213
  - c) Sec 211
  - d) Sec 214
- 15) Where an investigation is ordered by Central Government in pursuance of relevant clause required the applicant to give such security \_\_\_\_\_ rupees as may be prescribed, as it may think fit, for payment of the cost and expenses of the investigation.
- a) Min 20,000
  - b) Max 25,000
  - c) Min 25,000
  - d) Max 20,000
- 16) Shall security amount be refunded to the applicant if the investigation results in prosecution?
- a) Yes
  - b) No
- 17) Where it appears to the Central Government that there is a reason to do, it may appoint one or more inspector to investigate and report on matters relating to company, and its membership for the purpose of determining the true person to know.
- a) Who are or have been financially interested in the success or failure, whether real or apparent, of the company
  - b) Who are or have been able to control or to materially influence the policy of the company
  - c) a or b
  - d) a and b
- 18) The inspector shall not keep in his custody any books and papers produced under point for more than \_\_\_\_ days and return the same to the company, body corporate, firm or individual by whom or on whose behalf the books and papers are produced.
- a) 360
  - b) 45
  - c) 120
  - d) 180
- 19) \_\_\_\_\_ is not necessarily restricted to a year, it can extend to period consisting of number of years.
- a) Investigation
  - b) Auditing
  - c) Due and Diligence
  - d) None of the above

- 20) Section \_\_\_\_\_ of the companies Act, 2013 provides power for inspector to conduct an investigation into affairs of internal companies.
- a) Sec 215
  - b) Sec 217
  - c) Sec 218
  - d) Sec 219
- 21) SFIO shall be headed by \_\_\_\_\_.
- a) Director
  - b) Member
  - c) CFO
  - d) Expert
- 22) The inspector may, before returning such books and papers as aforesaid, take copies of or extracts from them or place identification marks on them or any part thereof or deal with the same in such a manner as he considers necessary
- a) Correct
  - b) Incorrect
- 23) If the majority of the directors are of the view that the affairs of the company are not conducted in the manner beneficial either to the company or to the members and want to make an application to the Central Government to appoint an inspector. Therefore, for this \_\_\_\_\_ meeting may be conveyed.
- a) Special
  - b) Ordinary
  - c) Extraordinary GM
  - d) None of the above
- 24) At above mentioned meeting \_\_\_\_\_ resolution should be passed.
- a) Special
  - b) Ordinary
  - c) Depends on situation
  - d) None of the above
- 25) Section \_\_\_\_\_ of the Companies Act, 2013 deals with Inspector's report.
- a) 220
  - b) 221
  - c) 222
  - d) 223
- 26) As per sec 226, An investigation under this Chapter may be initiated notwithstanding, and no such investigation shall be stopped or suspended by reason only of, the fact that \_\_\_\_\_.
- a) An application has been made under sec 241
  - b) The company has passed special resolution for voluntary winding up
  - c) Other proceeding for the winding up of the company is pending before the tribunal
  - d) Any of the above
- 27) Every report to be submitted as per sec 223 shall be \_\_\_\_\_ and submitted to CG
- a) Written

- b) Printed
- c) A or B
- d) None of the above

- 28) The report of any inspector appointed under this chapter shall be authenticated either \_\_\_\_.
- a) By the seal, if any whose affairs have been investigated
  - b) By a certificate of a public officer having the custody of the report.
  - c) Both a & b
  - d) None of the above
- 29) Section \_\_\_\_ of the Companies Act, 2013 lays down the following provision in respect of expenses of investigation.
- a) Sec 221
  - b) Sec 222
  - c) Sec 224
  - d) Sec 225
- 30) NCLT may, by order, direct that the Securities shall be subject to such restriction as it may deem fit for such period not exceeding \_\_\_\_ period as may be specified in the order.
- a) 1 years
  - b) 2 years
  - c) 3 years
  - d) 4 years
- 31) An Inspector appointed under this Chapter (Chapter XIV-Inspection, Inquiry and Investigation) may, and if so directed by the Central Government shall, submit interim reports to that \_\_\_\_.
- a) Director
  - b) Government
  - c) Experts
  - d) None of the above
- 32) The Registrar may call on the company to furnish in writing an or explanation on matters specified in the order within such time as he may specify therein and carry out such inquiry as he deems fit on the basis of information
- a) On a representation made to him by any person that the business of a company is being carried on for a fraudulent or unlawful purpose or not in compliance with the provisions of this Act
  - b) Available with or furnished to him
  - c) Both a & b
  - d) None of the above
- 33) The \_\_\_\_\_ shall, by notification, establish an office to be called the Serious Fraud Investigation Office to investigate frauds relating to a company
- a) Managing committee
  - b) Central government
  - c) Board of directors
  - d) Share holders

- 34) Where any case has been assigned by the Central Government to the SFIO for investigation under this Act, no other investigating agency of Central Government or any State Government shall proceed with investigation in such case in respect of any offence under this Act.
- a) True
  - b) False
- 35) The Tribunal may, on an application made by not less than \_\_\_\_\_ or members holding not less than one-tenth of the total voting power, in the case of a company having a share capital conduct an investigation into the affairs of the company.
- a) 100
  - b) 500
  - c) 50
  - d) 1000
- 36) The report of any inspector appointed shall be authenticated by
- a) By a certificate of a public officer having the custody of the report, as provided under section 76 of the Indian Evidence Act, 1872.
  - b) By the seal, if any, of the company whose affairs have been investigated.
  - c) Both A&B
  - d) None of the above
- 37) U/s 208, Powers of central government is delegated to \_\_\_\_\_
- a) ROC
  - b) Inspector
  - c) Regional Director
  - d) Not delegated
- 38) Damage Ltd, the Company wanted to suspend Mr. Z, the CFO of the Company during the pendency of an investigation being conducted under the provisions of the Companies Act, 2013 on the order of Tribunal. The Company approached the Tribunal on 3rd January, 2017 for the proposed action. The Company on 15th February, 2017 passed an order of suspension without waiting for the orders from Tribunal. The action taken by Damage Ltd is \_\_\_\_\_
- a) Correct
  - b) Incorrect
- 39) Inspector can enter & search the places, where BOA are kept only after obtaining order from
- a) Judicial magistrate
  - b) Special Court
  - c) CG
  - d) ROC
- 40) Investigation may be ordered by CG u/s 210 on which basis?
- a) SR Passed by the company
  - b) Report of Inspector u/s 208
  - c) If it is Public Interest
  - d) All of the above

- 41) Qualification of Director of SFIO is not below the rank of \_\_\_\_\_ to Government of India & having knowledge in \_\_\_\_\_
- a) Joint Secretary; Corporate Affairs
  - b) Joint Secretary; Taxation
  - c) Additional Director; Corporate Affairs
  - d) Secretary; Forensic Audit
- 42) Arrested person shall be taken to \_\_\_\_\_ or \_\_\_\_\_ within \_\_\_\_\_ hours
- a) Civil Court; Special Court; 24 hours
  - b) Civil Court; Special Court; 12 hours
  - c) Judicial Magistrate; Metropolitan Magistrate; 24 hours
  - d) Special Court; Judicial Magistrate; 24 hours
- 43) If any person fails without reasonable cause or refuses to produce to an inspector or any person authorised by him in this behalf any book or paper which is his duty to produce he shall be punishable with imprisonment for a term which may extend to
- a) 3 Years
  - b) 6 Months
  - c) 1 Year
  - d) 5 Years
- 44) Legal advisor to any company shall be bound to disclose ----- to the tribunal/ CG
- a) Cases going on against the client-company
  - b) Name & address of client
  - c) All of the above
  - d) None of the above
- 45) Under section 218, if company does not receive the approval within----- days of making the application, then the application, then the company----- to take action against the employee.
- a) 30 days; may proceed
  - b) 60 days; may proceed
  - c) 30 days; Shall not
  - d) 30 days; Shall not
- 46) Under Section 222, Restriction on securities can be imposed for maximum \_\_\_\_\_ year/(s)
- a) 4
  - b) 2
  - c) 3
  - d) 1
- 47) Copy of Inspector report can be obtained by
- a) Members & Creditor
  - b) Person whose interest is likely to be affected
  - c) CG
  - d) Both (a) & (b)
- 48) Expenses of investigation shall be defrayed by \_\_\_\_\_ (except expenses u/s 214)
- a) Company
  - b) ROC
  - c) CG

d) Inspector

49) If tribunal order is contravened u/s 221, then minimum fine on company is Rs. \_\_\_\_\_ & maximum fine is Rs. \_\_\_\_\_

- a) 1,00,000; 5,00,000
- b) 50,000; 5,00,000
- c) 1,00,000; 25,00,000
- d) 50,000; 1,00,000

50) Section 206 shall \_\_\_\_\_ to foreign companies

- a) Partially apply
- b) Apply
- c) Not Apply

51) If any person who is required to provide explanation during inspection, inquiry etc., fails to do the same, shall be punishable u/s:

- a) 447
- b) 229
- c) 448
- d) 228

Answers :-

1	c	8	a	15	b	22	a	29	d	36	c	43	b	50	b
2	c	9	b	16	a	23	c	30	c	37	c	44	b	51	a
3	a	10	a	17	c	24	a	31	b	38	a	45	a		
4	d	11	d	18	d	25	d	32	c	39	b	46	c		
5	c	12	d	19	a	26	d	33	b	40	d	47	d		
6	c	13	a	20	b	27	c	34	a	41	a	48	c		
7	b	14	d	21	a	28	c	35	a	42	c	49	c		

## Ch 5 – Compromise, Arrangement & Amalgamation

- 1) When an application proposing a compromise or arrangement is made to the tribunal –  
Statement (1) – The tribunal has the discretion to order a meeting of creditors or members or any class of them.  
Statement (2) – The tribunal is bound to order a meeting of creditors or members or any class of them.  
Statement (3) – The tribunal is bound to order a meeting of creditors or members or any class of them, if the application has been made by persons having outstanding debt amounting to not less than 10% of the total outstanding debt.  
Statement (4) – The tribunal is bound to order a meeting of creditors or members or any class of them, if the application has been made by persons having outstanding debt amounting to not less than 5% of the total outstanding debt.
- Only statement 1 is correct
  - Only statement 2 is correct
  - Only statement 3 is correct
  - Only statements 3 & 4 are correct
- 2) A meeting of the creditors and any class thereof and the Company was called by the Tribunal. The terms of the scheme of Compromise and arrangement were to be discussed thereat. The total value of the Creditors was 93 lakhs. Out of which creditors of Rs 86 lakhs 49 thousand communicated by affidavit their confirmation to the terms of scheme of Compromise and Arrangement. Can the tribunal dispense off the requirement of Creditors' meeting?
- Yes, as the Companies Act provides for the waiving of a meeting if  $\geq 90\%$  of the Creditors agree and confirm vide affidavit to the terms of C&A
  - No, the requirement of a meeting is absolute and under no circumstance can such a requirement be excused with as per the Companies Act, 2013
  - No, as the value of Creditors exceeds 50 Lakhs, the Companies Act provides compulsory meeting even though a majority of Creditors assent to the C&A terms
  - No, since 100 % of the Creditors have not assented to the terms of C&A the same cannot be waived off without meeting
- 3) In the scheme of acquisition of shares or any class of shares in a company (transferor company) to another company (transferee company) needs approval of \_\_\_\_\_ of the shares within the time period of \_\_\_\_\_ of making offer by the transferee company
- 3/4th shareholders in value, 120 day
  - 9/10th shareholders, 120 day
  - 9/10th shareholders in value , 4 months
  - 90% shareholders, 120 day
- 4) A member or creditor may vote on a scheme of compromise or arrangement –
- Himself
  - Through a proxy
  - By Postal allot



- d) Any of these
- 5) A Compromise or arrangement may be proposed between a company and \_\_\_\_\_
- All the creditors or any class of creditors
  - All the members or any class of members
  - Either (a) or (b) or both
  - None of the above
- 6) Any objection to the compromise or arrangement may be made by –
- Persons holding not less than 5% of the shareholding
  - Persons having outstanding debt amounting to not less than 10% of the total outstanding debt
  - Either (a) or (b)
  - None of these
- 7) After order of the Tribunal to call upon a meeting of Creditors / Members or class thereof; the “Supplementary Accounting Statement” shall be required when FY of the merging Co has concluded :
- 3 months before the meeting to approve scheme is summoned
  - 4 months before the meeting to approve scheme is summoned
  - 6 months before the meeting to approve scheme is summoned
  - 9 months before the meeting to approve scheme is summoned
- 8) Which of the following is not circulated at the Meeting called by the Tribunal of the Company and it's Creditors/ Members and class thereof:
- Draft of proposed terms of the scheme
  - Valuation report of the expert
  - Explanatory statement on impact of the compromise adopted by Directors
  - Statement of compliance of scheme as certified by CA/CS/Cost Accountant
- 9) Mr. Naksh who was a minority shareholder, was offered a price for purchase of his shares by the majority. The same was disbursed within the stipulated time as per the Act. However, Mr. Naksh was out of town, and returned only after 2 months of the stipulated deadline. Will he be able to receive the amount. If yes, upto what period?
- Yes, upto 6 months
  - Yes, upto 9 months
  - Yes, upto 1 year
  - No, it's time barred
- 10) What are the modes by which monies may be settled in case a Foreign Transferor Company amalgamates with an Indian Transferee Company
- Cash only
  - Depository Receipts only
  - Both of a & b wholly or in part
  - Only through GOI Bonds
- 11) Scheme of corporate debt restructuring can be executed only if consented by?
- 25% creditors in No.
  - 75% creditors in value

- c) 75% creditors in No.
  - d) 25% creditors in value
- 12) A meeting was held in pursuance of order of the tribunal for approving a compromise or arrangement. The tribunal may by an order, sanction the compromise or arrangement if majority of persons representing \_\_\_\_\_ of the creditors, or class of creditors or members or class of members, as the case may be, agree to such compromise or arrangement.
- a) More than 50% in value
  - b)  $3/4^{\text{th}}$  in value
  - c)  $1/4^{\text{th}}$  in value
  - d)  $9/10^{\text{th}}$  in value
- 13) The C&A terms were acceptable to be fair to both the Creditors and the Company. The auditors refused certificate objecting that the same are not in accordance with A.S u/s 133. The Tribunal :
- a) Can pass order sanctioning C&A on its own without auditor's certificate
  - b) Cannot pass the order sanctioning the C&A on its own without auditor's certificate
  - c) Is bound legally to accept the auditor's version of C&A such as to meet its requirement.
  - d) Refers the case to the Court.
- 14) Where the tribunal sanctions a compromise or arrangement, it shall have the power to –
- a) Supervise the implementation of the compromise or arrangement
  - b) Give directions and make modifications in the compromise or arrangement
  - c) Order winding up of the company
  - d) All of these
- 15) Where an order of the tribunal sanctions a scheme of reconstruction or merger or amalgamation, such order may provide for –
- Statement (1) – transfer of employees of the transferor company to the transferee company.
- Statement (2) – Dissolution, without winding up, of the transferor company
- Statement (3) – Holding of own shares by the transferee company in its own name or in the name of any trust.
- a) Only statement (1) is correct
  - b) Only statement (1) & (2) are correct
  - c) Only statement (2) & (3) are correct
  - d) Only statement (1) & (3) are correct
- 16) A scheme of merger or amalgamation between two or more companies may be entered into in accordance with provisions of section 233, only if –
- a) Such companies are small company
  - b) One company is holding company and the other company is its wholly owned subsidiary company
  - c) Such companies belong to such class or classes of companies as may be prescribed
  - d) Either a) or b) or c)
- 17) A scheme or merger or amalgamation proposed in accordance with the provisions of section 233, is required to be approved by the members or class of members at a general

meeting of the transferor company or companies and the transferee company by the members or class of members holding \_\_\_\_\_

- a) At least 75% of the total number of shares
- b) At least 90% of the total number of shares
- c) More than 50% of the total number of shares
- d) None of these

18) Prior approval of \_\_\_\_\_ is required for merger of a foreign company into a company registered under this Act or vice-versa

- a) The Reserve Bank of India
- b) The Tribunal
- c) The Central Government
- d) All of these

19) Giant Ltd. Prepares a scheme by which an offer is made to the shareholders of small Ltd. To acquire their shares. Such offer shall remain open for a period of \_\_\_\_\_

- a) 6 month
- b) 4 month
- c) 2 month
- d) 1 month

20) Where an order of the tribunal sectioning a scheme of reconstruction or merger or amalgamation provides for the transfer of any property or liabilities, then –

Statement (1) – By virtue of the order, the property shall be transferred to the transferee company

Statement (2) – The property of the transferor company shall vest in the transferee company free from any charge, if the order of the tribunal so provides.

- a) Only statement (1) is correct
- b) Only statement (2) is correct
- c) Both the statements are correct
- d) None of the statement is correct

21) Where a notice is sent by the transferee company to any dissenting shareholder of the transferor company to acquire his shares, the dissenting shareholder may, within \_\_\_\_\_ of receipt of notice, make an application to the \_\_\_\_\_ praying that acquisition of his shares should not be permitted.

- a) 6 months, Central Government
- b) 4 months, Tribunal
- c) 2 months, Central Government
- d) 1 months, Tribunal

22) Transferee company is entitled to give a notice to any dissenting shareholder of the transferor company to acquire his shares within \_\_\_\_\_ of expiry the period during which the offer was open

- a) 6 months
- b) 4 months
- c) 2 months
- d) 1 months

- 23) Where an acquirer becomes registered holder of \_\_\_\_\_ of the issued equity share capital of a company, he shall notify \_\_\_\_\_ of his intension to buy the remaining equity shares.
- a) 75% or more, the tribunal
  - b) 90% or more, the company
  - c) 75% or more, the central government
  - d) 90% or more, the central government
- 24) Where section 236 applies, the majority shareholders shall make an offer to the minority shareholders of the company to buy the equity shares held by minority shareholders at \_\_\_\_
- a) Market Price
  - b) A price determined on the basis of valuation by a registered valuer in accordance with the prescribed rules
  - c) Fair value to be determined by the tribunal
  - d) Fair value to be determined by the central government
- 25) Where the majority shareholders make an offer to the minority shareholders of the company to buy the equity shares held by minority shareholders and the minority shareholders of the company agree to sell the minority shareholding to the majority shareholders shall deposit in a separate bank account an amount equal to the value of shares of the minority shareholding determined in accordance with the prescribed rules. The bank account shall be operated by \_\_\_\_\_ for at least \_\_\_\_\_
- a) The minority shareholders, 1 year
  - b) The majority shareholders, 6 months
  - c) The company whose shares are being transferred, 1 year
  - d) The central government, 6 months
- 26) Where the majority shareholders make an offer to the minority shareholders of the company to buy the equity shares held by minority shareholders and the minority shareholders of the company agree to sell the minority shareholding to the majority shareholders shall deposit in a separate bank account an amount equal to the value of shares of the minority shareholding determined in accordance with the prescribed rules. The amount deposited in the bank account shall be disbursed to the entitled shareholders within \_\_\_\_\_
- a) 7 days
  - b) 15 Days
  - c) 30 Days
  - d) 60 days
- 27) Where the majority shareholders make an offer to the minority shareholders of the company to buy the equity shares held by the minority shareholders and the minority shareholders of the company agree to sell the minority shareholding to the majority shareholders, then –
- Statement (1) – The Company whose shares are being transferred shall act as a transfer agent for receiving and paying the price to the minority shareholders
- Statement (2) – The Company whose shares are being transferred shall act as a transfer agent for taking delivery of the shares and delivering such shares to the majority shareholders.
- a) Only statement (1) is correct

- b) Only statement (2) is correct
- c) Both the statements are correct
- d) None of the statement is correct

- 28) \_\_\_\_\_ is empowered to order the amalgamation of 2 or more companies, if it is satisfied that such amalgamation is essential in the public interest.
- a) The central government
  - b) The Tribunal
  - c) The registrar
  - d) None of these
- 29) Where the central government makes an order of amalgamation of 2 or more companies in public interest, and the interests or rights of any member or creditor against the transferee company are less than his interests or rights against the transferor company, he shall be entitled to receive such compensation as is assessed by \_\_\_\_\_ from the transferee company.
- a) The Central Government
  - b) The Tribunal
  - c) Such authority as may be prescribed
  - d) The transferor company
- 30) Where the central government makes an order of amalgamation of 2 or more companies in public interest, and the interests or rights of any member or creditor against the transferee company are less than his interests or rights against the transferor company, and such member or creditor is aggrieved by any assessment of compensation, he shall be entitled to prefer an appeal to \_\_\_\_\_ within a period of \_\_\_\_\_ from the date of publication of such assessment in the official gazette.
- a) The Tribunal, 30 days
  - b) The Central government, 30 days
  - c) The Tribunal, 60 days
  - d) The Central government, 60 days
- 31) Where the majority shareholders make an offer to the minority shareholders of the company to buy the equity shares held by minority shareholders, the minority shareholders of the company may agree to sell the minority shareholding to the majority shareholders at \_\_\_\_\_
- a) Such price as may be agreed between the majority shareholders and minority shareholders
  - b) The price determined in accordance with the prescribed rules
  - c) Such price as may be agreed between the majority shareholders and minority shareholders
  - d) The price determined in accordance with the prescribed rules
- 32) Where the central government is of the opinion that amalgamation of 2 or more companies is in public interest, it shall prepare a draft order of amalgamation and send a copy the draft order to each of the companies. The companies concerned or any shareholder or creditor of such companies shall be entitled to send the central government their objections and suggestions within such period as may be fixed by central government, which shall not be less than \_\_\_\_\_

- a) 1 month
- b) 2 month
- c) 3 month
- d) 6 month

- 33) In relation to every offer of a scheme or contract involving the transfer of shares or any class of shares in the transferor company to the transferee company under section 235, the directors of the \_\_\_\_\_ shall prepare a circular, which shall be addressed to \_\_\_\_\_
- a) Transferor company, the members of the transferor company
  - b) Transferor company, the members of the transferee company
  - c) Transferee company, the members of the transferor company
  - d) Transferee company, the members of the transferee company
- 34) In relation to every offer of a scheme or contract involving the transfer of shares or any class of shares in the transferor company to the transferee company under section 235, a circular shall be prepared and presented to the registrar for registration. In case the registrar refuses to register the circular, he shall communicate such refusal to the parties within \_\_\_\_\_ of the application.
- a) 7 days
  - b) 15 days
  - c) 30 days
  - d) 60 days
- 35) In relation to every offer of a scheme or contract involving the transfer of shares or any class of shares in the transferor company to the transferee company under section 235, a circular shall be prepared. Such circular shall be issued to the members \_\_\_\_\_ it is \_\_\_\_\_
- a) After, presented to registrar for registration
  - b) Before, presented to registrar for registration
  - c) After, registered by the registrar
  - d) Before, registered by the registrar
- 36) Prior permission of \_\_\_\_\_ shall be required for disposal of the books and papers of a company which has been amalgamated with another company.
- a) The Central Government
  - b) The Tribunal
  - c) The Liquidator
  - d) The Registrar

**Answers:-**

1	a	9	c	17	b	25	c	33	a
2	a	10	c	18	a	26	d	34	c
3	c	11	b	19	b	27	c	35	c
4	d	12	b	20	c	28	a	36	a
5	c	13	b	21	d	29	c		
6	d	14	d	22	c	30	a		
7	c	15	b	23	b	31	b		
8	d	16	d	24	b	32	b		

## Ch 6 – Prevention of Oppression and Mismanagement

- 1) Where an application claiming relief from oppression or mismanagement is made to the tribunal by the members who are not eligible as per section 244, \_\_\_\_\_ has the discretion to waive the requirements with respect to eligibility.
  - a) The Tribunal
  - b) The central government
  - c) Either (a) or (b)
  - d) The registrar
- 2) Upon receiving an application under section 241, the tribunal may exercise the powers vested in it under section 242, only if it is of the opinion that –
  - a) The facts justify the making of a winding up order
  - b) The facts do not justify the making of a winding up order
  - c) The facts do not justify the making of a winding up order, but justify an investigation into the affairs of the company
  - d) None of these
- 3) The tribunal may, with a view to bringing to an end the matters complained of in an application made to it claiming relief from oppression or mismanagement, make an order for shares of any member of the company by –
  - a) Any other member of the company
  - b) The company
  - c) Either (a) or (b)
  - d) The central government
- 4) Where the tribunal makes an order termination or setting aside the agreement between the company and any director or manager of the company, such director or manager shall not act as the director or manager of such company for a period of 5 years except with the permission of \_\_\_\_\_. Before granting such permission, an opportunity of being heard shall be given to \_\_\_\_\_.
  - a) The Central Government, The Tribunal
  - b) The Tribunal, The Central Government
  - c) The Tribunal, The Registrar
  - d) The Registrar, The Central Government
- 5) The tribunal may, with a view to bringing to an end the matters complained of in an application made to it claiming relief from oppression or mismanagement, make an order setting aside of any transfer, delivery of goods, payment, execution or other act relating to property made or done by or against the company within \_\_\_\_\_ before the date of the application made to the tribunal, which would, if made or done by or against an individual, be deemed in his insolvency to be a fraudulent preference.
  - a) 1 year
  - b) 3 months
  - c) 6 months
  - d) 1 year
- 6) 'Material change', in terms of section 241, means –



Statement (1) – A change brought about by, or in the interests of creditors or debenture holders

Statement (2) – A change brought about by, or in the interests of any class of the shareholders of the company

Statement (3) – An alteration in the board of directors or the manager.

Statement (4) – An alteration in the ownership of the company's shares or in the membership of the company, if the company has no share capital

- a) Only statement (1) and (2) are correct
- b) Only statement (3) and (4) are correct
- c) Only statement (2) and (4) are correct
- d) All the statements are correct

- 7) Where an application claiming relief from oppression or mismanagement is made to the tribunal, the tribunal may –
- a) Imposition of such costs as it may deem fit
  - b) Make an interim order
  - c) Make an order altering the memorandum or articles of the company
  - d) All of these
- 8) A class action application may be made by \_\_\_\_
- a) Members
  - b) Depositors
  - c) Either (a) or (b)
  - d) Directors
- 9) Where a class action application is found to be frivolous or vexatious, the tribunal shall direct the applicant to pay to the opposite party such cost, not exceeding \_\_\_\_\_, as the tribunal may deem fit.
- a) Rs. 10,000
  - b) Rs. 50,000
  - c) Rs. 1 Lakh
  - d) Rs. 2 Lakh
- 10) The cost or expenses connected with the class action application shall be defrayed by \_\_\_\_
- a) The company or any other person responsible for any oppressive act
  - b) The members who made such application
  - c) The depositors who made such application
  - d) Either (b) or (c) or both
- 11) A class action application may be made on the ground that the management or conduct of the affairs of the company are being conducted in a manner prejudicial to \_\_\_\_
- a) The interests of the company
  - b) The interests of its members or depositors
  - c) Either (a) or (b) or both
  - d) The interest of its directors
- 12) In case of company having no share capital, a class action application shall be valid only if it is made by \_\_\_\_
- a) 100 members or such percentage of the total number of members of the company, as



may be prescribed

- b) One or more members holding less than such percentage of the issued share capital of the company as may be prescribed
- c) Lower of (a) or (b) or both
- d) At least  $1/5^{\text{th}}$  of total number of members

13) Where a class action is made to the tribunal or an application claiming relief from oppression or mismanagement is made to the tribunal, the provisions of sections \_\_\_\_\_ shall apply mutatis mutandis, in relation to such application.

- a) 337 and 339
- b) 338 and 340
- c) 341
- d) All of these

14) A class action application may be made by \_\_\_\_\_

- a) Tribunal
- b) The central government
- c) The registrar
- d) The regional director

15) Specified members of a company shall have the right to file application for oppression and mismanagement with the tribunal:

A company having a share capital, not less than \_\_\_\_\_ members of the company or not less than \_\_\_\_\_ of the total number of its members, whichever is less, or any member or members holding not less than \_\_\_\_\_ of the issued share capital of the company.

- a) 100,  $4/10^{\text{th}}$ ,  $1/10^{\text{th}}$
- b) 100,  $2/10^{\text{th}}$ ,  $9/10^{\text{th}}$
- c) 100,  $1/10^{\text{th}}$ ,  $1/10^{\text{th}}$
- d) 100,  $9/10^{\text{th}}$ ,  $1/10^{\text{th}}$

16) Specified members of a company shall have the right to file application in the case of a company not having a share capital, not less than \_\_\_\_\_ of the total number of its members

- a)  $1/5^{\text{th}}$
- b)  $2/5^{\text{th}}$
- c)  $1/10^{\text{th}}$
- d)  $2/10^{\text{th}}$

17) A certified copy of the order of the tribunal shall be filled by the company with registrar within \_\_\_\_\_ days of the tribunal.

- a) 7
- b) 15
- c) 30
- d) 90

18) Where an order made by tribunal on application by members for oppression or mismanagement, terminates, sets aside or modifies an agreement as a result office of a particular person is lost.

- a) Such order shall not give rise to any claims whatever against the company by any person for damages or for compensation for loss of office or in any other respect either in

pursuance of the agreement or otherwise

- b) Such order shall give rise to any claims whatever against the company by any person for damages or for compensation for loss of office or in any other respect either in pursuance of the agreement or otherwise.
- c) Such order may give rise to any claims whatever against the company by any person for damages or for compensation for loss of office or in any other respect either in pursuance of the agreement or otherwise.
- d) None of these

19) Failure to declare dividend \_\_\_\_\_ to oppression.

- a) May amount
- b) Does not amount
- c) Shall amount

20) Continuous losses in the company \_\_\_\_\_ to oppression.

- a) May amount
- b) Does not amount
- c) Shall amount

21) Right to apply u/s 214 is available to \_\_\_\_\_

- a) Minority share holders
- b) Majority shareholders
- c) All shareholders
- d) Only those eligible u/s 244

22) Section 245 does not apply to \_\_\_\_\_

- a) Banking company
- b) One person company
- c) Section 8 company
- d) Private company

23) The decision of the board of directors to write off bad debts is a commercial decision and does not require any judicial interference. The statement is \_\_\_\_\_

- a) Correct
- b) Incorrect

**Answers:-**

1	a	6	b	11	c	16	a	21	d
2	a	7	d	12	d	17	c	22	a
3	c	8	c	13	d	18	a	23	a
4	b	9	c	14	a	19	b		
5	b	10	a	15	c	20	b		

## Ch 7 – Winding Up

- 1) Where a petition is presented on the ground that it is just and equitable that the company should be wound up, the tribunal has the company should be wound up, the tribunal has the discretion to dismiss it, if \_\_\_\_\_
  - a) An alternate remedy is available
  - b) The applicant is acting unreasonably in asking for a winding up order
  - c) Both (a) and (c)
  - d) None of these
- 2) A company may be ordered to be wound up by the tribunal if the company has made a default in filing with the registrar its financial statements \_\_\_\_ Annual returns for immediately preceding \_\_\_\_ consecutive financial years.
  - a) Or, 5
  - b) And, 5
  - c) Or, 3
  - d) And, 3
- 3) Statement (1) – Where a petition for winding up of a company is presented to the tribunal and tribunal is satisfied that conditions mentioned with respect to such ground are satisfied, the tribunal is bound to order the winding up of a company  
Statement (2) – A petition for winding up of a company may be presented to the tribunal by any director of the company.
  - a) Only statement (1) is correct
  - b) Only statement (2) is correct
  - c) Both the statements are correct
  - d) None of the statement is correct
- 4) Which of the following is not a ground for winding up by the tribunal?
  - a) Where the company has acted against the interests of the sovereignty and integrity of India or the security of the state or the security of the state or friendly relations with foreign states or public order or decency or morality.
  - b) Where the company is unable to pay its debts
  - c) Where the tribunal is of the opinion that the affairs of the company have been conducted in a fraudulent manner
  - d) Where the tribunal is of the opinion that it is just and equitable that the company should be wound up
- 5) Where a petition for winding up is presented before the tribunal by \_\_\_\_, such petition shall be admitted only if it is accompanied by a statement of affairs.
  - a) Any contributory of the company
  - b) The company
  - c) The registrar
  - d) The central government
- 6) A contributory shall be entitled to present the petition only if the shares were originally allotted to him or he has held his shares for at least \_\_\_\_ during the \_\_\_\_ immediately preceding the commencement of winding up or the shares have been devolved on him by

reason of the death of a member.

- a) 6 months, 18 months
  - b) 6 months, 12 months
  - c) 3 months, 18 months
  - d) 6 months, 12 months
- 7) The registrar shall not be entitled to present a petition for winding up on the ground that –
- a) The company has acted against the security of the country or public order or decency or morality, etc.
  - b) The affairs of the company have been conducted fraudulently
  - c) The company has not filled its financial statements or annual returns for immediately preceding 5 financial years
  - d) It is just and equitable that the company should be wound up
- 8) The previous approval of the central government is required before a petition for winding up is made by the \_\_\_\_\_
- a) The Company
  - b) The Registrar
  - c) Any contributory of the company
  - d) Any of these
- 9) On receipt of a petition for winding up under section 272, the tribunal shall pass its order within \_\_\_\_\_ from the date of presentation of the petition.
- a) 30 days
  - b) 60 days
  - c) 90 days
  - d) 120 days
- 10) Before appointing a provisional liquidator, the tribunal shall grant to \_\_\_\_\_ a reasonable opportunity to make representations, if any.
- a) The Registrar
  - b) The company
  - c) The central government
  - d) All of these
- 11) A copy of every petition made to the tribunal for winding up of a company shall also be filed with \_\_\_\_\_, shall submit his/its views to the tribunal within \_\_\_\_\_ of receipt of such petition.
- a) The registrar, 60 days
  - b) The central government, 60 days
  - c) The registrar, 30 days
  - d) The central government, 30 days
- 12) Where an order of winding up of a company is passed by the tribunal, the directors and officers of the company shall within \_\_\_\_\_, submit to the liquidator, the books of account of the company duly \_\_\_\_\_ upto the date of the order of the tribunal.
- a) 60 days, completed
  - b) 30 days, completed & Audited
  - c) 60 days, completed & Audited

- d) 30 days, completed
- 13) Where the tribunal makes an order for winding up of a company, the tribunal shall appoint the company liquidator who shall be –
- a) The official liquidator
  - b) A person who is registered as an insolvency professional under the insolvency professional under the IBC, 2016
  - c) Either (a) or (b)
  - d) None of these
- 14) Within \_\_\_\_\_ of appointment as provisional liquidator or company liquidator, such liquidator shall file with the tribunal declaration disclosing conflict of interest or lack of independence in respect of his appointment, if any.
- a) 7 days
  - b) 15 days
  - c) 30 days
  - d) 60 days
- 15) Where the tribunal makes an order for appointment of provisional liquidator or for the winding up of a company, it shall, within a period not exceeding \_\_\_\_\_ from the date of passing of the order, cause intimation thereof to be sent to the company liquidator or provisional liquidator, as the case may be, and \_\_\_\_\_
- a) 7 days, the Registrar
  - b) 15 days, the Registrar
  - c) 7 days, the Central Government
  - d) 15 days, the Central Government
- 16) Within \_\_\_\_\_ from the date of passing of winding up order, the company liquidator shall make an application to the tribunal for constitution of a winding up committee to assist and monitor the progress of liquidation proceedings by the company liquidator.
- a) 1 Week
  - b) 3 weeks
  - c) 15 days
  - d) 30 days
- 17) The order for the winding up of a company shall operate in favour of \_\_\_\_\_ as if it had been made out on \_\_\_\_\_
- a) All the creditors of the company, the petition of creditors
  - b) All the contributories of the company, the petition of contributors
  - c) All the creditors and all the contributories of the company, the joint petition of creditors & contributories
  - d) The secured creditors, the petition of secured creditors
- 18) On the ground of fraud or misfeasance, the tribunal may, for reasons to be recorded in writing, remove \_\_\_\_\_
- a) The provisional liquidator
  - b) The company liquidator
  - c) Either (a) or (b)
  - d) None of these

- 19) When a winding up order has been passed or a provisional liquidator has been appointed, no suit or other legal proceeding except any appeal pending before \_\_\_\_\_, shall be commenced, or if pending at the date of the winding up order, shall be proceed with, by or against the company, except with the leave of \_\_\_\_\_ and subject to such terms as the tribunal may impose.
- a) The supreme court, The supreme court
  - b) The High court, The high court
  - c) The supreme court or a High court, the tribunal
  - d) The Supreme court, The Central Government
- 20) Any application to the tribunal seeking leave for commencement or continuation of any suit or other legal proceedings shall be disposed of by the tribunal within \_\_\_\_\_
- a) 7 days
  - b) 15 days
  - c) 30 days
  - d) 60 days
- 21) Where the tribunal has made a winding up order or appointed a company liquidator, such liquidator shall, within \_\_\_\_\_ from the order, submit a report to the tribunal.
- a) 7 days
  - b) 15 days
  - c) 30 days
  - d) 60 days
- 22) Statement (1) – The tribunal has the discretion to appoint a sale committee for the purpose of assisting the company liquidator in sale of the assets of the company.  
Statement (2) – The tribunal is empowered to make an order for sale of the company as a going concern
- a) Only statement (1) is correct
  - b) Only statement (2) is correct
  - c) Both the statements are correct
  - d) None of the statement is correct
- 23) A person who has been a member shall not be liable to contribute in respect of any debt or liability of the company contracted \_\_\_\_\_
- a) After he ceased to be a member
  - b) Before he ceased to be a member
  - c) After he ceased to be a director
  - d) After he cased to be an employee
- 24) Statement (1) – A person holding fully paid up shares in a company shall be considered as a contributory.  
Statement (2) – A person holding fully paid up shares in a company shall have no liabilities of a contributory, but he shall retain rights of a contributory.
- a) Only statement (1) is correct
  - b) Only statement (2) is correct
  - c) Both the statements are correct
  - d) None of the statement is correct

- 25) In the case of a limited company, a director or manager, whose liability is unlimited, shall not be liable to make any further contribution if he has ceased to hold office for \_\_\_\_\_ or upwards \_\_\_\_\_ the commencement of the winding up.
- a) 18 months, before
  - b) 1 year, before
  - c) 1 year, after
  - d) 18 months, after
- 26) Statement (1) – It is the duty of the liquidator to take into his custody the property of the company  
Statement (2) – All the property of the company shall be deemed to be in the custody of the tribunal from the date of the order of winding up of the company
- a) Only statement (1) is correct
  - b) Only statement (2) is correct
  - c) Both the statements are correct
  - d) None of the statement is correct
- 27) Statement (1) – The tribunal has the discretion to appoint an advisory committee to advise the company liquidator and to report the tribunal.  
Statement (2) – The advisory committee appointed by the tribunal shall consist of not more than 10 members, being creditors and contributories of the company or such other persons in such proportion as the tribunal may direct.
- a) Only statement (1) is correct
  - b) Only statement (2) is correct and contributories of the company
  - c) Both the statements are correct
  - d) None of the statement is correct
- 28) The company liquidator shall make periodical reports to the tribunal and in any case make a report \_\_\_\_\_ with respect to the progress of the winding up of the company.
- a) At the end of every month
  - b) At the end of each quarter
  - c) At the end of every year
  - d) None of these
- 29) The company liquidator shall summon meetings of creditors or contributories if \_\_\_\_\_
- a) The Creditors or Contributories, as the case may be, so direct by passing a resolution in a meeting.
  - b) Not less than 1/10<sup>th</sup> in value of the creditors or contributories, as the case may be, make such a request in writing.
  - c) Either (a) or (b) or both
  - d) Any creditors or contributory, as the case may be, makes such request in writing.
- 30) The company liquidator shall, at such times as may be prescribed but not less than \_\_\_\_\_ during his tenure of office, present to the tribunal an account of the receipts and payments in the prescribed form in duplicate.
- a) Once in each year
  - b) Twice in each year
  - c) Once in each year
  - d) Once in every two years

- 31) All revenues, taxes, cesses and rates due, within \_\_\_\_\_ immediately before the relevant date, to the central government or any state government or to a local authority shall amount preferential payments.
- a) 3 months
  - b) 6 months
  - c) 12 months
  - d) 2 years
- 32) A preferential payments shall have priority over \_\_\_\_\_
- a) Overriding preferential payments
  - b) The workmen's dues
  - c) The claims of holders of debentures under any floating charge.
  - d) None of these
- 33) Advisory committee shall consists of maximum \_\_\_\_\_ members.
- a) 15
  - b) 10
  - c) 11
  - d) 12
- 34) In case of any conflict, the directions given by the \_\_\_\_\_ shall override the directions given by the \_\_\_\_\_
- a) Creditors, Advisory committee
  - b) Contributories, Advisory committee
  - c) Creditors or Contributories, Advisory committee
  - d) Advisory committee, Creditors or Contributories
- 35) In case where floating charge is treated as invalid, interest @ \_\_\_\_\_ % shall be paid by the company.
- a) 12
  - b) 5
  - c) 18
  - d) 24
- 36) The term property means:
- a) Shares / stocks
  - b) Other property which is not saleable
  - c) Unprofitable contracts
  - d) All of the above
- 37) If directors have misapplied or retained the property which belong to the company, then creditors / contributory may apply to tribunal within \_\_\_\_\_ years of \_\_\_\_\_
- a) 5 years, Date of winding up or from misapplication of property whichever is earlier
  - b) 5 years, Date of winding up or from misapplication of property whichever is later
  - c) 5 years, Date of winding up or from misapplication of property or appointment of liquidator, whichever is later
  - d) 5 years, Date of winding up or from misapplication of property or appointment of liquidator, whichever is earlier



- 38) Money in the company liquidation dividend & undistributed assets A/c, if remained unpaid / unclaimed for \_\_\_\_\_ years & be transferred to \_\_\_\_\_
- 7 years, IEPF
  - 7 years, General reserves
  - 15 years, IEPF
  - 15 years, General reserves

Answers:-

1	c	8	b	15	a	22	c	29	c	36	d
2	a	9	c	16	b	23	a	30	b	37	c
3	d	10	b	17	c	24	c	31	c	38	b
4	b	11	a	18	c	25	b	32	c		
5	b	12	b	19	c	26	c	33	d		
6	a	13	c	20	d	27	a	34	c		
7	d	14	a	21	d	28	b	35	b		

## Ch 8 – Producer Companies

- 1) Limited return means the \_\_\_\_\_ dividend as may be specified by \_\_\_\_\_
  - a) Maximum, The Articles
  - b) Minimum, The Companies Act, 2013
  - c) Minimum, The Companies Act, 1956
  - d) Minimum, The Central Government
- 2) Which of the following cannot be an object of a producer company?
  - a) Rendering technical and consultancy services for the promotion of interests of its members
  - b) Generation, transmission and distribution of power
  - c) Manufacturing of scientific instruments for sale in the market
  - d) Insurance of primary produce of the members
- 3) An application for incorporation of a producer company may be made by –
  - a) Any 10 or more individuals, each of them being a 'producer'
  - b) Any 2 or more producer institutions
  - c) A combination of (a) and (b)
  - d) Either (a) or (b) or (c)
- 4) A Producer company shall be –
  - a) A company limited by shares
  - b) A company limited by guarantee
  - c) An unlimited company
  - d) Either (a) or (b) or (c)
- 5) Where the required documents for registration of a producer company are delivered to the registrar, the registrar \_\_\_\_\_ to issue the certificate of incorporation within \_\_\_\_\_
  - a) Is duty bound, 30 days
  - b) Has the discretion, 30 days
  - c) Has the discretion, 90 days
  - d) Is duty bound, 90 days
- 6) On registration, a producer company becomes a body corporate as if it is \_\_\_\_\_
  - a) A public limited company
  - b) A private limited company
  - c) Either (a) or (b)
  - d) None of these
- 7) Patronage means the use of services offered by \_\_\_\_\_ to \_\_\_\_\_ by participation in its business activities
  - a) The members of the producer company, the producer company
  - b) The producer company, The members of the producer company
  - c) Active member of the producer company, the producer company
  - d) None of these
- 8) An application for conversion of interstate co-operative society into a producer company shall be accompanied by a copy of the \_\_\_\_\_ resolution, of not less than \_\_\_\_\_ of inter-

state co-operative society.

- a) Special, more than 50% of total members
  - b) Special,  $3/4^{\text{th}}$  of total members
  - c) Ordinary, more than 50% of total members
  - d) Special,  $2/3^{\text{rd}}$  of total members
- 9) Statement (1) – When an interstate co-operative society is converted into a producer company, it shall result in transfer of services of officers and other employees of the inter-state co-operative society to the producer company.  
Statement (2) – Where an officer or other employee of the inter-state co-operative opts not to be in employment or service of the producer company, such officer or other employee shall be deemed to have resigned.
- a) Only statement (1) is correct
  - b) Only statement (2) is correct
  - c) Both the statements are correct
  - d) None of the statement is correct
- 10) A producer company may alter the objects specified in its memorandum by –
- a) Obtaining the approval of central government
  - b) Passing an ordinary resolution
  - c) Passing a special resolution
  - d) Passing a special resolution & obtaining the approval of the central government
- 11) A producer company may shift the registered office from the jurisdiction of one registrar to another registrar by –
- a) Obtaining the approval of central government
  - b) Passing an ordinary resolution
  - c) Passing a special resolution
  - d) Passing a special resolution & obtaining the approval of the central government
- 12) An amendment may be made in the articles of association of a producer company, if it is proposed by not less than \_\_\_\_\_ or by not less than \_\_\_\_\_ of the producer company, and the amendment is adopted by the members by a special resolution.
- a)  $2/3^{\text{rd}}$  of the elected directors,  $2/3^{\text{rd}}$  of the members
  - b)  $1/3^{\text{rd}}$  of the elected directors,  $1/3^{\text{rd}}$  of the members
  - c)  $1/3^{\text{rd}}$  of the elected directors,  $2/3^{\text{rd}}$  of the members
  - d)  $2/3^{\text{rd}}$  of the elected directors,  $1/3^{\text{rd}}$  of the members
- 13) Statement (1) – The memorandum shall states the names, addresses and occupations of the subscribers being producers, who shall act as the first directors of the producer company.  
Statement (2) – The share capital of producer company shall consist of equity shares only..
- a) Only statement (1) is correct
  - b) Only statement (2) is correct
  - c) Both the statements are correct
  - d) None of the statement is correct

- 14) Where a producer company amends its articles, it shall, within 30 days, file with the registrar copy of the amended articles together with the copy of the special resolution, both duly certified by \_\_\_\_\_
- a) Its chief executive
  - b) 3 directors
  - c) Its chief executive & 3 directors
  - d) 2 directors
- 15) Where an inter-state co-operative society is registered as a producer company, the election of directors shall be conducted within \_\_\_\_\_ from the date of registration of the producer company.
- a) 60 days
  - b) 180 days
  - c) 365 days
  - d) 90 days
- 16) A director of a producer shall hold his office for a period not less than \_\_\_\_\_ but not exceeding \_\_\_\_\_ as may be specified in the articles.
- a) 2 years, 7 years
  - b) 1 years, 7 years
  - c) 2 years, 5 years
  - d) 1 year, 5 years
- 17) The office of a director of a producer company shall become vacant if he is convicted by a court of \_\_\_\_\_ and sentenced in respect thereof to imprisonment for not less than \_\_\_\_\_
- a) Any offence involving moral turpitude, 6 months
  - b) Any offence (whether involving moral turpitude or otherwise), 6 months
  - c) Any offence involving moral turpitude, 3 months
  - d) Any offence (whether involving moral turpitude or otherwise), 3 months
- 18) The office of a director shall become vacant if the producer company, in which he is a director, has made a default in repayment of any advances or loans taken from any company or institution or any other person and such default continues for \_\_\_\_\_
- a) 60 days
  - b) 90 days
  - c) 120 days
  - d) 180 days
- 19) Every producer company shall have atleast \_\_\_\_\_ directors and not more than \_\_\_\_\_ directors.
- a) 3, 15
  - b) 5, 15
  - c) 3, 12
  - d) 5, 12
- 20) The office of a director of a producer company shall become vacant if the producer company shall become vacant if the producer company, in which he is a director has not filed \_\_\_\_\_ for any continuous \_\_\_\_\_ commencing on or after the 1<sup>st</sup> day of April, 2002
- a) The Annual accounts & annual returns, 5 financial years
  - b) The Annual accounts or annual returns, 5 financial years

- c) The Annual accounts & annual returns, 3 financial years  
d) The Annual accounts or annual returns, 3 financial years
- 21) The office of a director of a producer company shall become vacant if the producer company, in which he is a director has failed to repay its deposit or \_\_\_\_\_ or interest thereon on due date, or pay dividend and such failure continuous for \_\_\_\_\_ or more.
- a) Withheld price, 1 year  
b) Patronage bonus, 1 year  
c) Withheld price or Patronage bonus, 1 year  
d) Patronage bonus, 3 years
- 22) The Board of directors of a producer company shall exercise the powers by –
- a) Passing a resolution at board meeting  
b) Passing a resolution by circulation  
c) Either (a) or (b)  
d) None of these
- 23) Statement (1) – At least one board meeting shall be held in every 3 months and at least 4 board meetings shall be held in every year by every producer company  
Statement (2) – The gap between 2 consecutive board meetings of a producer company shall not exceed 120 days.
- a) Only statement (1) is correct  
b) Only statement (2) is correct  
c) Both the statements are correct  
d) None of the statement is correct
- 24) Notice of every board meeting of a producer company shall be given in writing to \_\_\_\_\_
- a) Every director at his Indian address  
b) Every director at his residential address  
c) Every director at his address registered with the company  
d) Every director for the time being in India, and at his usual address in India to every other director
- 25) If a board meeting of a producer company is called at a shorter notice, then –
- a) The decisions taken at such board meeting shall be final only on ratification by at least one independent director  
b) At least one independent director shall be present at such board meeting  
c) The reasons thereof shall be recorded in writing by the board.  
d) The decisions taken at such board meeting shall be final only if such board meeting was called to transact some urgent business
- 26) The quorum for a board meeting of a producer company shall be \_\_\_\_\_
- a)  $\frac{1}{3}^{\text{rd}}$  of the total strength or 2 directors, whichever is higher  
b)  $\frac{1}{3}^{\text{rd}}$  of the total strength or 3 directors, whichever is higher  
c)  $\frac{1}{3}^{\text{rd}}$  of the total strength or 5 directors, whichever is higher  
d)  $\frac{1}{3}^{\text{rd}}$  of the total strength or 2 directors, whichever is lower
- 27) In case of a producer company, which of the following matters is not required to be exercised by means of passing resolutions at the annual general meeting?

- a) Declaration of limited return
  - b) Decision on the distribution of patronage
  - c) Appointment of chief executive
  - d) Issue of bonus shares
- 28) Every producer company shall have a \_\_\_\_\_, by whatever name called, to be appointed by the Board from amongst persons other than \_\_\_\_\_
- a) Full time chief executive, members
  - b) A Chief executive (whether full time or part time), members
  - c) Full time chief executive, Directors
  - d) A Chief executive (whether full time or part time), Directors
- 29) The chief executive of a producer company \_\_\_\_\_ and \_\_\_\_\_
- a) Shall not be a director, he shall not retire by rotation
  - b) Shall be ex officio director of the board, he shall not retire by rotation
  - c) Shall not be a director, he shall retire by rotation
  - d) Shall be ex officio director of the board, he shall retire by rotation
- 30) Every producer company shall have a whole time secretary, if –
- a) Its average annual turnover exceeds ₹ 5 crores in each of 3 consecutive financial years
  - b) It has a paid up capital of ₹ 5 crore or more
  - c) It has a paid up capital of ₹ 10 crore or more
  - d) Its turnover exceeds ₹ 10 crores in immediately preceding financial year
- 31) Unless the articles require a larger number, the quorum at a general meeting of a producer company shall be –
- a)  $\frac{1}{4}^{\text{th}}$  of the total number of members
  - b) 5 members personally present
  - c)  $\frac{1}{3}^{\text{rd}}$  of the total number of members
  - d) 7 members personally present
- 32) In the case of equality of votes in any general meeting of a producer company, the chairman or the person presiding \_\_\_\_\_
- a) Shall have a casting vote
  - b) Shall not have any casting vote
  - c) Shall have a casting vote except in the case of election of the chairman
  - d) None of these
- 33) In any general meeting of a producer company, only the active member shall be entitled to exercise the voting rights \_\_\_\_\_
- a) If so provided by the articles
  - b) Even if the articles otherwise provide
  - c) If the members so resolve by passing an ordinary resolution
  - d) If the members so resolve by passing a special resolution
- 34) A producer company shall hold its 1<sup>st</sup> annual general meeting within \_\_\_\_\_ from the date of its incorporation.
- a) 365 days
  - b) 90 days

- c) 180 days
- d) 30 days

- 35) Statement (1) – Every producer company shall hold an annual general meeting in each year.  
Statement (2) – Not more than 18 months shall elapse between 2 AGM of a producer company.
- a) Only statement (1) is correct
  - b) Only statement (2) is correct
  - c) Both the statements are correct
  - d) None of the statement is correct
- 36) The registrar may, for any special reason, permit extension of time for holding any AGM (not being the 1<sup>st</sup> AGM) of a producer company by a period not exceeding \_\_\_\_\_
- a) 30days
  - b) 60 days
  - c) 120 days
  - d) None of these
- 37) The annual general meeting of a producer company shall be held on a day that is \_\_\_\_\_
- a) Not a National holiday
  - b) A National holiday
  - c) Not a Public holiday
  - d) A Public holiday
- 38) In a case where all the members of a producer company are individuals, the voting rights shall be based on \_\_\_\_\_
- a) Participation of members in the business of the producer company in the previous year
  - b) A single vote for every member
  - c) The shareholding of the member
  - d) The criterion specified in the articles of the producer company
- 39) The audited balance sheet and the profit and loss account shall be filed by a producer company with the registrar within \_\_\_\_\_ from the date of holding AGM.
- a) 30days
  - b) 60 days
  - c) 90 days
  - d) 120 days
- 40) A general meeting of a producer company shall be called by giving not less than \_\_\_\_\_ prior notice in writing.
- a) 7 days
  - b) 14 days
  - c) 21 days
  - d) 30 days
- 41) The board of directors of a producer company shall proceed to call an extraordinary general meeting, if a requisition is made in writing by \_\_\_\_\_ entitled to vote in general meeting.
- a) 1/3<sup>rd</sup> of the members
  - b) 1/4<sup>th</sup> of the members

- c)  $\frac{3}{4}^{\text{th}}$  of the members
- d)  $\frac{1}{4}^{\text{th}}$  of the members

- 42) \_\_\_\_\_ may, if so provided in the articles, have \_\_\_\_\_ and the producer company may issue appropriate instruments to them in this respect.
- a) All the members, special rights
  - b) All the members, voting rights
  - c) The active members, voting rights
  - d) The active members, Special rights
- 43) A member of a producer company may, after obtaining the previous approval of \_\_\_\_\_, transfer the whole or part of his shares to \_\_\_\_\_ at \_\_\_\_\_
- a) The Chief executive, any member, fair value
  - b) The Chief executive, active member, market value
  - c) The board, an active member, par value
  - d) The board, any member, fair value
- 44) Every member shall, within \_\_\_\_\_ of his becoming a member in the producer company, nominate a person to whom his shares in the producer company shall vest in the event of his \_\_\_\_\_
- a) 6 months, death
  - b) 3 months, death
  - c) 3 months, death or insolvency
  - d) 3 months, death or insolvency
- 45) Every producer company shall have internal audit of its accounts \_\_\_\_\_ and such audit shall be carried out by \_\_\_\_\_
- a) Every year, such other professional as may be decided by board
  - b) At such interval as may be specified in the articles, such other professional as may be decided by the board
  - c) Every year a chartered accountant
  - d) At such interval as may be specified in the articles, a chartered accountant
- 46) The issue of bonus shares by a producer company requires –
- a) Recommendation of the board
  - b) Passing of a resolution in the general meeting
  - c) Either (a) or (b)
  - d) Both (a) and (b)
- 47) The BOD of a producer company may, subject to the provisions made in articles, provide financial assistance by way of \_\_\_\_\_ to any member, repayable within a period exceeding \_\_\_\_\_ but not exceeding \_\_\_\_\_
- a) Credit facility, 6 months
  - b) Credit facility, 3 months
  - c) Loans & Advances, 6 months
  - d) Loans & Advances, 3 months
- 48) The BOD of a producer company may, subject to the provisions made in articles, provide financial assistance by way of \_\_\_\_\_ to any member, repayable within a period exceeding \_\_\_\_\_



\_\_\_\_\_ but not exceeding \_\_\_\_\_ from the date of disbursement of such loan or advances.

- a) Credit facility, 6 months, 3 years
- b) Loans & Advances, 3 months, 7 years
- c) Credit facility, 3 months, 7 years
- d) Loans & Advances, 6 months, 3 years

49) \_\_\_\_\_ shall be required for subscription to the share capital of any body corporate by a producer company.

- a) Approval of the central government
- b) A resolution in a board meeting
- c) A ordinary resolution
- d) A special resolution

50) A producer company may invest in shares in any other company, other than a producer company, for an amount exceeding 30% of the aggregate of its paid up capital and free reserves, by \_\_\_\_\_

- a) Passing a SR
- b) Obtaining the prior approval of CG
- c) Both (a) & (b)
- d) None of these

51) The board of directors of a producer company may dispose off any of its investments by \_\_\_\_\_

- a) Passing a SR
- b) Obtaining the prior approval of CG
- c) Both (a) & (b)
- d) None of these

52) Where a producer company intends to transfer its assets and liabilities to any other producer company, it requires passing of a resolution in a general meeting by \_\_\_\_\_ of total members with right of vote not less than \_\_\_\_\_ of its members present and voting.

- a)  $\frac{3}{4}^{\text{th}}$ ,  $\frac{2}{3}^{\text{rd}}$
- b) A majority,  $\frac{2}{3}^{\text{rd}}$
- c)  $\frac{2}{3}^{\text{rd}}$ ,  $\frac{3}{4}^{\text{th}}$
- d) A majority,  $\frac{3}{4}^{\text{th}}$

53) A producer company may intends to transfer its assets and liabilities to any other producer company, and for this purpose sends a notice along with the proposed resolution to the members. On receipt of such notice, every member shall have the option either to consent to such resolution or to transfer his shares with the approval of the board to \_\_\_\_\_ within a period of \_\_\_\_\_ from the date of service of notice on him.

- a) Any member, 3 months
- b) Any active member, 3 months
- c) Any member, 1 months
- d) Any active member, 1 months

54) A producer company may make any donation for promoting the social and economic welfare of producer members or producers general public by \_\_\_\_\_, but such donation shall not exceed \_\_\_\_\_ of \_\_\_\_\_

- a) Passing SR, 3%, the average net profits of preceding 3 financial years

- b) Passing SR, 5%, the average net profits of preceding 3 financial years
- c) Passing SR, 3%, the average net profits of preceding financial year
- d) Passing an OR, 5%, the average net profits of preceding 3 financial years

- 55) Where the assets and liabilities of a producer company are transferred to another producer company, any member or creditor or employee aggrieved by such transfer may, within \_\_\_\_ of the passing of the resolution for such transfer, prefer an appeal to \_\_\_\_
- a) 30 days, the high court
  - b) 60 days, the high court
  - c) 30 days, the central government
  - d) 60 days, the central government
- 56) Where a producer company was formed by way of conversion of an inter-state co-operative society into a producer company, such producer company may make an application to the high court for its reconversion into an inter-state co-operative society. Such application may be made by a producer company, -
- a) If a resolution is passed in the general meeting by not less than  $\frac{2}{3}^{\text{rd}}$  of its members, present & voting
  - b) On a request by its creditors representing  $\frac{3}{4}^{\text{th}}$  value of its total creditors
  - c) Either (a) or (b)
  - d) Both (a) and (b)
- 57) A producer company, for which an order of reconversion has been passed by the high court, shall make an application for its registration as multi-state co-operative society. Such application shall be made within \_\_\_\_
- a) 6 months
  - b) 3 months
  - c) 2 months
  - d) 1 months

Answers:-

1	a	11	c	21	c	31	a	41	a	51	a
2	c	12	d	22	a	32	c	42	d	52	b
3	d	13	c	23	a	33	a	43	c	53	b
4	a	14	d	24	d	34	b	44	b	54	c
5	a	15	c	25	c	35	a	45	d	55	a
6	b	16	d	26	b	36	d	46	d	56	c
7	b	17	a	27	c	37	c	47	a	57	a
8	d	18	b	28	a	38	b	48	c		
9	c	19	b	29	b	39	b	49	d		
10	c	20	c	30	a	40	b	50	c		

## Ch 9 – Companies Incorporated Outside India

- 1) A copy of the balance sheet and profit and loss account shall be delivered to the registrar \_\_\_\_\_ by every foreign company.
  - a) In every calendar year
  - b) Within 6 months of the close of the financial year
  - c) Either (a) or (b)
  - d) Both (a) and (b)
- 2) Sections \_\_\_\_\_ shall apply to foreign company
  - a) 380 to 386
  - b) 392 and 393
  - c) Both (a) & (b)
  - d) 380 to 393
- 3) 60% of paid up equity share capital of ABC Inc. is held by 10 Indian citizens. ABC Inc. shall, in respect of its Indian business, comply with \_\_\_\_\_, as if it were a company incorporated in India.
  - a) Chapter XXII of the Companies Act, 2013
  - b) Such provisions of the Act as may be prescribed by the central government
  - c) Both (a) & (b)
  - d) None of these
- 4) Which of the following is not required to be delivered for registration by a foreign company to the registrar, when foreign company establishes a place of business in India?
  - a) Expert's consent to the issue of the prospectus
  - b) Full address of registered office or principal office of the company
  - c) The particulars of opening and closing of a place of business in India on earlier occasion(s)
  - d) The full address of the principal place of business in India
- 5) On establishment of a place of business in India, XYZ Inc. delivers for registration to the registrar the required documents. Afterwards, some alterations are made in these documents. XYZ Inc. is required to deliver to the registrar for registration, within \_\_\_\_\_ of such alterations, a return containing the particulars of the alterations in form No. \_\_\_\_\_.
  - a) 15 days, FC – 1
  - b) 30 days, FC – 2
  - c) 7 days, FC – 3
  - d) 60 days, FC – 4
- 6) Foreign company means any company or body corporate incorporated \_\_\_\_\_ which has a place of business \_\_\_\_\_ whether by itself or through an agent, physically or through electronic mode, and conducts any business activity in India in any other manner.
  - a) In India, In India
  - b) Outside India, In India
  - c) Outside India, Outside India
  - d) In India, Outside India

- 7) The central government may, by notification, direct that, in the case of \_\_\_\_\_, the requirements contained in section 381 with respect to preparation and filing of balance sheet and profit & loss account shall not apply, or shall apply subject to such exceptions and modifications as may be specified in that notification.
- Any foreign company
  - Any class of foreign companies
  - Either (a) or (b) or both
  - None of these
- 8) Statement (1) – The accounts pertaining to the Indian business operations of a foreign company shall be audited by a practicing chartered accountant in India or a firm or limited liability partnership of practicing chartered accountants.  
Statement (2) – The accounts pertaining to the Indian business operations of a foreign company shall be audited by any person duly qualified to act as an auditor in accordance with the laws of the foreign company.
- Only statement (1) is correct
  - Only statement (2) is correct
  - Both the statements are correct
  - None of the statement is correct
- 9) Every foreign company shall exhibit in all business letters, billheads and letter paper, and in all notices, and other official publications of the company, in \_\_\_\_\_, the name of the foreign company, the country of incorporation and the fact that the liability of members is limited. These particulars shall be exhibited.
- Legible English characters
  - Legible characters of one of the local languages
  - Both (a) and (b)
  - None of these
- 10) The provisions contained in sections \_\_\_\_\_ of the Companies Act, 2013 shall not apply to a foreign company
- 77 to 87
  - 206 to 229
  - 43 to 70
  - 135
- 11) Where a company incorporated outside India proposes to offer securities in India, the prospectus issued for such purpose need not contain the particulars with respect to –
- The instruments constituting or defining the constitution of the company
  - The enactment under which the company was incorporated
  - The particulars of opening and closing of a place of business in India on earlier occasion(s)
  - The date and the country of incorporation
- 12) Where a company incorporate outside India proposes to offer securities in India, the prospectus issue for such purpose shall be certified by \_\_\_\_\_
- The chairperson of the company
  - 2 directors of the company
  - Either (a) or (b)

d) Both (a) and (b)

13) The provisions of section 34 to 36 shall apply to –

- a) The issue of a prospectus by a company incorporated outside India
- b) The issue of Indian depository receipts by a foreign company
- c) Both (a) and (b)
- d) None of these

14) If a foreign company fails to comply with any of the provisions of chapter XXII, then –

Statement (1) – Any contract entered into by it shall not be valid

Statement (2) – It may be sued in respect of any contract entered into by it.

Statement (3) – It may bring any suit, claim any set-off, make any counter claim or institute any legal proceeding in respect of any such contract

- a) Only Statement (1) is correct
- b) Only Statement (2) is correct
- c) Only Statement (3) is correct
- d) None of the statement is correct

15) Every foreign company shall exhibit outside every office or place where it carries on business in India, the name of the foreign company, the country of incorporation and the fact that the liability of members is limited. Such particulars shall be conspicuously exhibited in \_\_\_\_\_

- a) Legible English characters
- b) Legible characters of one of the local languages
- c) Both (a) and (b)
- d) None of these

**Answers:-**

1	c	4	a	7	c	10	c	13	c
2	c	5	b	8	a	11	c	14	b
3	c	6	b	9	a	12	d	15	c

## Ch 10 – Miscellaneous provisions

### Removal of Names of companies from the register of companies

- 1) PQR Ltd has not been carrying on business for immediately preceding 2 financial years. The registrar is empowered to send a notice to PQR Ltd. And all its directors, of his intension to remove the name of PQR Ltd. From the register of companies, if \_\_\_\_\_
  - a) PQR Ltd has not made any application for obtaining the status of dormant company
  - b) PQR Ltd has made any application for obtaining the status of a dormant company
  - c) PQR Ltd. Has been declared as Dormant company
  - d) PQR Ltd. Has been declared as inactive company
- 2) Where the name of a company is removed from the registrar of companies, \_\_\_\_\_
  - a) It shall result in automatic winding up of the company
  - b) The tribunal shall be empowered to wind up such a company
  - c) The company cannot be wound up by the tribunal
  - d) None of these
- 3) Where the name of companies is removed from the register of companies, \_\_\_\_\_
  - a) All the member shall become personally liable for payment of whole of the debts of the company
  - b) No member shall be liable even for unpaid calls on shares held by him
  - c) The liability of every member of company shall continue
  - d) None of these
- 4) Where the name of companies is removed from the register of companies, \_\_\_\_\_
  - a) The liability, if any, of every director and manager shall continue
  - b) The liability, if any, of every director and manager shall come to an end
  - c) Every director and manager shall become personally liable for whole of the debts of the company
  - d) None of these
- 5) The registrar is empowered to send a notice to the company and all of its directors, of his intension to remove the name of the company from the register of companies, if the registrar has reasonable cause to believe that a company has failed to commence its business within \_\_\_\_\_ of its incorporation.
  - a) 6 months
  - b) 1 year
  - c) 2 years
  - d) 3 years
- 6) ABC Ltd. has not made any application to the registrar for obtaining the status of a dormant company. The registrar is empowered to send a notice to ABC Ltd and all its directors, of his intension to remove the name of ABC Ltd. From the register of companies, if the registrar has reasonable cause to believe that ABC Ltd. Is not carrying any business or operation for a period of immediately preceding \_\_\_\_\_
  - a) 6 months
  - b) 1 financial year

- c) 2 financial years
  - d) 3 financial years
- 7) A company may file an application to the registrar for removing its name from the register of companies only if \_\_\_\_\_
- a) It has no assets
  - b) The company has extinguished all its liabilities
  - c) The assets of the company exceeds its liabilities
  - d) The assets of the company are more than twice of its liabilities
- 8) A company may file an application to the registrar for removing its name from the register of companies only if the company is authorized by \_\_\_\_\_
- a) A special resolution
  - b) Consent of members holding 75% paid up share capital
  - c) Both (a) and (b)
  - d) Either (a) or (b)
- 9) A company which has changes its name or shifted its registered office from one state to another at any time during the previous \_\_\_\_\_, shall not be eligible to file an application to the registrar for removing its name from the register of companies.
- a) 3 months
  - b) 6 months
  - c) 1 year
  - d) 2 years
- 10) With effect from such date a company stands dissolved under section 248, \_\_\_\_\_
- a) The company shall be an illegal association
  - b) The company shall be entitled to operate
  - c) The company shall cease to operate
  - d) None of these
- 11) With effect from such date a company stands dissolved under section 248, the certificate of incorporation issued to it shall be deemed to have cancelled except for the purpose of \_\_\_\_\_
- a) Realising the amount due to the company
  - b) Payment of liabilities of the company
  - c) Both (a) and (b)
  - d) None of these
- 12) An application made by a company to the registrar for removing its name from the register of companies shall be termed as 'fraudulent' if the objective of such application is to \_\_\_\_\_
- a) Evade the liabilities of the company
  - b) Deceive the creditors or defraud any other person
  - c) Either (a) or (b)
  - d) None of these
- 13) If an order of dissolution of a company is passed under section 248 by the registrar, any person aggrieved by such an order may file an appeal to the tribunal within a period of \_\_\_\_\_ from the date of such order.
- a) 6 months

- b) 1 year
- c) 2 years
- d) 3 years

- 14) The tribunal may order restoration of the name of the company in the register of companies \_\_\_\_\_
- a) On an appeal filed by any aggrieved person
  - b) On an application made by the registrar
  - c) Either (a) or (b)
  - d) On an application made by the Central Government
- 15) \_\_\_\_\_ cannot file an application to the registrar for removing its name from the register of companies.
- a) Government companies
  - b) Companies licensed under section 8
  - c) Both (a) and (b)
  - d) None of these

Answers:-

1	a	4	a	7	b	10	c	13	d
2	b	5	b	8	d	11	c	14	c
3	c	6	b	9	a	12	c	15	b

### Miscellaneous Provisions

- 1) Every application for the compounding of an offence shall be made to \_\_\_\_\_ who shall forward it to the Authority authorized to compound the offence.
- a) The tribunal
  - b) The registrar
  - c) The regional director
  - d) The central government
- 2) \_\_\_\_\_ may establish or designate as many special courts as may be necessary.
- a) The Supreme court
  - b) The high court
  - c) The central government
  - d) None of these
- 3) All offences punishable under the Companies Act, 2013 with imprisonment of \_\_\_\_ or more shall be triable only by the special court.
- a) 1 year
  - b) 2 years
  - c) 3 years
  - d) 7 years
- 4) The special court shall be deemed to be \_\_\_\_\_
- a) The court of session



- b) The court of metropolitan magistrate
  - c) The court of a judicial magistrate of the first class
  - d) Either (a) or (b) or (c)
- 5) An offence may be compounded if it is punishable with –
- a) Fine
  - b) Imprisonment or fine
  - c) Imprisonment or fine or both
  - d) Any / all of these
- 6) An offence cannot be compounded if it is punishable with –
- a) Imprisonment
  - b) Imprisonment & fine
  - c) Both (a) and (b)
  - d) Imprisonment or fine or both
- 7) Offence punishable with fine not exceeding \_\_\_\_\_ may be compounded by the regional director or any officer authorized by the central government
- a) ₹ 5 Lakh
  - b) ₹ 2 Lakh
  - c) ₹ 1 Lakh
  - d) ₹ 50,000
- 8) An application for compounding of an offence shall be made \_\_\_\_\_
- a) Before institution of prosecution
  - b) After institution of prosecution
  - c) During the prosecution
  - d) Either (a) or (b) or (c)
- 9) Where an offence is compounded, it is the duty of the company to inform \_\_\_\_\_ within \_\_\_\_\_ from the date of compounding.
- a) The central government, 30 days
  - b) The Tribunal, 15 days
  - c) The Registrar, 7 days
  - d) The regional director, 14 days
- 10) An offence shall not be compounded if it is committed within \_\_\_\_\_ from the date on which similar offence was earlier compounded.
- a) 1 year
  - b) 3 years
  - c) 6 months
  - d) 5 years
- 11) The special court may, if it thinks fit, try a summary way any offence under this Act, which is punishable with imprisonment for a term not exceeding \_\_\_\_\_
- a) 1 year
  - b) 2 years
  - c) 3 years
  - d) 7 years

- 12) On dissolution of company law board, every officer or employee who had been appointed on deputation basis and who fulfills the qualifications and requirements under the Companies Act, 2013, shall \_\_\_\_\_
- a) Become officer or employee of the tribunal or employee of the tribunal or the Appellate Tribunal
  - b) Stand reverted to his parent cadre, ministry or department
  - c) Either (a) or (b)
  - d) Both (a) and (b)
- 13) No court shall take cognizance of any offence under this Act, which is alleged to have been committed by any company or any officer thereof, except on the complaint in writing made by \_\_\_\_\_
- a) The registrar
  - b) A person authorized by CG
  - c) A shareholder or member of the company
  - d) Any of these
- 14) Statement (1) - Any offence referred to in sub section (6) of section 212 shall be deemed to be non – cognizable  
Statement (2) - Every offence other than an offence referred to in sub section (6) of section 212 shall be deemed to be non-cognizable.
- a) Only statement (1) is correct
  - b) Only statement (2) is correct
  - c) Both the statements are correct
  - d) None of the statement is correct
- 15) Any proceedings may be referred to the mediation and conciliation panel for mediation between the parties, if such proceedings are pending before
- a) The central government
  - b) The Tribunal
  - c) The Appellate tribunal
  - d) Any of these
- 16) Where any proceedings may be referred to the mediation and conciliation panel for mediation, the mediation and conciliation panel shall dispose of the matter referred to it within \_\_\_\_\_
- a) 1 month
  - b) 2 months
  - c) 3 months
  - d) 6 months
- 17) Where any proceedings may be referred to the mediation and conciliation panel for mediation, the mediation and conciliation panel shall forward its \_\_\_\_\_ to the CG or the tribunal or the Appellate tribunal, as the case may be
- a) Objections
  - b) Recommendations
  - c) Decisions
  - d) Order

- 18) The company prosecutors are appointed by the \_\_\_\_\_ to conduct \_\_\_\_\_ arising out of this Act.
- The mediation and conciliation panel, mediation
  - The tribunal, proceedings
  - The regional directors, proceedings
  - The CG, Prosecution
- 19) The \_\_\_\_\_ while deciding the amount of fine or imprisonment under this act, shall have due regard to the size of the company, nature of business carried on by the company, injury to public interest, nature of the default and repetition of the default.
- The court
  - The special court
  - The court or The special court, as the case may be
  - The central government
- 20) Where any person found guilty of fraud involving an amount less than \_\_\_\_\_ or \_\_\_\_\_ of the turnover of the company, whichever is \_\_\_\_\_, and the fraud does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment upto 5 years or fine upto 20 lakh or both.
- ₹ 1 lakh, 5% , lower
  - ₹ 10 lakh, 1% , lower
  - ₹ 20 lakh, 5% , higher
  - ₹ 10 lakh, 2% , higher
- 21) Where a person commits contravention of any provision of the Act for which no penalty or punishment has been specified in the Act, shall be punishable with fine upto \_\_\_\_\_ and a further fine upto \_\_\_\_\_ per day where the offence is of continuing nature.
- ₹ 50,000, ₹ 5,000
  - ₹ 1,00,000, ₹ 10,000
  - ₹ 10,000, ₹ 1,000
  - ₹ 50,000, ₹ 10,000
- 22) If a person commits contravention of any subsequent occasion within a period of 3 years, he shall be punishable with \_\_\_\_\_ the amount of fine for such offence, and \_\_\_\_\_ imprisonment as provided for that offence.
- Thrice, same
  - Same, twice
  - Same, thrice
  - Twice, same
- 23) If the OPC or a small company fails to comply with the provisions of section 92, section 117 or section 137, such company and officer in default of such company shall be punishable with fine or imprisonment or fine and imprisonment, as the case may be, which shall not be more than \_\_\_\_\_ of the fine or imprisonment or fine and imprisonment, as the case may be, of the minimum or maximum fine or imprisonment or fine and imprisonment, as the case may be, specified in such actions
- $\frac{1}{4}^{\text{th}}$
  - $\frac{1}{3}^{\text{rd}}$
  - $\frac{1}{2}$

d) 2/3<sup>rd</sup>

- 24) \_\_\_\_\_ shall be punishable under section 452 where he wrongfully obtains the possession of any property of the company.
- a) A member
  - b) A director
  - c) An office or employee of a company
  - d) Either (a) or (b) or (c)
- 25) Where an application is made to the court under section 452, the court trying the offence may make an order to deliver the property to the company within \_\_\_\_\_
- a) 1 month
  - b) 2 months
  - c) 3 months
  - d) Such time as may be fixed by the court
- 26) Any officer of the CG, not below the rank of \_\_\_\_\_, may be appointed as the adjudicating officer.
- a) Assistant Regional director
  - b) Regional director
  - c) Registrar
  - d) Assistant registrar
- 27) Any person aggrieved by an order made by the adjudicating officer may, within \_\_\_\_\_, prefer an appeal to \_\_\_\_\_
- a) 30 days, the central government
  - b) 60 days, the regional director
  - c) 45 days, the regional director
  - d) 90 days, the central government
- 28) A company may make an application to the registrar so as to obtain the status of a dormant company if –
- a) A special resolution is passed
  - b) Consent of at least 3/4<sup>th</sup> shareholders (in value) is obtained
  - c) Either (a) or (b)
  - d) Both (a) and (b)
- 29) 'Inactive company' means a company –
- a) Which has not been carrying on any business or operation
  - b) A company which has not made any significant accounting transaction during the last 3 financial years
  - c) A company which has not filed financial statements and annual returns during the last 3 financial years
  - d) Any/ all of these
- 30) Which of the amounts to a 'significant accounting transaction'?
- a) Payment of fees by a company to the registrar
  - b) Payments made to fulfill the requirements of the companies Act, 2013 or any other law
  - c) Both (a) and (b)

d) None of these

31) Which of the following cannot make a complaint to the court under section 452?

- a) The company
- b) Any creditor of the company
- c) Any contributory or member of the company
- d) Any director of the company

32) The central government shall, within \_\_\_\_\_ of the close of the year, lay before each house of parliament, a general annual report on the working and administration of this Act.

- a) 3 months
- b) 6 months
- c) 9 months
- d) 1 year

33) The central government may, by issuing a notification in the official gazette, grant exemption to \_\_\_\_\_

- a) Any class or classes of companies
- b) Any company
- c) Both (a) and (b)
- d) None of these

34) In any proceedings for negligence, default, breach of duty, misfeasance or breach of trust against an officer of a company, the court may relieve him from liability, if it appears to the court that he \_\_\_\_\_, but he has acted honestly and reasonably and having regard to all the circumstances of the case, he ought fairly to be excused.

- a) Is not so liable
- b) Is or may be so liable
- c) Is not so liable, but some other person is liable
- d) None of these

35) Where an officer of a company has reason to apprehend that any proceeding will might be brought against him in respect of any negligence, default, breach of duty, misfeasance or breach of trust, he may apply to \_\_\_\_\_ for relief.

- a) The high court
- b) The central government
- c) The special court
- d) The regional director

36) Carrying on of business by any association or partnership is not prohibited even if the object of the association or partnership is the acquisition of gain and the association or partnership is not registered as a company under the companies Act, 2013 or the any law for the time being in force, if the association or partnership consists of \_\_\_\_\_ or less.

- a) 200 persons
- b) 100 persons
- c) 50 persons
- d) None of these

37) If any difficulty arises in giving effect to the provisions of the companies Act, 2013, the

central government may publish an order in the official gazette. However, no such order shall be made after the expiry of from the date of commencement of section 1 of the Act

- a) 1 year
- b) 2 years
- c) 3 years
- d) 5 years

38) A Nidhi company may be incorporated as \_\_\_\_\_

- a) A private company
- b) A Public company
- c) Either (a) or (b)
- d) None of these

39) A Nidhi shall have a minimum paid up equity share capital of Rs. \_\_\_\_\_

- a) 1 Lakh
- b) 2 Lakh
- c) 5 Lakh
- d) 10 Lakh

40) Every Nidhi shall have the last words \_\_\_\_\_ as part of its name

- a) 'Nidhi Limited'
- b) 'Nidhi private Limited'
- c) Either (a) or (b), as the case may be
- d) None of these

41) A Nidhi can issue \_\_\_\_\_

- a) Preference shares
- b) Debentures
- c) Both (a) and (b)
- d) None of these

42) A Nidhi shall not carry on the business of \_\_\_\_\_

- a) Chit fund
- b) Hire purchase finance or Leasing Finance
- c) Insurance
- d) All of these

43) A Nidhi may provide locker facility on rent to its members subject to the condition that the rental income from such facilities shall not exceed \_\_\_\_\_ of the gross income of the nidhi at any point of time during a financial year

- a) 10%
- b) 15%
- c) 20%
- d) 25%

44) A Nidhi shall not admit \_\_\_\_\_ as a member

- a) Any body corporate
- b) Any trust
- c) A minor

d) All of these

45) Every Nidhi shall ensure that its membership is not reduced to less than \_\_\_\_ members at any time.

- a) 100
- b) 200
- c) 500
- d) 1000

46) The director of the Nidhi company shall hold office for a term up to \_\_\_\_ consecutive years

- a) 10
- b) 5
- c) 3
- d) 2

47) Statement (1) – A director of Nidhi may be a member of Nidhi  
Statement (2) – A director of Nidhi shall be a depositor of Nidhi

- a) Only statement (1) is correct
- b) Only statement (2) is correct
- c) Both the statements are correct
- d) None of the statement is correct

48) A director of Nidhi shall be eligible of re-appointment only after the expiration of \_\_\_\_ ceasing to be a director.

- a) 1 year
- b) 2 years
- c) 3 years
- d) 5 years

49) A Nidhi may declare dividend exceeding \_\_\_\_ after obtaining approval of the \_\_\_\_

- a) 25%, Central government
- b) 20%, Regional Director
- c) 20%, Central government
- d) 25%, Regional Director

**Answers:-**

1	d	8	c	15	d	22	d	29	a	36	c	43	c
2	c	9	b	16	c	23	c	30	d	37	d	44	d
3	b	10	a	17	b	24	c	31	d	38	b	45	d
4	d	11	c	18	d	25	d	32	d	39	c	46	a
5	d	12	a	19	c	26	c	33	a	40	a	47	d
6	c	13	d	20	b	27	b	34	b	41	d	48	b
7	b	14	b	21	c	28	c	35	a	42	d	49	d

## Ch 11 – National Company Law Tribunal and Appellate Tribunal

- 1) The Tribunal shall consist of president and \_\_\_\_\_, as the central government may deem fit –
  - a) Such number of judicial and technical members
  - b) Such number of judicial and technical members, not exceeding 11
  - c) Such number of judicial and technical members, not exceeding 15
  - d) None of these
- 2) The president of tribunal shall be a person \_\_\_\_\_
  - a) Who is, or has been, a district judge for at least 5 years
  - b) Who is, or has been, a judge of a high court for 5 years
  - c) Who has, for atleast 10 years been an advocate of a court
  - d) Any or all of these
- 3) A person who is, or has been, in practice as a chartered accountant for at least 15 years is qualified to become \_\_\_\_\_ of the tribunal.
  - a) Chairperson
  - b) Judicial member
  - c) Technical member
  - d) Any of these
- 4) A person who is proven ability, integrity and standing having special knowledge and professional experience of not less than 25 years in industrial finance is qualified to become \_\_\_\_\_ of the tribunal
  - a) Chairperson
  - b) Judicial member
  - c) Technical member
  - d) Any of these
- 5) Which of the following shall be one of the members of selection committee constituted for the purpose of recommending the names of the members of the tribunal and the technical member of the appellate tribunal?
  - a) A senior judge of the supreme court or chief justice of high court
  - b) Secretary, department of economic affairs
  - c) Secretary in the ministry of corporate affairs
  - d) Secretary in the ministry of Law and Justice
- 6) The president of the tribunal shall hold his office until he attains the age of \_\_\_\_\_, and every other member of the tribunal shall hold his office until he attains the age of \_\_\_\_\_
  - a) 70 years, 65 years
  - b) 70 years, 67 years
  - c) 67 years, 65 years
  - d) None of these
- 7) A person who has not completed the age of \_\_\_\_\_ shall not be eligible for appointment as member of the tribunal or appellate tribunal.
  - a) 40 years
  - b) 45 years



- c) 50 years
  - d) 60 years
- 8) The salary and allowances and other terms and conditions of service of the members of the tribunal and appellate tribunal \_\_\_\_\_
- a) Shall not be varied to their advantage after their appointment
  - b) Shall not be varied to their disadvantage after their appointment
  - c) Shall not be varied after their appointment
  - d) None of these
- 9) Statement (1) – ‘Chairperson’ means the chairperson of the Tribunal.  
Statement (2) – ‘President’ means the president of the Appellate Tribunal
- a) Only statement (1) is correct
  - b) Only statement (2) is correct
  - c) Both the statements are correct
  - d) None of the statement is correct
- 10) In the event of the occurrence of any in the office of the president or the chairperson, \_\_\_\_\_ shall act as the president or the chairperson, as the case may be, until the date on which a new president or chairperson enters upon his office.
- a) The person nominated by the president or chairperson, as the case may be
  - b) The person nominated by the central government
  - c) The senior – most member of the tribunal or appellate tribunal, as the case may be
  - d) None of these
- 11) Any member of the tribunal or appellate tribunal may resign from his from his office by sending his resignation addressed to \_\_\_\_\_
- a) The tribunal
  - b) The Appellate tribunal
  - c) The central government
  - d) Registrar
- 12) The central government may, after consultation with the chief justice of India, and without giving a reasonable opportunity of being heard, remove any member of the tribunal or Appellate tribunal, who \_\_\_\_\_
- a) Has become physically or mentally incapable of acting as such member
  - b) Has been adjudged an insolvent
  - c) Has acquired such financial or other interest as if likely to affect prejudicially his functions as such member
  - d) Has been convicted of an offence which, in the opinion of the central government, Involves moral turpitude
- 13) The central government may remove any member of the tribunal or applette tribunal, only after an inquiry is held by the judge of the supreme court during which the member is informed of the charges against him and is given a reasonable opportunity of being heard, and the supreme court has reported that the member ought to be removed, if such member \_\_\_\_\_
- a) Has been adjudged an insolvent
  - b) Has acquired such financial or other interest as is likely to affect prejudicially his

functions as such member

- c) Has become physically or mentally incapable of acting as such member
- d) Has been convicted of an offence which, in the opinion of the central government, involves moral turpitude

- 14) A member who has resigned from his office, shall continue in office until –
- a) 3 months from the date of receipt of his resignation by central government
  - b) A person duly appointed as his successor enters upon his office
  - c) The expiry of his term of office
  - d) Earliest of these
- 15) The central government shall appoint officers and employees for the purpose of exercising the powers and discharging the functions of the tribunal and appellate tribunal. Before making such appointments, the central government shall consult \_\_\_\_\_
- a) The High court
  - b) The regional director
  - c) The registrar
  - d) The tribunal and appellate tribunal
- 16) If a tribunal is of the opinion that any order passed by it contained a mistake apparent from record, it may, with a view to rectify such mistake, amend any order passed by it, \_\_\_\_\_
- a) Suo motu
  - b) When such mistake is brought to the notice of the tribunal by any of the parties
  - c) Either (a) or (b)
  - d) When directed by the central government
- 17) Any person aggrieved by an order of the tribunal may, within \_\_\_\_\_ from the date of receipt of a copy of the order of the tribunal, prefer an appeal to the appellate tribunal. The Appellate tribunal may allow further period not exceeding \_\_\_\_\_ for filing the appeal, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal within that period
- a) 30 days, 30 days
  - b) 45 days, 45 days
  - c) 60 days, 60 days
  - d) None of these
- 18) If the tribunal is of the opinion that any order passed by it contained a mistake apparent from record, it may, with a view to rectify such mistake, amend any order passed by it, \_\_\_\_\_
- a) 3 months
  - b) 6 months
  - c) 1 year
  - d) 2 years
- 19) On the receipt of an appeal, the appellate tribunal shall not pass \_\_\_\_\_
- a) An order confirming the order appealed against
  - b) An order modifying the order appealed against
  - c) An order setting aside the order appealed against
  - d) An order remanding the matter back to the tribunal

- 20) Any person aggrieved by an order of the appellate tribunal may, within \_\_\_\_\_ from the date of receipt of order of the Appellate tribunal, prefer an appeal to the Supreme Court. The supreme court may allow a further period not exceeding \_\_\_\_\_ for filing the appeal, if it is satisfied that the appellant was prevented by sufficient cause from filling the appeal within that period.
- a) 30 days, 30 days
  - b) 45 days, 45 days
  - c) 60 days, 60 days
  - d) None of these
- 21) Statement (1) – While disposing of any proceeding or appeal filed before it, the tribunal and the Appellate Tribunal shall be bound by the procedures laid down in the code of civil procedure, 1908  
Statement (2) – While disposing of any proceeding or appeal filed before it, the tribunal and the appellate tribunal shall have the power to regulate their own procedure
- a) Only statement (1) is correct
  - b) Only statement (2) is correct
  - c) Both the statements are correct
  - d) None of the statement is correct
- 22) The Tribunal and Appellant tribunal shall not have any power to –
- a) Enter and search any place where books or papers are kept and seize such books or papers
  - b) Requisition any public record or document from any office
  - c) Dismiss a representation for default or decide it ex parte
  - d) Set aside any order passed by it ex parte
- 23) In case of contempt of the tribunal or appellant tribunal, \_\_\_\_\_ shall have the power to punish for such contempt in accordance with the provisions of the contempt courts Act, 1971.
- a) The High court
  - b) The Supreme court
  - c) The Tribunal or the Appellant tribunal, as the case may be
  - d) The central government
- 24) The Appellate tribunal shall endeavor to dispose of the appeal filed before it, within \_\_\_\_\_ from the date of filling of such appeal. Where any appeal could not be disposed of within such period, the chairperson may, extend such period by such further period not exceeding \_\_\_\_\_, as he may consider necessary.
- a) 3 months, 90 days
  - b) 30 days, 30 days
  - c) 45 days, 45 days
  - d) 60 days, 60 days
- 25) The tribunal or the appellant tribunal may authorise \_\_\_\_\_ to inquire into any matter connected with any proceeding or, as the case may be, appeal before it and to report it.
- a) Any of its officers or employee
  - b) Any person other than its officers or employees
  - c) Either (a) or (b) or both

d) Any officer of the central government

26) For the purpose of taking into its custody or control the properties, books of account or other documents of a company, in any proceedings for winding up of a company, the tribunal may make a written request to \_\_\_\_\_ within whose jurisdiction any such property, books of account or other documents of such company are situated or found

- a) The chief metropolitan magistrate
- b) The chief judicial magistrate
- c) The district collector
- d) Either (a) or (b) or (c)

27) Statement (1) – No act or proceedings of the tribunal or the appellate tribunal shall be questioned or shall be invalid merely by reason of any vacancy in the tribunal or the appellate tribunal.

Statement (2) – Any defect in the constitution of the tribunal or the appellate tribunal shall render invalid the orders passed by the tribunal or the appellate tribunal.

- a) Only statement (1) is correct
- b) Only statement (2) is correct
- c) Both the statements are correct
- d) None of the statement is correct

28) A party to any proceeding or appeal before the tribunal or the appellate tribunal may –

- a) Appear in person
- b) Authorise one or more chartered accountant or company secretaries or cost accountants or legal practitioners
- c) Any person other than (a) or (b)
- d) Either (a) or (b) or (c)

29) Statement (1) – No suit, prosecution or other legal proceeding shall lie against any member of the tribunal or appellate tribunal in discharge of any act done by him in good faith.

Statement (2) – The provisions of the Limitation Act, 1963 shall not apply to proceedings or appeals before the tribunal or the appellate tribunal.

- a) Only statement (1) is correct
- b) Only statement (2) is correct
- c) Both the statements are correct
- d) None of the statement is correct

30) Such proceeding relating to cases other than \_\_\_\_\_, for which orders for allowing or otherwise of the proceedings are \_\_\_\_\_ by the high courts, shall be transferred to the tribunal

- a) Inspection, Inquiry and investigation, reserved
- b) Winding up, not reserved
- c) Winding up, reserved
- d) Inspection, Inquiry and investigation, not reserved

31) Statement (1) – No court, other than the supreme court, shall have the jurisdiction to entertain any suit or proceeding in respect of any matter which the tribunal or the appellate tribunal is empowered to determine.

Statement (2) – No court, other than the high court, shall have the jurisdiction to grant an

injunction in respect of any action taken or proposed to be taken by tribunal or the appellate tribunal

- a) Only statement (1) is correct
- b) Only statement (2) is correct
- c) Both the statements are correct
- d) None of the statement is correct

**Answers:-**

1	a	8	b	15	d	22	a	29	a
2	b	9	d	16	c	23	c	30	b
3	c	10	c	17	b	24	a	31	d
4	c	11	c	18	d	25	c		
5	b	12	b	19	d	26	d		
6	c	13	c	20	c	27	b		
7	c	14	d	21	b	28	d		

## Ch 12 – Registered Valuer

- 1) Who shall carry out the valuation of any property, stocks, shares, debentures, securities or goodwill or any other assets or net worth of a company or its liabilities?
  - a) CFO
  - b) Liquidator
  - c) Registered Valuer
  - d) None of the above
- 2) Who shall appoint the Registered Valuer of the Company?
  - a) Board of Directors
  - b) Audit Committee
  - c) Nomination and Remuneration Committee
  - d) Audit Committee, in their absence by Board of Directors
- 3) What factors shall a Registered Valuer consider while conducting valuation of assets or liabilities of the Company?
  - a) Make an impartial Valuation
  - b) exercise due diligence
  - c) not undertake valuation of any assets in which he has or will have a direct or indirect interest any time during or after the valuation of assets.
  - d) All of the Above
- 4) Mr. X sold a building to PQR Ltd. in Jan 2016. In the year 2018, PQR Ltd. seeks to appoint Mr. Y (Brother of Mr. X) as its Registered Valuer. Will the appointment be considered valid?
  - a) No, as 3 years have not lapsed from the date Mr. X sold the asset.
  - b) No, as 5 years have not lapsed from the date Mr. X sold the asset.
  - c) No, as 8 years have not lapsed from the date Mr. X sold the asset.
  - d) None of the above
- 5) Mr. X sold a building to PQR Ltd. in Jan 2016. In the year 2018, PQR Ltd. seeks to appoint Mr. X as its Registered Valuer. Will the appointment be considered valid?
  - a) No, as 3 years have not lapsed from the date Mr. X sold the asset.
  - b) No, as 5 years have not lapsed from the date Mr. X sold the asset.
  - c) No, as 8 years have not lapsed from the date Mr. X sold the asset.
  - d) None of the above
- 6) Mr. X sold a building to PQR Ltd. in Jan 2016. In the year 2018, PQR Ltd. seeks to appoint Mr. Y (Friend of Mr. X) as its Registered Valuer. Will the appointment be considered valid?
  - a) No, as 3 years have not lapsed from the date Mr. X sold the asset.
  - b) No, as 5 years have not lapsed from the date Mr. X sold the asset.
  - c) No, as 8 years have not lapsed from the date Mr. X sold the asset.
  - d) None of the above
- 7) In the year 2018, PQR Ltd. was appointed Mr. X as its Registered Valuer. Mr. X seeks to sell a building to PQR Ltd. in Jan 2020. Can the transaction be entered into?
  - a) No, as 3 years have not lapsed from the date Mr. X has sold the asset.
  - b) No, as 5 years have not lapsed from the date Mr. X has sold the asset.
  - c) No, as 8 years have not lapsed from the date Mr. X has sold the asset.

- d) None of the above
- 8) Mr. X sold a building to PQR Ltd. in Jan 2012. In the year 2018, PQR Ltd. seeks to appoint Mr. X as its Registered Valuer. Will the appointment be considered valid?
- Yes, as 5 years have lapsed from the date Mr. X has sold the asset.
  - Yes, as 6 years have lapsed from the date Mr. X has sold the asset.
  - Yes, as 3 years have lapsed from the date Mr. X has sold the asset.
  - None of the Above
- 9) Mr. Akhil sold a building to Ranka Ltd. in Jan 2012. In the year 2018, Ranka Ltd. seeks to appoint Mr. Akhil as its Registered Valuer. In March 2018, Mr. Akhil conducts valuation of its shares and debentures. Will he face any consequence?
- fine which shall not be less than Rs. 25,000 but which may extend to Rs. 1 Lac.
  - fine which shall not be less than Rs. 15000 but which may extend to Rs. 1 Lac.
  - fine which shall not be less than Rs. 5000 but which may extend to Rs. 1 Lac.
  - None of the above
- 10) Mr. Raman sold a building to Ranka Ltd. in Jan 2016. In the year 2018, Ranka Ltd. seeks to appoint Mr. Raman as its Registered Valuer. In March 2018, Mr. Raman conducts valuation of its shares and debentures. Will he face any consequence?
- fine which shall not be less than Rs. 25,000 but which may extend to Rs. 1 Lac.
  - fine which shall not be less than Rs. 15000 but which may extend to Rs. 1 Lac.
  - fine which shall not be less than Rs. 5000 but which may extend to Rs. 1 Lac.
  - None of the above
- 11) Mr. P, valuer of LMN Ltd. contravened with the provisions of Section 247 with an intention to defraud the company. What are the consequences he will have to face?
- Imprisonment up to 1 year
  - Fine: Rs. 1 lac up to Rs. 5 lakh.
  - (a) or (b)
  - (a) and (b)
- 12) Mrs. Prachi, valuer of LMN Ltd. contravened with the provisions of Section 247 with an intention to defraud the company. What are the consequences she will have to face?
- Imprisonment up to one year and Fine Rs. 1 lac up to Rs. 5 lakh
  - shall be liable to: refund the remuneration received and pay for damages to the company or to any other person affected.
  - (a) or (b)
  - (a) and (b)

**Answers:-**

1	c	4	d	7	b	10	a
2	d	5	a	8	c	11	d
3	d	6	d	9	d	12	d

## DECLARATION & PAYMENT OF DIVIDENDS

1. Which of the following statement about dividend is untrue?
  - (a) Paid to Shareholders in proportion of amount paid up
  - (b) Preference Shareholders are given priority
  - (c) Section 8 Companies can declare dividend
  - (d) Dividend can also be paid from accumulated profits
2. Which of the following statement is untrue?
  - (a) Dividend declared in AGM shall not exceed the dividend recommended in Board Meeting
  - (b) No dividend is to be declared without adoption of accounts
  - (c) If dividend is not declared in AGM, then it cannot be declared in EGM
  - (d) Dividend not to be paid out of capital
3. Dividend can be paid by the company from \_\_\_\_\_
  - (a) Profits of such year
  - (b) Profits of Previous years
  - (c) Amount provided by government
  - (d) Any of the above
4. In case of inadequacy of profits, Rule 3 of Companies(Declaration and Payment of Dividend) Rules, 2014 is to be complied for payment of dividend except in case of \_\_\_\_\_
  - (a) Private Company
  - (b) Small Company
  - (c) Government Company
  - (d) Wholly Owned Government Company
5. Dividend once declared has to be deposited in separate bank account within \_\_\_\_\_
  - (a) 7 days of AGM
  - (b) 30 days of recommendation
  - (c) 5 days of declaration
  - (d) 60 days from 30<sup>th</sup> September or AGM whichever is earlier
6. If Company is willing to declare dividend even if there are no profits in such year, then the rate of dividend shall not exceed \_\_\_\_\_
  - (a) The Dividend paid for immediately preceding financial year
  - (b) The Average of Dividend paid in immediately preceding three financial years
  - (c) Interim Dividend
  - (d) 15% of the paid up capital and free reserves
7. As per Rule 3 of Companies (Declaration and Payment of Dividend) Rules, 2014, in case of inadequacy of profit the dividend amount drawn shall not exceed \_\_\_\_\_
  - (a) Average of Dividend for immediately preceding 3 financial years
  - (b) 1/10<sup>th</sup> of the paid up capital and free reserves
  - (c) 15% of the paid up capital
  - (d) 50% of the Dividend paid during immediately preceding financial year



**SWAPNIL PATNI CLASSES**

8. If dividend is not claimed by the member, then shall be transferred to Unpaid Dividend Account in \_\_\_\_\_ days after expiry of \_\_\_\_\_ days  
(a) 5, 30 (b) 7, 30 (c) 7, 14 (d) 5, 15
9. Dividend declared by the company but not claimed by the member for 7 years shall be transferred to \_\_\_\_\_  
(a) Investor Protection Fund (b) Investor Education and Protection Fund  
(b) Investor Protection and Education Fund (d) Investor Education and Protection Fund
10. The amount of IEPF can be utilized towards Class Action Suit sanctioned by \_\_\_\_\_  
(a) NCLT (b) RD (c) ROC (d) CG
11. Nidhi Company may give declaration in local newspaper and display on notice board for at least \_\_\_\_\_ months, if amount of Dividend is not more than ₹ \_\_\_\_\_  
(a) 3 months, ₹ 1,000 (b) 3 months, ₹ 100  
(c) 3 months, ₹ 500 (d) 2 months, ₹ 100
12. The term dividend has been defined under section \_\_\_\_\_  
(a) 2(34) (b) 2(35) (c) 2(36) (d) 2(43)
13. The provision regarding Declaration of Divisible profits and dividend are provided under \_\_\_\_\_  
(a) Section 88 to 95 (b) Section 123 to 127  
(c) Section 128 to 140 (d) Section 77 to 87
14. The Transfer of shares by Companies to IEPF shall be deemed as \_\_\_\_\_  
(a) Issue of Shares (b) Transfer of Share  
(c) Re-issue of Shares (d) Transmission of Shares

**ANSWER KEYS**

1	2	3	4	5	6	7	8	9	10
(c)	(c)	(d)	(d)	(c)	(b)	(b)	(b)	(d)	(a)
11	12	13	14						
(b)	(b)	(b)	(d)						

# ACCOUNTS & AUDIT

## A) Accounts

1. Board may keep the accounts at place other than registered office by filing Form \_\_\_\_\_ to \_\_\_\_\_ in \_\_\_\_\_ days
 

(a) AOC-3, ROC, 30 days	(b) AOC-4, ROC, 30 days
(c) AOC-5, ROC, 7 days	(d) AOC-5, ROC, 15 days
2. Company shall provide information to the director who has requested within \_\_\_\_\_ days of receipt of request.
 

(a) 7	(b) 10	(c) 15	(d) 21
-------	--------	--------	--------
3. The books of Accounts has to be preserved by Company for a period of \_\_\_\_\_
 

(a) 5 calendar years	(b) 8 calendar years	(c) 8 financial years	(d) 8 years immediately preceding the relevant financial year
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4. The term branch office has been defined under section \_\_\_\_\_
 

(a) 2(14)	(b) 2(15)	(c) 2(13)	(d) 2(12)
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5. Financial year in relation to any company or \_\_\_\_\_ shall mean the period ending on the 31<sup>st</sup> day of March every year
 

(a) LLP	(b) Foreign Company
(c) Body Corporate	(d) Public Financial Institutions
6. In case of Small Company, the Term Financial Statement does not include
 

(a) Statement of Change in equity	(b) Cash Flow Statement
(c) Body Corporate	(d) Public Financial Institutions
7. Cash Flow Statement is included in the Financial Statement for \_\_\_\_\_
 

(a) Small Company	(b) Dormant Company
(c) Private Company	(d) One Person Company
8. The statement containing salient feature of the financial statement of a Company's subsidiaries or associate company shall be in Form \_\_\_\_\_
 

(a) AOC-1	(b) AOC-2	(c) AOC-3	(d) AOC-4
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9. An application for voluntary revision to the tribunal shall be made within \_\_\_\_\_ of decision taken by Board
 

(a) 12 weeks	(b) 10 weeks	(c) 8 weeks	(d) 2 weeks
--------------	--------------	-------------	-------------

10. Company cannot request ROC to allow voluntary revision of financial statement or Board's report without prior approval of \_\_\_\_\_  
 (a) IBBI (Insolvency & Bankruptcy Board of India)  
 (b) NCLT (National Company Law Tribunal)  
 (c) RD (Regional Director)  
 (d) CG (Central Government)
11. NFRA may impose the penalty of not less than \_\_\_\_\_ rupees which may extend to \_\_\_\_\_ times of the fees received in case of firms.  
 (a) 10 lakhs, 5 times      (b) 5 lakh, 10 times      (c) 1 lakh, 5 times      (d) 10 lakh, 10 times
12. NFRA may debar the member or firm from engaging himself or itself from practice for \_\_\_\_\_  
 (a) 5 years      (b) 10 years  
 (c) 6 months to 5 years      (d) 6 months to 10 years
13. Financial Statement should be signed on behalf of Board by \_\_\_\_\_  
 (a) Chairman & 1 Director  
 (b) Chairman & 1 MD  
 (c) Chairman & 2 MDs  
 (d) Chairman & 2 Director (with at least 1 MD, if any)
14. Financial Statement is to be filed by Company to ROC in Form \_\_\_\_\_ in \_\_\_\_\_ days  
 (a) AOC-3, 15 days      (b) AOC-4, 60 days  
 (c) AOC-4, 30 days      (d) AOC-3, 60 days
15. OPC shall file financial statements to ROC within \_\_\_\_\_  
 (a) 30 days of AGM      (b) 180 days from closure of financial year  
 (c) 30 days from closure of financial year      (d) 60 days from AGM
16. Which of the following companies is not required to file e-form AOC-4 XBRL:-  
 (a) Listed Company  
 (b) Company with Paid up Capital of ₹5 crore or more  
 (c) Company having Turnover of ₹5 crore or more  
 (d) Company covered under IND-AS
17. Which of the following companies is not required to appoint Internal Auditor  
 (a) Listed company  
 (b) Private company with turnover of ₹100 crore or more  
 (c) Public company with paid up Capital of ₹50 crore or more  
 (d) Public company with outstanding deposits of ₹25 crore

**ANSWER KEYS**

1	2	3	4	5	6	7	8	9	10
(c)	(c)	(d)	(a)	(c)	(b)	(c)	(a)	(d)	(b)
11	12	13	14	15	16	17			
(b)	(d)	(d)	(c)	(b)	(c)	(b)			

# CORPORATE SOCIAL RESPONSIBILITIES

1. Corporate Social Responsibility (CRS) is provided under section \_\_\_\_\_ of Companies Act, 2013  
 (a) Section 134                      (b) Section 135                      (c) Section 136                      (d) Section 137
  
2. Which of the following company shall constitute a CSR committee?  
 (a) Company with Net Worth of ₹500 crore                      (b) Company with Turnover of ₹100 crore  
 (c) Company with Net Profit of ₹5 crore                      (d) All of the above
  
3. CSR Contribution is at least \_\_\_\_\_ % of average net profits of the Company  
 (a) 1%                      (b) 2%                      (c) 3%                      (d) 5%
  
4. Section 135 shall not apply to the Specified IFSC Companies for a period of \_\_\_\_\_ years from the commencement of business  
 (a) One year                      (b) Four years                      (c) Three years                      (d) Five years
  
5. CSR Committee shall consist of at least \_\_\_\_\_  
 (a) 2 Directors                      (b) 3 Directors  
 (c) 5 Directors                      (d) 1/3<sup>rd</sup> of total Directors
  
6. The activities included in CSR policy of the Company shall be one of those specified in \_\_\_\_\_ of the Companies Act.  
 (a) Table A                      (b) Schedule VII  
 (c) Table F                      (d) Schedule VI
  
7. Which of the following activities isn't specified in schedule pertaining to CSR?  
 (a) Rural Development Project                      (b) Slum Area Development  
 (c) Smart City                      (d) Swachh Bharat Kosh
  
8. CSR Committee shall consists of \_\_\_\_\_ independent directors  
 (a) 1                      (b) 2                      (c) 3                      (d) 1/3<sup>rd</sup>
  
9. The Composition of CSR committee shall be disclosed in \_\_\_\_\_  
 (a) Board Report                      (b) Corporate Governance Report  
 (b) Secretarial Audit Report                      (b) Management Discussion & Analysis Report

## ANSWER KEYS

1	2	3	4	5	6	7	8	9
(b)	(d)	(b)	(d)	(b)	(b)	(c)	(a)	(a)

## B) AUDIT

- Which of the following can be appointed as an auditor?
  - LLP
  - Person covered under section 144
  - Both
  - None
- Which of the following company is covered under the maximum limit of an auditor?
  - Dormant Company
  - (OPC)
  - Small Company
  - Small company private Company with p.u Capital of less than ₹100 crore
  - I+II
  - II+III
  - I+II+III
  - I+II+III+IV
- The first auditor of a company other than a Government Company, is to be appointed by BOD within \_\_\_\_\_ days of COI
  - 15
  - 30
  - 60
  - 90
- The first auditor so appointed is to hold office till\_\_\_\_\_
  - Conclusion of First AGM
  - Conclusion of First GM
  - Lapse of 1 year
  - The expiry of 6<sup>th</sup> AGM
- The company shall file a notice of appointment of Auditor with ROC in \_\_\_\_\_ in \_\_\_\_\_ days in case of IFSC Public & IFSC Private Companies
  - ADT-2, 15 days
  - ADT-2, 30 days
  - ADT-1, 30 days
  - ADT-1, 15 days
- Which of the following company may appoint firm as auditor for more than 2 terms of 5 consecutive years?
  - Listed Company
  - Unlisted Public Company with paid up capital of ₹10 crore
  - Private Company with borrowing of ₹50 crore
  - Private Company with paid up capital of ₹20 crore
- In Case of Prescribed Companies, after expiry of 2 terms of 5 consecutive years, cooling off period of \_\_\_\_\_ is required to re-appoint same auditor.
  - 1 year
  - 3 years
  - 5 years
  - 10 years
- In case of Government Company, first auditor is to be appointed by CAGI in \_\_\_\_\_ days from COI.
  - 15
  - 60
  - 180
  - 180

**SWAPNIL PATNI CLASSES**

9. In case of subsequent Auditor for existing government Companies, CAGI shall appoint auditor within \_\_\_\_\_ days from commencement of \_\_\_\_\_  
(a) 180, financial year (b) 60 days, AGM  
(b) 180, AGM (d) 60 days, financial year
10. The casual vacancy in the officer of auditor of Govt. Co. shall be filled by CAGI in 30 days & if failure than by \_\_\_\_\_ in next \_\_\_\_\_ days  
(a) Members, 30 days (b) BOD, 30 days  
(c) CG, 90 days (d) CFO, 30 days
11. The auditor who has resigned from the company shall file a statement in Form \_\_\_\_\_  
(a) ADT-1 (b) ADT-2 (c) ADT-3 (d) ADT-4
12. In order to remove an auditor, \_\_\_\_\_ of the members in GM is to be passed within \_\_\_\_\_ days of approval of \_\_\_\_\_  
(a) Ordinary Resolution, 60, ROC (b) Special Resolution, 60, CG  
(b) Special Resolution, 60, NCLT (d) Unanimous Resolution, 30, RD
13. The auditor shall report the fraud to the Board within \_\_\_\_\_ of discovery  
(a) 2 days (b) 3 days (c) 7 days (d) 10 days
14. Fraud discovered by auditor involving ₹ \_\_\_\_\_ or more is required to be forwarded to CG  
(a) 50 lakhs (b) 1crore (c) 5crore (d) 10crore
15. Cost Audit Report is to be made in form \_\_\_\_\_  
(a) CRA-1 (b) ADT-1 (c) CRA-4 (d) CRA-3

**ANSWER KEYS**

1	2	3	4	5	6	7	8	9	10
(a)	(d)	(b)	(a)	(c)	(d)	(c)	(b)	(a)	(b)
11	12	13	14	15					
(c)	(b)	(a)	(b)	(c)					

**The Securities & Exchange Board of India Act, 1992 And**  
**Securities & Exchange Board of India (Issue of Capital & Disclosure**  
**Requirements) Regulations, 2009**

- 1) For making an IPO, the company should have minimum average pre-tax operating profit of Rs. ----- during 3 profitable years out of immediately preceding \_\_\_\_\_ years.
  - a) Rs. 15 Cr. & 2 years
  - b) Rs. 10 Cr. & 4 years
  - c) 15 Cr. & 5 years
  - d) 20 Cr. & 5 years
- 2) B Ltd. gets incorporated on 22 December, 2010. Due to expansion the company proposes to announce IPO in the year April, 2013. The company has net-worth of around Rs. 4 crore since its incorporation, can such company release IPO?
  - a) Yes
  - b) Not until December 2013
  - c) With permission of CG
  - d) Not until December 2014
- 3) In case of an IPO, aggregate of proposed and previous issue in same FY shall not exceed 5 times of its-----.
  - a) Share capital
  - b) Net worth pre issue
  - c) Reserve and Surplus
  - d) Loans and borrowings
- 4) If the issuer company has changed its name in last 1 year at least \_\_\_\_\_ of revenue of one full preceding year shall be earned under new name
  - a) 75%
  - b) 50%
  - c) 60%
  - d) 100%
- 5) Q Ltd planning to issue IPO could not satisfy eligibility conditions. Issue is then made through book building process. Q Ltd. should mandatorily allot at least \_\_\_\_\_ to QIB .
  - a) 75 %
  - b) 25 %
  - c) 50 %
  - d) 100 %
- 6) B Ltd has made public issue & it was successfully subscribed by 800 shareholders. Can the Company allot to these shareholders?
  - a) No, atleast 1000 prospective allottees needed
  - b) No, atleast 1500 prospective allottees needed
  - c) No, atleast 2000 prospective allottees needed
  - d) Yes, only 500 prospective allottees needed

- 7) For regulation of offer document with SEBI the issuer company shall file atleast \_\_\_\_\_ of draft prospectus with SEBI
- 10 copies
  - 40 copies
  - 30 copies
  - 60 copies
- 8) Changes in offer document to be made \_\_\_\_\_ of filing
- Within 21 days
  - Within 14 days
  - Within 7 days
  - Within 10 days
- 9) If the issue is undersubscribed (<90%), under writer shall fulfill commitment within
- 15 days
  - 30 days
  - 60 days
  - 10 days
- 10) In case of \_\_\_\_\_ 50% shares should be reserved for applications below Rs. 1 lakh.
- Fixed price issue
  - Book built issue
  - Both of the above
  - None
- 11) Price band in case of book built issue shall be-----
- 30%
  - 20%
  - 40%
  - 50%
- 12) In case of book built issue \_\_\_\_\_ shares should be reserved for QIB's
- 35%
  - 40%
  - 50%
  - 20%
- 13) In case of Book building route the electronic book is maintained about price bids. Such book shall be open For
- 10 days
  - 3 days
  - 5 days
  - 8 days
- 14) Price band in case of book building issue shall have upper limit of \_\_\_\_\_ & floor price
- 100%
  - 150%
  - 120%



d) 60%

15) Price related disclosure in case of fixed price issue shall be made in \_\_\_\_\_

- a) Red herring prospectus
- b) Abridged prospectus
- c) Draft prospectus
- d) Information memo

16) Red Herring prospectus shall contain everything about IPO except

- a) Price
- b) No. of securities
- c) Either a or b
- d) None of above

17) A Ltd issued an IPO of issue price per share of more than 500. It wants to keep Rs 8 Face value. Is it valid?

- a) No
- b) Yes, provided it must be  $\geq$  Rs. 1
- c) Yes, must be  $<$  Rs. 10
- d) No, must be  $<$  Rs. 5

18) Minimum Promoters contribution in case of IPO shall be atleast \_\_\_\_\_ of post issue capital

- a) 10 % or more
- b) 20 % or more
- c) 50 % or more
- d) 60 % or more

19) Mr. D was a promoter of A Ltd. and was holding 20% of post issue capital at 1.6.2010 (Date of allotment). The shares of such promoter shall be locked in till \_\_\_\_\_

- a) 1.6.2011
- b) 1.6.2012
- c) 1.6.2013
- d) 1.6.2014

20) If the offer size is Rs. 100 Crore or more minimum \_\_\_\_\_ shall be offered to public.

- a) 60%
- b) 25%
- c) 10%
- d) 15%

21) When offer size is Rs. 100 Crore or more, issuer Company should allot 60% to \_\_\_\_\_

- a) Anchor investor
- b) QIB
- c) Trust
- d) Merchant banker

22) X Ltd. makes a right issue to existing share holders of offer size of Rs. 60 lakhs. Is the Company eligible to directly file letter of offer to SEBI?

- a) Yes
  - b) No ,file draft letter with Board
  - c) No, file draft letter with MCA
  - d) No filing of letter
- 23) A Ltd. withdrew right issue post announcement of record date. According to law Company should not make any application for listing of shares to RSE for 12 months. Can equity share on conversion thereof be listed?
- a) No
  - b) Yes, provided issue of convertible instruments was prior to record date
  - c) With approval CG
  - d) With approval of MCA
- 24) J Ltd. has a huge amount of reserve in store and proposes to issue bonus shares to the shareholders. Company had not paid interest due on debt instruments in past 3 years. Is Company eligible to issue Bonus shares?
- a) Yes, default is < 5 years
  - b) No, as any default is prohibited
  - c) SR at GM of Co.
  - d) Approval of SEBI
- 25) P Ltd proposes to issue bonus shares to all shareholders. But the Company has failed to pay gratuity to its shareholders since 3 years. Can the Company make such issue?
- a) Yes, as default is < 5 years
  - b) No, as any default is prohibited
  - c) SR at GM of Co
  - d) Approval of SEBI
- 26) Bonus share can't be issued to partly paid shares. Is this statement true?
- a) False
  - b) True, they're to be firstly made into fully paid
  - c) True, capital is reduced to extent of unpaid value of shares
  - d) True, bonus is paid as dividend instead
- 27) S Ltd. has announced to issue of dividend to all share holders. Due to change in plan Company decided to issue bonus share instead of dividend. Can the Company do so?
- a) Yes, bonus shares can be issued in lieu of dividend.
  - b) No, bonus shares cannot be issued in lieu of dividend
  - c) Only if approved by shareholders
  - d) Only if approved by MCA
- 28) The B Ltd. has enough amounts in revaluation reserve. Can the Company issue bonus shares out of it?
- a) Yes, as it's a valid financial reserve
  - b) No, as it's merely a re-valuation of assets specifically prohibited
  - c) Only if approved by CG
  - d) Only if approved by MCA

- 29) Preferential allotment means issue of shares by body corporate on preferential basis but does not include \_\_\_\_\_
- a) Public issue
  - b) Bonus shares
  - c) Sweat equity
  - d) All of the above
- 30) Mr. X who was a shareholder of A Ltd. has sold equity shares on May, 2018. A Ltd. proposes to issue shares by way of preferential allotment with relevant date being in September, 2018. Can A Ltd. issue shares to Mr. X?
- a) Yes, as 3 months have elapsed
  - b) No, as 6 months haven't elapsed
  - c) Yes, as no time limit is prescribed
- 31) Pricing of the preferential issue of shares which are already listed for 26 weeks or more shall be Higher of the average of weekly high/ low of VWAP during \_\_\_\_\_ whichever is higher
- a) 26 weeks or 2 weeks prior to relevant date
  - b) 26 week or 1 week prior to relevant date
  - c) 52 week or 3 week prior to relevant date
  - d) 52 week or 2 week prior to relevant date
- 32) Securities allotted to promoter upto 20% of the total capital of the company shall be locked it for \_\_\_\_\_
- a) 1 years
  - b) 2 years
  - c) 3 years
  - d) 5 years
- 33) The entire pre-preferential share capital held by allottees shall be locked in post pref. allotment for atleast \_\_\_\_\_
- a) 10 months
  - b) 6 months
  - c) 2 months
  - d) 1 year
- 34) If any person indulges in fraudulent & unfair trade practices relating to securities he may attract penalty u/s 15HA to the higher of:
- a) 1 lakh to 5 cr or 3 x profit derived
  - b) 5 lakh to 5cr or 3 x profit derived
  - c) 5 lakh to 25 cr or 3 x profit derived
  - d) 5 lakh to 25 cr or 5 x profit derived
- 35) J Ltd is a Company in the top 100 select group of listed Companies by SEBI. J Ltd has to make create exclusively of the following committees:
- a) Audit Committee
  - b) Risk Management
  - c) NRC

d) SRC

- 36) The company which is listed shall file its audited standalone financial results within \_\_\_ days of end of FY
- a) 45 days
  - b) 60 days
  - c) 30 days
  - d) 100 days
- 37) According to Regulation 24 regarding Corporate Governance requirements, a Listed Entity shall not dispose shares in its unlisted material subsidiary to less than \_\_\_\_\_ without passing GM-SR
- a) 75%
  - b) 60%
  - c) 50%
  - d) 29%
- 38) A Ltd. was selling assets (amounting to more than 20% of total assets) of its material subsidiary under a scheme of arrangement duly approved by Tribunal. Will A Ltd. require permission of SH?
- a) Yes, since its under scheme
  - b) No, as it's under scheme
  - c) Yes, since the sale is >20%
  - d) No permission
- 39) A listed entity shall file share holding pattern \_\_\_\_\_ days before listing of securities on stock exchanges.
- a) 21 days
  - b) 10 days
  - c) 1 days
  - d) 30 days
- 40) Every listed entity shall file a statement showing Investor Grievances within 15 days from the end of quarter?
- a) True
  - b) False, file within 14 days
  - c) False , file within 21 day
  - d) False, file within 30 days
- 41) Every listed entity shall within 15 days from the end of the quarter shall file report on \_\_\_\_\_
- a) Shareholding Pattern
  - b) Investor Grievance
  - c) Financial Result
  - d) Compliance of Corporate Governance
- 42) In case of Listed Company who has undergone capital restructuring shall file shareholding pattern within 10 days of such action only when total paid up capital increases by.
- a) By 2%
  - b) By 5%

- c) By 4%
- d) By 6%

43) BOD of listed entity shall inform RSE 5 days before -----

- a) Meeting to consider Financial Statements
- b) Recommendation or declaration of Dividend
- c) Both a and b
- d) None of these

44) In the case where the BOD is having agenda discussing about the matter specified in Section 29(1)(b) the BOD shall in Form stock exchange atleast before \_\_\_\_\_

- a) 5 working days
- b) 2 working days
- c) 7 working days
- d) 11 working days

45) When the listed entity wants to notify any record date it is shall intimate RSE atleast \_\_\_\_\_ before doing so.

- a) 11 working days
- b) 5 working days
- c) 2 working days
- d) 7 working days

46) Management of BOD of SEBI should have 2 members from the officials of \_\_\_\_\_

- a) Ministry of Defense
- b) Ministry of Admin
- c) Ministry of Finance
- d) Directorate of Account

47) Chairman of the SEBI board shall have age limit of-----

- a) 70 years
- b) 60 years
- c) 65 years
- d) 72 years

48) Management of SEBI should have atleast 1 member from amongst -----.

- a) National Sample Survey
- b) RBI
- c) Income Tax Dept.
- d) C&AG

49) Failure to comply with order of inspector in respect of duties stated in 11 C result in imprisonment upto-----

- a) 6 months
- b) 1.5 years
- c) 1 year
- d) 2 years

- 50) When any employee of a listed Company is caught making profit out of Unpublished Price Sensitive Information, he shall be penalized with Fine of:
- a) 30Cr. or 2 times of profit
  - b) 25Cr. or 4 times of profit
  - c) 10 Lacs to 25Cr. Or 3 times of profit
  - d) 50Cr. or 2 times of profit
- 51) H, a registered stock broker charges an amount of brokerage which is in excess of brokerage specified in regulation, he shall be penalized to the extent of:
- a) 1 lac or 5 times of brokerage
  - b) 2 lacs or 6 times brokerage
  - c) 5 lacs or 3 times OF brokerage
  - d) 4 lacs or 8 times of brokerage
- 52) For the process of adjudication Board appoints an Adjudicating officer who is not below the rank of \_\_\_\_
- a) Subordinate Chief
  - b) Additional Director
  - c) Deputy Chief
  - d) Division Chief
- 53) SAT shall be headed by:
- a) Director
  - b) CEO
  - c) Chairman
  - d) Presiding member
- 54) The tenure of presiding member under SAT shall be:
- a) 3 years
  - b) 5 years
  - c) 2 years
  - d) 7 years
- 55) Presiding officer can be \_\_\_\_
- a) Sitting or retired judge of SC
  - b) Sitting or retired Chief Justice of HC
  - c) Appointed by CG in consultation with Chief Justice of India
  - d) Any of the above
- 56) Aggrieved party may appeal to SAT within \_\_\_\_ days of order against which appeal to be made is received:
- a) 60 days
  - b) 30 days
  - c) 45 days
  - d) 90 days
- 57) In case of allotment of QIP at least 10 % of eligible securities should be allotted to \_\_\_\_
- a) Anchor investor
  - b) Share holder

- c) Promoter
- d) Mutual Funds

58) If the issue size of QIP is Rs. 350 Crores, the total number of allottees shall be \_\_\_\_\_

- a)  $\geq 2$
- b)  $\geq 4$
- c)  $\geq 5$
- d)  $\geq 7$

59) QIB who are under same \_\_\_\_\_ shall be deemed to single allottee.

- a) Country
- b) Group
- c) Capital Adequacy Norms
- d) None

60) QIB allotment to a single allottee shall not be more than -----

- a) 50%
- b) 60%
- c) 70%
- d) 75%

61) Allotment of QIB's pursuant to special resolution shall be computes within \_\_\_\_\_

- a) 6 months
- b) 10 months
- c) 12 months
- d) 2 years

62) The issuer of QIP shall not make issue of QIB until expiry of 6 months from the date of prior QIP. True or False.

- a) True
- b) False, 12 months
- c) False, 18 months
- d) False, 24 months

63) Tenure of convertible securities issued via QIP's should not exceed more than \_\_\_\_\_ months

- a) 100
- b) 90
- c) 60
- d) 80

64) Failure by intermediary to enter into an agreement with his client. u/s 15B shall attract lower of:

- a) 1 lakh/day or 1 crore
- b) 2 lakh/day or 2 crore
- c) 5 lakh/day or 5 crore
- d) 10 lakh/day or 10 crore

65) Mr. Oldy, 58 years of age was appointed as Chairman of the SEBI for 5 years. Under the provisions of the SEBI, 1992 decide whether he can be re appointed on the same post after

expiry of the original tenure. Also decide whether he has the right to relinquish his office at any time before the expiry of his period of office

- a) Yes he can be reappointed and he can relinquish his office
- b) No he cannot be re appointed and he cannot relinquish his office
- c) Yes he can be reappointed and he cannot relinquish his office
- d) No he cannot be re appointed and he can relinquish his office

66) What is the manner of relinquishing his office?

- a) By giving to the CG notice of not less than 1 month in writing
- b) By giving to the SEBI notice of not less than 3 months in writing
- c) By giving to the CG notice of not less than 3 months in writing
- d) By giving to the Central Government notice of not less than 2 months in writing

67) Mr. T is a director of IMB Ltd. There is a particular matter coming up for consideration in a meeting of SEBI's Board related to IMB Ltd. Mr. T who is a member of SEBI Board has indirect pecuniary interest in such matter. What would be the course of action now?

- a) Mr. T will as usual participate the SEBI meeting and take part in all proceedings
- b) Mr T will disclose nature of his interest and will not take part in any deliberations related to such matter
- c) Mr T will have to vacate his office by relinquishment or request the CG to remove him

68) Pooling of funds under any scheme or arrangement , which is not registered with the Board or is not covered under sub section (3), involving a corpus amount of Rs. 100 crore or more shall be \_\_\_\_\_

- a) Deemed to be a collective investment scheme
- b) Called as ESOP
- c) Deemed to be Bonus issue

69) SEBI appoints a person to investigate the affairs of an intermediary u/s 11C because:

- a) SEBI has reasonable ground to believe that the transactions in securities are being dealt with in a manner detrimental to the investors
- b) Any intermediary or any person associated with the securities market has violated any of the provisions or directions of the law
- c) Both a and b
- d) Neither a nor b

70) Mr. Win refuses to comply with the order of inspector to produce to the investigating authority book, register, and relevant records. State the penalty to which Mr. Win is subject to.

- a) Imprisonment for a term upto 6 months or with fine upto Rs 1 crore plus Rs. 5 lakhs for every day till the default continues
- b) Imprisonment for a term upto 2 years or with fine upto Rs 1 crore plus Rs. 50000 for every day till the Default continues
- c) Imprisonment for a term upto 1 year or with fine upto Rs 2 crore plus Rs. 5 lakhs for every day till the default continues
- d) Imprisonment for a term upto 1 year or with fine upto Rs 1 crore plus Rs. 5 lakhs for every day till the default continues



- 71) \_\_\_\_\_ prepare an annual statement of Accounts. The accounts of the SEBI shall be audited by \_\_\_\_\_. The certified accounts of the Board shall be forwarded annually to the \_\_\_\_
- a) SEBI, CAG, Central Government
  - b) Central Government, CA, Ministry
  - c) CAG, CAG, Central Government
  - d) None of the Above
- 72) The Board shall, ..... after that end of each FY, submit to the Central Government, a report in such form as may be prescribed giving a true and full accounts of its activities, policy and programs during the previous FY.
- a) Within 30 days
  - b) Within 60 days
  - c) Within 120 days
  - d) Within 90 days
- 73) A group of investors are upset with the leading stock broker of Chennai Stock exchange and want to make a Complaint to SEBI because the stock broker charges an amount of brokerage which is in excess of the brokerage specified in the regulations. What is the penalty applicable to the stock broker
- a) He shall be liable for more than Rs 1 lakh but which may extend to two times the amount of brokerage charged in excess of the specified brokerage, whichever is higher.
  - b) He shall be liable for more than Rs 1 lakh but which may extend to five times the amount of brokerage charged in excess of the specified brokerage, whichever is higher
  - c) shall be liable for more than Rs 1 lakh but which may extend to five times the amount of brokerage charged in excess of the specified brokerage, whichever is lower
  - d) He shall be liable for more than Rs 50000 but which may extend to five times the amount of brokerage charged in excess of the specified brokerage, whichever is higher
- 74) On the complaint of Mr. Verma after enquiry SEBI finds that Mr. Sharma a CEO of the company on the basis of unpublished price sensitive information, has indulged in the trading of the securities of that company. What action can SEBI take against Mr. Sharma under the SEBI Act,1992?
- a) Penalty of more than Rs 10 lakh extending upto 25 crore rupees/three times the amount of profits made out of insider trading, whichever is higher
  - b) Penalty of more than Rs 1 lakh extending upto 25 crore rupees/three times the amount of profits made out of insider trading, whichever is higher
  - c) Penalty of more than Rs 10 lakh extending upto 25 crore rupees/three times the amount of profits made out of insider trading, whichever is lower
  - d) Penalty of more than Rs 10 lakh extending upto 25 crore rupees/four times the amount of profits made out of insider trading, whichever is higher
- 75) What is the penalty for contravention where no separate penalty has been provided
- a) Penalty may extend to Rs. 1 crore
  - b) Penalty shall not be less than one lakh rupees but which may extend to Rs. 1 crore
  - c) Penalty shall not be less than ten lakh rupees but which may extend to Rs. 1 crore
  - d) Penalty shall not be less than twenty five lakh rupees but which may extend to Rs.1 cr.

- 76) What will happen in a situation where the Board on examination of record of any proceedings satisfies itself that the order passed by the adjudicating officer is erroneous to the extent it is not in the interests of the securities market?
- a) It may order to do inspection again
  - b) It may order to carry out due diligence
  - c) It may order enhancing the quantum of penalty
  - d) None of the above
- 77) In continuation to the above question, upto what time limit SEBI can consider the order passed by the Adjudicating officer?
- a) 2 months from the date of the order passed or disposal of the appeal, whichever is earlier
  - b) 3 months from the date of the order passed or disposal of the appeal, whichever is earlier
  - c) 30 days from the date of the order passed or disposal of the appeal, whichever is earlier
  - d) 120 days months from the date of the order passed or disposal of the appeal whichever is earlier
- 78) All sums realised by the way of penalties under this Act shall be credited to the -----
- a) Investors education and protection fund
  - b) Consolidated fund of India
  - c) Prime Minister National Relief Fund
  - d) Central Government Fund
- 79) Mr. Vakil has been a retired Judge of Supreme court. Is he eligible to be appointed as a presiding officer of SAT?
- a) Yes
  - b) No
- 80) Mr. Vakil has been a retired Chief Justice of High court. Is he eligible to be appointed as a presiding officer of SAT?
- a) Yes
  - b) No
- 81) Mr. Expert is a person of proven ability, integrity and standing having special knowledge and professional experience of not less than 15 years in financial sector including securities market .Is he eligible to be appointed as a technical member of SAT?
- a) Yes
  - b) No
- 82) Mr. Sad was aggrieved with the order made by SEBI. He wants to file Appeal. To whom appeal can be filed and what is the time limit to file the appeal?
- a) Securities Appellate Tribunal, 45 days from the date on which copy of order is received by him
  - b) Securities Appellate Tribunal, 30 days from the date on which copy of order is received by him
  - c) Securities Appellate Tribunal, 60 days from the date on which copy of order is received by him
  - d) Securities Appellate Tribunal, 90 days from the date on which copy of order is received by him

- 83) Any person who discloses the aggregate of his shareholding in the body corporate before he acquires any shares of that body corporate shall be penalized u/s 15H upto the higher of:
- 10 Lakhs to 10 crore or 5 x the profit derived
  - 10 Lakhs to 25 crore or 5 x the profit derived
  - 10 Lakhs to 10 crore or 3 x the profit derived
  - 10 Lakhs to 25 crore or 3x the profit derived
- 84) If any person fails to pay the penalty imposed by the adjudicating officer or fails to comply with any of his directions or orders, he shall be punishable with ---
- Imprisonment for a term which may extend to ten years, or with fine, which may extend to Rs. 25 crore or with both
  - Imprisonment for a term which shall not be less than one month but which may extend to eight years , or with fine, which may extend to Rs. 25 crore or with both
  - Imprisonment for a term which shall not be less than one month but which may extend to ten years , or with fine, which may extend to Rs. 20 crore or with both
  - Imprisonment for a term which shall not be less than one month but which may extend to ten years , or with fine, which may extend to Rs. 25 crore or with both

Answer :-

1	c	12	c	23	b	34	c	45	d	56	c	67	b	78	b
2	b	13	c	24	b	35	b	46	c	57	d	68	a	79	a
3	b	14	c	25	b	36	b	47	c	58	c	69	c	80	a
4	b	15	c	26	b	37	c	48	b	59	b	70	d	81	a
5	b	16	c	27	b	38	b	49	c	60	a	71	a	82	a
6	a	17	b	28	b	39	c	50	c	61	c	72	d	83	d
7	a	18	b	29	d	40	c	51	a	62	a	73	b	84	d
8	a	19	c	30	b	41	d	52	d	63	c	74	a		
9	c	20	c	31	a	42	a	53	d	64	a	75	b		
10	a	21	b	32	c	43	d	54	b	65	a	76	c		
11	b	22	b	33	b	44	b	55	d	66	c	77	b		

## Securities Contract Regulation Act, 1956

- 1) The objective of Securities Contract regulation Act is to:
  - a) To Regulate the capital market, protect the interest of investors
  - b) To prevent undesirable transactions in securities by regulating the business of dealing therein.
  - c) To regulate intermediaries participating in capital market.
  - d) Both (a) & (B).
- 2) What is Demutualization of Stock Exchange?
  - a) Conversion of existing Non-Profit Organization into a profit oriented company
  - b) Conversion of mutually owned associations to an organization that is owned by shareholders.
  - c) Transforming the legal structure of an exchange from mutual business to a business corporation form.
  - d) All of above
- 3) Application for recognition of stock exchange is made to:
  - a) SEBI
  - b) Central Government
  - c) Securities Appellate Tribunal
  - d) None of the above
- 4) Scheme for corporatization and demutualization of recognized stock exchange is sent to :
  - a) Central Government
  - b) SEBI
  - c) ROC
  - d) None of above
- 5) SEBI may restrict scheme of corporatization and demutualization on :
  - a) The voting rights of shareholders who are also stock brokers of the recognized stock exchange
  - b) The right of shareholders or stock brokers to appoint the representatives on the board
  - c) The maximum number of representative appointed shall not exceed  $\frac{1}{4}$  of the total strength of the board.
  - d) All of above
- 6) If a stock exchange fails to submit the scheme of corporatization and demutualization or the scheme submitted is rejected by SEBI, then the central government has the right to:
  - a) Withdraw the recognition of the stock exchange
  - b) Give an opportunity of being heard.
  - c) Enforce due performance of contracts entered before the notification date
  - d) Enquire into the affairs of the stock exchange.
- 7) A recognized stock exchange intends to amend its rules relating to voting of members in the meeting. Such amendment shall be valid only if approval of \_\_\_\_\_ is taken and published in the official gazette :
  - a) SEBI

- b) ROC
  - c) Central Government
  - d) None of the above
- 8) Recognized stock exchange can transfer its functions relating to clearing house to a clearing corporation being a company incorporated under the Companies Act subject to approval of :
- a) SEBI
  - b) Central Government
  - c) ROC
  - d) None of above
- 9) Duties and functions of clearing house/clearing corporation shall involve:
- a) Periodical settlement of contracts and differences thereunder
  - b) The delivery and payment for securities
  - c) Submission of periodical settlements
  - d) All of above
- 10) The power to supersede the governing body of the stock exchange is vested with :
- a) SEBI
  - b) Central Government
  - c) Representatives appointed central government
  - d) ROC
- 11) What are the consequences of suppression on the stock exchange
- a) The members shall cease to be the members.
  - b) The persons appointed can exercise duties and powers of the governing body which has been superseded.
  - c) All the property shall vest in such person appointed under this section for the purpose of enabling him to carry on the business.
  - d) All of above
- 12) An appeal by an investor pursuant to delisting of securities of the company in which he is a member shall be made to SAT within :
- a) 10 days
  - b) 7 days
  - c) 15 days
  - d) 30 days
- 13) Can a civil court pass an injunction order for a matter which a SAT is empowered?
- a) No the civil court has no jurisdiction
  - b) Yes the civil court can pass an injunction order
- 14) A person aggrieved by any decision or order of SAT shall file an appeal to the supreme court within :
- a) 30 days
  - b) 45 days
  - c) 60 days
  - d) 90 days

- 15) An appeal to supreme court can be filed only if :
- If the party is aggrieved by the order of SAT
  - There is a question of law arising out of such order
  - The order is not in the favour of the appellant.
  - The order is not in the interest of public at large.
- 16) What are the penalties in the following cases :
- If a director of a stock exchange fails to furnish the authority making an inquiry all such records in his custody without reasonable cause.
  - If a member of a stock exchange enters into contract in notified areas.
  - If a person owns a place other than that of recognized stock exchange which is used for the purpose of entering into contracts in contravention of the provisions.
- Imprisonment which may extend to 10 years or fine which may extend to Rs 1 crores or both.
  - Imprisonment which may extend to 10 years or fine which may extend to Rs 25 crores or both.
  - Imprisonment which may extend to 5 years or fine which may extend to Rs 10 crores or both.
  - None of above.
- 17) If a person fails to maintain or furnish information, records, returns, reports to a recognized stock exchange he shall be liable to penalty which shall be :
- Not less than Rupees 1 lakh but extend to Rs 1 lakh per day during which the failure continues subject to maximum of Rs 1 Crore.
  - Not less than Rupees 5 lakh.
  - Not less than Rupees 1 lakh but extend to Rs 1 lakh per day during which the failure continues subject to maximum of Rs 50 lakhs.
  - Not less than Rupees 10 lakhs.
- 18) If a stock broker fails to resolve investor grievances within the stipulated period, shall be punishable with a penalty which shall be :
- Imprisonment which may extend to 5 years or fine which may extend to Rs 10 crores or both.
  - Not less than Rupees 10 lakhs.
  - Not less than Rupees 1 lakh but extend to Rs 1 lakh per day during which the failure continues subject to maximum of Rs 1 Crore.
  - None of above.
- 19) If a company fails to comply with listing conditions or commits a breach shall be punishable with a penalty which shall be :
- Not Less than Rs 5 lakhs but may extend to Rs 25 Crores.
  - Not less than Rupees 1 lakh but extend to Rs 1 lakh per day during which the failure continues subject to maximum of Rs 1 Crore.
  - Not Less than Rs 5 lakhs but may extend to Rs 1 crore.
  - None of above
- 20) Any person aggrieved by the decision of the adjudicating officer, SEBI or recognized stock exchange may file an appeal to SAT within :

- a) 30 days
- b) 45 days
- c) 60 days
- d) 15 days

21) The appeal filed to SAT shall be disposed off :

- a) As expeditiously as possible
- b) Within 3 months
- c) Within 6 months
- d) Within a year.

22) Equity Shares and cumulative preference shares of Private Limited Company were sold under a share purchase agreement wherein amount was to be paid in 5 equal instalments. A clause in the agreement stated that the company has no liability due as on the date of agreement. After the purchase of shares it was realized that income tax and sales tax liability was due. The purchaser defaulted in payment of amounts and a case was filed. Whether the agreement is illegal under SCRA?

- a) SCRA deals with marketable securities and shares of private company are not marketable securities. Hence the legality cannot be determined.
- b) Yes this is an illegal agreement.
- c) The present contract is not governed by SCRA and hence not illegal.
- d) Both (a) & (c).

23) A broker registered under the SEBI allowed his terminal to be used by unauthorized person, acting as un- registered sub broker, did not maintain client registration forms, and delayed payments in violation of provisions of SEBI and SCRA. Is the registration liable to be cancelled and what are the penalties?

- a) Yes, Not Less than Rs 1 lakhs but may extend to Rs 1 crore.
- b) No

24) An Adjudicating officer shall be appointed by :

- a) SEBI
- b) High Court
- c) Central Government
- d) Stock exchange.

25) Can the business of stock exchange be suspended?

- a) No the business of the stock exchange cannot be suspended unless its affairs are held in a manner detrimental to the interest of trade or public.
- b) Yes SEBI can suspend the business of the stock exchange.
- c) Yes central government can suspend the business for a period not exceeding 7 days for reasons to be set out.
- d) Yes SAT can suspend the business of stock exchange.

26) An order has been passed by the central government to amend the rules of the all the recognized stock exchange. It shall be complied with within a period of

- a) 15 days
- b) 2 months



- c) 30 days
- d) 3 months

- 27) The amendment in bye laws of the recognized stock exchange by SEBI shall come into effect on:
- a) Passing an order
  - b) On publication in official gazette of India.
  - c) On intimation to stock exchange
  - d) One publication in official gazette of state.
- 28) An annual report is to be furnished by stock exchanges to :
- a) SEBI
  - b) Central Government
  - c) ROC
  - d) Both (b) & (c).
- 29) Every recognized stock exchange shall preserve its books of accounts and other documents for a period of :
- a) 8 years
  - b) 10 years
  - c) As determined reasonably.
  - d) 5 years
- 30) An inquiry into the affairs of the stock exchange or its members be made by :
- a) SEBI
  - b) Central Government
  - c) SAT
  - d) None of the above.

**Answer :-**

1	b	5	d	9	d	13	a	17	a	21	c	25	c	29	d
2	d	6	a	10	b	14	c	18	c	22	d	26	b	30	a
3	b	7	c	11	d	15	b	19	a	23	a	27	b		
4	b	8	a	12	c	16	b	20	b	24	a	28	b		



# ECONOMIC LAW

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## **Ch 1 - Foreign Exchange Management Act, 1999**

- 1) The preamble to the foreign exchange management Act, 1999 states that it is an Act to \_\_\_\_\_ the law relating to foreign exchange with the objective of facilitating external trade and payments and for promoting the orderly development and maintenance of foreign exchange market in India.
  - a) Consolidate
  - b) Amend
  - c) Consolidate & amend
  - d) None of these
- 2) The objective of the Act is to \_\_\_\_\_ and for promoting the orderly development and maintenance of foreign exchange market in India.
  - a) Facilitating external trade and payments
  - b) Promote the orderly development of foreign exchange market in India
  - c) Promote the maintenance of foreign exchange market in India
  - d) All of these
- 3) The preamble to the foreign exchange management Act, 1999 states that it is an Act to \_\_\_\_\_ the law relating to foreign exchange with the objective of facilitating external trade and payments and for promoting the orderly development and maintenance of foreign exchange market in India.
  - a) Consolidate
  - b) Amend
  - c) Consolidate & amend
  - d) None of these
- 4) The Act applies to –  
Statement (1) – The whole India, including the state Jammu and Kashmir.  
Statement (2) – All branches, offices and agencies outside India owned or controlled by a person to whom this Act applies.  
Statement (3) – Any contravention committed outside India by any person to whom this Act applies.
  - a) Only statement (1) is correct
  - b) Only statement (2) is correct
  - c) All the three statements are correct
  - d) None of the above statement is correct
- 5) Authorised person means
  - a) An Authorised dealer
  - b) Money changer
  - c) Off-share banking unit
  - d) All of these
- 6) A transaction shall be capital account transaction if \_\_\_\_\_
  - a) It alters the assets or liabilities in India of persons resident outside India
  - b) It alters the assets or liabilities outside India of persons resident in India

- c) It is referred to in sub-section (3) of section 6  
d) Either (a) or (b) or (c)
- 7) Capital Account transaction means a transaction which alters the \_\_\_\_\_ in India of a person resident outside India.  
a) Assets  
b) Liabilities  
c) Either (a) or (b) or both  
d) Income
- 8) 'Currency' includes \_\_\_\_\_  
a) Currency notes, cheques, drafts, bills of exchange and promissory notes  
b) Postal notes, postal orders, money orders, travellers cheques, letters of credit  
c) Such other instruments, as may be notified by reserve bank  
d) All of these
- 9) 'Current account transaction' means a transaction \_\_\_\_\_  
a) Other than capital account transaction  
b) Which is permitted only after obtaining specific permission of RBI  
c) Both (a) and (b)  
d) Which is not permitted under FEMA
- 10) Loan given by a person to his son residing abroad and who is a person resident outside India, for the purpose of his medical treatment is \_\_\_\_\_  
a) A capital account transaction  
b) A current account transaction  
c) Either (a) or (b)  
d) None of these
- 11) Remittances for living expenses of parents, spouse and children residing abroad is \_\_\_\_\_  
a) A capital account transaction  
b) A current account transaction  
c) Either (a) or (b)  
d) None of these
- 12) Payments due as interest on loans and as net income from investments is \_\_\_\_\_  
a) A capital account transaction  
b) A current account transaction  
c) Either (a) or (b)  
d) None of these
- 13) Statement (1) – Export means the taking out of India to a place outside India any goods.  
Statement (2) – Export means provision of services from India to any person outside India.  
a) Only statement (1) is correct  
b) Only statement (2) is correct  
c) Both the statements are correct  
d) None of the statement is correct

- 14) Where redemption or any form of return such as interest or dividends is payable in Indian currency, but the security is denominated in foreign currency, it is \_\_\_\_\_
- Indian security
  - Foreign security
  - Any of these
  - None of these
- 15) Statement (1) – An individual who does not reside for more than 182 days in the preceding financial year shall not be a person resident in India irrespective of the purpose of duration of his stay in India during the current financial year.  
Statement (2) – Citizenship is not relevant for determining the residential status of a person under FEMA.
- Only statement (1) is correct
  - Only statement (2) is correct
  - Both the statements are correct
  - None of the statement is correct
- 16) While determining as to whether a person is a resident in India or not, the period for which he has resided in India in the \_\_\_\_\_ is to be considered.
- Only statement (1) is correct
  - Only statement (2) is correct
  - Both the statements are correct
  - None of the statement is correct
- 17) While determining as to whether a person is a resident in India or not, the period for which he has resided in India in the \_\_\_\_\_ is to be considered.
- Current financial year
  - Current calendar year
  - Preceding financial year
  - Preceding calendar year
- 18) 'Repatriate to India' means \_\_\_\_\_ the realised foreign exchange and the selling of such foreign exchange to an authorised person \_\_\_\_\_ in exchange for rupees.
- Remittance from India of; outside India
  - Brining into India; in India
  - Remittance from India of; in India
  - Brining into India; outside India
- 19) 'Repatriate to India' means bringing into India the realised foreign exchange and the holding of realised amount in an account with an authorised person in India \_\_\_\_\_
- Without any limit
  - Upto the limit contained in the Act
  - Upto the limit prescribed in the rules
  - To the extent notified by the Reserve Bank.
- 20) Where a person does not bring into India the the foreign exchange, but uses the same for discharge of a debt or liability \_\_\_\_\_, the foreign exchange is repatriated.

- a) Denominated in foreign exchange
  - b) Denominated in Indian currency
  - c) Either (a) or (b)
  - d) None of these
- 21) No person shall deal in or transfer any foreign exchange or foreign security to any person not being \_\_\_\_\_
- a) An Authorised person
  - b) A person resident in India
  - c) A person resident outside India
  - d) All of these
- 22) \_\_\_\_\_ may, in public interest and in consultation with \_\_\_\_\_, impose such reasonable restrictions for current account transactions as may be \_\_\_\_\_.
- a) The Reserve bank; the central government; specified
  - b) The central government; The Reserve bank; specified
  - c) The central government; The Reserve bank; prescribed
  - d) The Reserve bank; the central government; prescribed
- 23) A person resident in India may hold, own, transfer or invest in foreign currency, foreign security or any immovable property situated outside India if such currency, security or property was acquired, held or owned by such person when he was \_\_\_\_\_ or inherited from a person who was \_\_\_\_\_
- a) Resident in India; resident outside India
  - b) Resident in India; resident in India
  - c) Resident outside India; resident in India
  - d) Resident outside India; resident outside India
- 24) The drawal of foreign exchange for payments due on account of amortisation of loans or for depreciation
- a) Resident in India; resident outside India
  - b) Resident in India; resident in India
  - c) Resident outside India; resident in India
  - d) Resident outside India; resident outside India
- 25) The Reserve bank may, by regulations, \_\_\_\_\_ establishment in India of a branch, office or other place of business by a person resident outside India, for carrying on any activity relating to such branch
- a) Prohibited
  - b) Restrict
  - c) Regulate
  - d) All of these
- 26) A person resident outside India may hold, own, transfer or invest in Indian currency, security or any immovable property situated in India if such currency, security or property was -
- a) Acquired, held or owned by such person when he was resident outside India

- b) Inherited from a person who was resident outside India
  - c) Either (a) or (b)
  - d) None of these
- 27) Lease of immovable property outside India by a person resident in India is not a capital account transaction if the period of lease \_\_\_\_\_
- a) Does not exceed 5 years
  - b) Is 5 years or less
  - c) Either (a) or (b)
  - d) None of these
- 28) Every exporter of goods shall furnish to \_\_\_\_\_ or other specified authority a declaration in such form and in such manner as may be specified.
- a) The Reserve Bank
  - b) The Central Government
  - c) Either (a) or (b)
  - d) None of these
- 29) Where any amount of foreign exchange is due or has accrued to any person \_\_\_\_\_, such person shall take all reasonable steps to realise and repatriate to India such foreign exchange.
- a) Resident outside India
  - b) Resident in India
  - c) Either (a) or (b)
  - d) None of these
- 30) The Reserve bank of India may revoke the authorisation of an authorised person \_\_\_\_\_ giving any opportunity of being heard, if it is satisfied that such revocation is in public interest.
- a) Without
  - b) Only after
  - c) Before
  - d) None of these
- 31) An authorised person contravenes certain directions given by the Reserve bank. As a consequence, the Reserve bank levies penalty on the authorised person. The penalty shall not exceed \_\_\_\_\_, and where the contravention is a continuing one, further penalty not exceeding \_\_\_\_\_ per day may be levied.
- a) ₹ 1,00,000; ₹ 20,000
  - b) ₹ 2,00,000; ₹ 5,000
  - c) ₹ 50,000; ₹ 5,000
  - d) ₹ 10,000; ₹ 2,000
- 32) For the purpose of securing compliance with the provisions of this Act or of any rules, regulations, directions or orders made thereunder, the reserve bank may, at any time, cause as inspection to be made, of the business of \_\_\_\_\_
- a) Any person resident in India

- b) Any authorised person
  - c) Both (a) & (b)
  - d) Any person resident outside India
- 33) Any penalty imposed on any person by the Adjudicating authority shall be paid in full within \_\_\_\_\_ from the date of service of notice on him.
- a) 45 days
  - b) 90 days
  - c) 120 days
  - d) 180 days
- 34) If any person fails to make full payment of the penalty imposed on him within stipulated time, he shall be liable to imprisonment upto \_\_\_\_\_, in case the demand raised in the penalty order exceeds ₹1 crore.
- a) 1 year
  - b) 2 years
  - c) 3 years
  - d) 5 years
- 35) Where an application for compounding is admitted, the compounding Authority shall \_\_\_\_\_ of compounding within \_\_\_\_\_ from the date of the application.
- a) Pass an order; 90 days
  - b) Pass an order; 180 days
  - c) Endeavour to Pass an order; 90 days
  - d) Endeavour to Pass an order; 180 days
- 36) A contravention committed within a period of \_\_\_\_\_ from the date on which a similar contravention was committed cannot be compounded.
- a) 1 year
  - b) 2 years
  - c) 3 years
  - d) 5 years
- 37) Every adjudicating authority shall \_\_\_\_\_ to dispose of the complaint within \_\_\_\_\_ from the date of receipt of the complaint.
- a) Be duty bound; 6 months
  - b) Endeavour; 1 year
  - c) Be duty bound; 6 months
  - d) Endeavour; 1 year
- 38) No adjudicating authority shall hold an inquiry except upon a complaint in writing made by any officer authorised by \_\_\_\_\_
- a) The Central Government
  - b) The Reserve Bank
  - c) Either (a) or (b)
  - d) None of these

- 39) Any person aggrieved by any order made by the Adjudicating Authority may, file an appeal with \_\_\_\_\_
- a) The Special Director (Appeals)
  - b) The Special Director
  - c) The Appellate Tribunal
  - d) The High court
- 40) An Appeal with the special director (Appeals) can be filed within a period of \_\_\_\_\_
- a) 30 days
  - b) 45 days
  - c) 60 days
  - d) 90 days
- 41) An Appeal with the Appellate tribunal can be filed within a period of \_\_\_\_\_
- a) 30 days
  - b) 45 days
  - c) 60 days
  - d) 90 days
- 42) Any person aggrieved by any order made by the Adjudicating authority may, file an appeal with \_\_\_\_\_
- a) The Special Director (Appeals)
  - b) The Special Director
  - c) The Appellate Tribunal
  - d) The High court
- 43) The Appellate tribunal shall \_\_\_\_\_ the appeal within \_\_\_\_\_ from the date of filing the appeal.
- a) Dispose of; 90 days
  - b) Dispose of; 180 days
  - c) Endeavour to Dispose of; 90 days
  - d) Endeavour to Dispose of; 180 days
- 44) A person preferring an appeal to the special director (Appeals) under this Act may either appear in person or take the assistance of \_\_\_\_\_ to present his case before the Special Director (Appeals)
- a) A legal Practitioner or a chartered Accountant
  - b) A company Secretary
  - c) A Cost Accountant
  - d) Any of these
- 45) No civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which \_\_\_\_\_ empowered by or under this Act to determine.
- a) Adjudicating Authority
  - b) Appellate Tribunal
  - c) Special Director (Appeals)
  - d) Any of these



- 46) Any person aggrieved by any decision or order of the Appellate Tribunal may file an appeal with the High court on \_\_\_\_\_
- a) Any question of law
  - b) Any question of fact
  - c) Any question of law or of fact
  - d) Any question as may be permitted by the High court
- 47) The Directorate of enforcement shall consist of a \_\_\_\_\_ and such other officers or class of officers as the central government may think fit.
- a) Chairman
  - b) President
  - c) Director
  - d) None of these
- 48) If \_\_\_\_\_ is satisfied that circumstances have arisen rendering, it necessary that any permission granted or restriction imposed by this Act should cease to be granted or imposed, it may, by notification, suspend or relax to such extent either indefinitely or for such period as may be notified, the operation of all or any of the provisions of this Act.
- a) The Reserve Bank
  - b) The Central Government
  - c) Either (a) or (b)
  - d) None of these
- 49) If any contravention of the Act, rule, direction or order made under the Act is committed by a company, then the company and every person who, \_\_\_\_\_ the contravention was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly.
- a) At the time
  - b) Before
  - c) After
  - d) Any of these
- 50) If any contravention of the Act, rule, direction or order made under the Act is committed by a company, then a person shall not be liable for punishment if he proves that \_\_\_\_\_
- a) The contravention took place without his knowledge
  - b) He had exercised due diligence to prevent such contravention
  - c) Either (a) or (b) or both
  - d) None of these
- 51) Where a person dies, any right, obligation, liability, proceeding or appeal to which he was a party \_\_\_\_\_, and upon such death, such rights and obligations \_\_\_\_\_ devolve on the legal representative of such person.
- a) Shall not abate; shall
  - b) Shall abate; shall not
  - c) Shall not abate; shall not
  - d) Shall abate; shall

- 52) Current Account Transactions for which drawal of foreign exchange is prohibited are contained in \_\_\_\_\_ to the foreign exchange management (Current Account Transactions) Rules, 2000
- a) Schedule I
  - b) Schedule II
  - c) Schedule III
  - d) None of these
- 53) Current Account Transactions for approval of Central Government required are contained in \_\_\_\_\_ to the foreign exchange management (Current Account Transactions) Rules, 2000
- a) Schedule I
  - b) Schedule II
  - c) Schedule III
  - d) None of these
- 54) Current Account Transactions for approval of Reserve Bank is required are contained in \_\_\_\_\_ to the foreign exchange management (Current Account Transactions) Rules, 2000
- a) Schedule I
  - b) Schedule II
  - c) Schedule III
  - d) None of these
- 55) 'Real Estate business' shall not include \_\_\_\_\_
- a) Development of township
  - b) Construction of residential of commercial premises, roads or bridges
  - c) Real Estate Investment (REITs)
  - d) All of these
- 56) Declaration stating the full export value of goods is not required in case of gift of goods of value not exceeding \_\_\_\_\_
- a) ₹ 1 Lakh
  - b) ₹ 2 Lakh
  - c) ₹ 3 Lakh
  - d) ₹ 5 Lakh
- 57) The amount representing the full export value of goods/ software/ services exported shall be realised and repatriated to India within \_\_\_\_\_ from the date of export.
- a) 3 months
  - b) 6 months
  - c) 9 months
  - d) 1 year
- 58) An exporter may receive advance payment where the export agreement itself duly provides for shipment of goods extending beyond the period of \_\_\_\_\_ from the date of receipt of advance payment
- a) 3 months

- b) 6 months
- c) 9 months
- d) 1 year

- 59) A person resident in India may acquire immovable property outside India jointly with \_\_\_\_\_, provided there is \_\_\_\_\_ of funds from India.
- a) A relative who is a person resident outside India; no outflow
  - b) A relative who is a person resident outside India; outflow
  - c) Any person resident outside India; no outflow
  - d) Any person resident outside India; outflow
- 60) A person not being an individual resident in India shall sell the realised foreign exchange to an authorised person within \_\_\_\_\_ from the date of its receipt, if such foreign exchange had become due or accrued as remuneration for services rendered, whether in or outside India, or in settlement of any lawful obligation, or an income on assets held outside India, or as inheritance, settlement or gift.
- a) 3 days
  - b) 7 days
  - c) 10 days
  - d) 15 days
- 61) A person resident in India is authorised to retain foreign currency notes, bank notes and foreign currency travellers cheque not exceeding \_\_\_\_\_ or its equivalent in aggregate, provided that such foreign exchange in the form of currency notes, bank notes and travellers cheques represents unspent amount of foreign exchange acquired by him from an authorised person for travel abroad.
- a) US \$ 2,000
  - b) US \$ 5,000
  - c) US \$ 10,000
  - d) US \$ 20,000

Answer :-

1	c	11	b	21	a	31	d	41	b	51	a	61	a
2	d	12	b	22	c	32	b	42	c	52	a		
3	c	13	c	23	d	33	b	43	d	53	b		
4	c	14	b	24	d	34	c	44	a	54	c		
5	d	15	c	25	d	35	b	45	b	55	d		
6	d	16	c	26	d	36	c	46	a	56	d		
7	c	17	c	27	a	37	b	47	c	57	c		
8	d	18	b	28	a	38	a	48	b	58	d		
9	a	19	d	29	b	39	a	49	a	59	a		
10	a	20	a	30	a	40	b	50	c	60	b		

## **Ch 2 – Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002**

- 1) Whether any Stamp duty is levied on the transfer of security interest from the Banks/Financial Institution to Asset Reconstruction Company?
  - a) Depends from state to state
  - b) Stamp duty is exempted
  - c) Levied if the amount of transfer exceeds 100 Crore
  - d) Rs. 100 on every Rs 1,00,000 of security interest
- 2) If the registration certificate of the ARC is cancelled, in how many days can it make an application to the Central Government (Ministry of finance)?
  - a) 30 days
  - b) 60 days
  - c) 90 days
  - d) 180 days
- 3) The Asset Reconstruction company can make an application against the RBI within 30 days of RBI cancelling its registration certificate to \_\_\_\_\_.
  - a) Governor of RBI
  - b) Government of India
  - c) Central Government (Ministry of Finance)
  - d) Prime Minister
- 4) Any dispute arising between Bank or financial institute & ARC or QIB shall be resolved by making an application to \_\_\_\_\_.
  - a) National Company Law Tribunal
  - b) High Court
  - c) Arbitrator under Arbitration & Conciliation Act, 1996
  - d) Regional direct
- 5) The Asset Reconstruction company after acquiring the financial assets shall replace \_\_\_\_\_ in terms of obligations, terms and conditions
  - a) Secured Creditor
  - b) Bank or financial Institution
  - c) Special Purpose Vehicle
  - d) Guarantor
- 6) An Asset Reconstruction company Works as \_\_\_\_\_.
  - a) Agent, manager & receiver
  - b) Principal, manager & receiver
  - c) Manager, receiver & administrator
  - d) Agent, manager & obligator
- 7) On the basis of period for which the asset remained non-performing assets are classified into 3 categories
  - a) Standard, sub- standard and default assets

- b) Sub-standard, doubtful and loss assets
  - c) Standard, doubtful and loss assets
  - d) Standard, doubtful and irrecoverable assets
- 8) Type of registrations which is required by ARC
- a) Registration under Companies Act and RBI
  - b) Only Registration under RBI
  - c) Only to be formed as Company under Companies Act
  - d) Can start the business of ARC just by registering with SEBI and issuing securities
- 9) If there are more than one borrower, how should the demand notice be served
- a) Demand notice must be served only on those borrowers whose borrowing is more than 40% of the debt
  - b) Demand notice must be served on any one of the borrowers
  - c) Demand notice must be served on the person whose name appears first in the list
  - d) Demand notice must be served on all borrowers
- 10) If the payment is not made by the borrower in the prescribed time after receipt of notice, which of the following steps cannot be taken by the secured creditor:
- a) Take possession of the secured assets of the borrower including the right to transfer by way of lease, assignment or sale for realising the secured asset
  - b) Appoint any person (manager) to manage the secured assets, the possession of which has been taken over by the secured creditor
  - c) To sell the assets of the borrower without further procedures that is in the possession of the secured creditor and utilize the amount against the amount due by the borrower
  - d) Takeover the management of business of the borrower
- 11) What is the purpose of Central Registry
- a) Registration of transaction of securitisation and reconstruction of financial assets and creation of security interest
  - b) Storehouse of information relating to securitized assets
  - c) Registration of information relating to secured creditors and related borrowers
  - d) Collection of information related to securitization cases
- 12) Which of the following is not a security interest
- a) Any security Interest created in agriculture land
  - b) Any security interest for securing repayment of any financial asset exceeding Rs. 1 Lac
  - c) Any unconditional sale
  - d) Any case in which the amount due is more than 20% but less than 30% of the principal amount and interest thereon
- 13) Which of the following is not a condition that is considered by the RBI in case of application for registration or carrying on business by an Asset Reconstruction Company (ARC):
- a) that the ARC has not incurred losses in any of the three preceding financial years
  - b) that the directors of ARC have not entered into related party transactions
  - c) that the directors of ARC have adequate professional experience in matters related to finance, securitization and re-construction

- d) That a sponsor of an ARC is a fit and proper person in accordance with the criteria issued by RBI
- 14) When does an asset become non-performing
- a) When the installments and/or interest is not paid for a period exceeding 60 days
  - b) When the installments and/or interest is not paid for a period exceeding 120 days
  - c) When the installments and/or interest is not paid for a period exceeding 90 days
  - d) When the installments and/or interest is not paid for a period exceeding 180 days
- 15) In case of joint financing under this Act, a creditor can
- a) Take any action independently
  - b) Take action only when it is agreed upon by creditors holding 60% of the amount outstanding on record date
  - c) Take action only when it is agreed upon by creditors holding 40% of the debt outstanding as on that date
  - d) Take action with the permission of all the other creditors involve
- 16) What is the time limit within which any person aggrieved by any measure taken by secured creditors file an application to the Debt Recovery Tribunal:
- a) Within 45 days from the date on which such measure had been taken
  - b) Within 30 days from the date on which such measure had been taken
  - c) Within 15 days from the date on which such measure had been taken
  - d) Within 60 days from the date on which such measure had been taken
- 17) Under the provision of SARFAESI Act 2002, where a transaction of securitisation is registered
- a) Registrar of Companies
  - b) Registrar of Firms
  - c) Registrar of Assurances
  - d) Registrar of Central Registry
- 18) In the process of securitisation the non-liquid financial assets (NPA) are converted into marketable securities in the form of:
- a) Share
  - b) Debenture
  - c) Pass through certificates
  - d) Receipts
- 19) At the time of take over the bad loans from 3 banks it is found that these banks have filed suits in different DRTs. Securitisation company wants to get these cases in one DRT, which can be permitted by:
- a) Central Govt.
  - b) Supreme Court
  - c) High Court
  - d) DRAT
- 20) What is the name of Central Registry formed under SARFAESI Act, 2002
- a) Central Registry of Securitisation Asset Reconstruction and Security Interest (CERSAI)
  - b) Central Registry of Secured Asset Reconstruction and Security Interest (CERSAI)

- c) Central Registry of Securitisation Asset Reconstruction and Security Asset Interest (CERSAI)
  - d) None of the Above
- 21) Before which of the following can an asset reconstruction company file an application for enforcement of its security interest:
- a) Debt Recovery Tribunal
  - b) High Court
  - c) District Court
  - d) National Company Law Tribunal
- 22) An application under Section 5A of the SARFAESI Act for transfer of applications pending before two or more Debt Recovery Tribunals may be filed by an Asset Reconstruction Company before
- a) High Court
  - b) National Company Law Appellate Tribunal
  - c) Special Court
  - d) Debt Recovery Appellate Tribunal
- 23) When a secured creditor takes over the management of business of a borrower, he may appoint:
- a) As many persons as it thinks fit to be the directors/administrators of the business of that borrower, as the case may be
  - b) As many persons as it thinks fit to be the registered valuers of the business of that borrower
  - c) The auditors of the business of that borrower
  - d) The liquidator who shall take over the liquidation proceedings
- 24) Prior approval of RBI is not required in the following case to an ARC
- a) Change in its name
  - b) Any substantial change in the management, including appointment of any director, managing director, or chief executive officer
  - c) Enforcement of security interest
  - d) Change of location of its registered office
- 25) One of the following ground is not the criteria for cancellation of Registration Certificate of ARC
- a) Ceases to carry on the business of securitization or asset reconstruction company
  - b) Has failed to comply with the conditions specified by RBI
  - c) Fails to maintain the accounts in accordance with the requirement of the Act
  - d) has incurred loss in the preceding financial year
- 26) RBI has power to determine policy and issue directions to the ARC in particular or it should be uniform for all the ARC's
- a) RBI has power to issues such directions only generally, uniformly for the all the ARC's
  - b) RBI can issue directions only to particular ARC



- c) RBI can issue in public interest to the ARC's and also to the ARC in particular directions and determine policies
  - d) None of the above
- 27) Which of the following is not the Pre-conditions for enforcement of security interest
- a) There should be a default in repayment of secured debt
  - b) The account in respect of such debt is classified as NPA
  - c) Notice in writing is issued to the borrower to discharge its liabilities in full within 60 days from the date of notice
  - d) There is no mandatory requirement for borrower liability to a secured creditor to be under a security agreement
- 28) Can director or managing director or manager or any other person incharge of management can claim to tribunal for recovery of compensation for loss of its office:
- a) It can claim for compensation if the director, managing director, manager or person incharge is not guilty of any fraud
  - b) Director or managing director or manager or any other person incharge of management cannot claim compensation for loss of office
  - c) Director or managing director or manager or any other person incharge of management cannot claim compensation for loss of office but has the right to recover from the business of the borrower, moneys recoverable otherwise than by way of such compensation
  - d) Can make an application to Tribunal within 30 days to claim for loss of office
- 29) The time-limit within which the DRT is supposed to dispose off the application
- a) As expeditiously as possible
  - b) Within 60 days from the date of application
  - c) Within 60 days from the date of application but can be extended to max of 4 months for reason to be recorded in writing
  - d) Within 180 days of the date of application
- 30) RBI has specified that the Net Owned Fund for Asset Reconstruction Companies shall be minimum \_\_\_\_\_ on an ongoing basis with effect from 28 April,2017
- a) Rs 50 Crore
  - b) Rs 100 crore
  - c) Rs. 150 crore
  - d) No such limit
- 31) An asset reconstruction company existing on the commencement of this Act, shall make an application for registration to the RBI before the expiry of \_\_\_\_\_ from such commencement
- a) 30 days
  - b) 120 days
  - c) 3 months
  - d) 6 months
- 32) Before granting a certificate of registration , the RBI shall itself satisfy that \_\_\_\_\_
- a) Such company has not incurred losses in any of 3 preceding financial years



- b) That no director of such company has been convicted of any offence involving moral turpitude
  - c) that such company has complied with or is in a position to comply with prudential norms specified by the RBI
  - d) All of the Above
- 33) Sponsor means \_\_\_\_\_
- a) Any person holding not less than 10% of the paid up equity capital of an asset reconstruction company
  - b) Any person holding not less than 20% of the paid up equity capital of an asset reconstruction company
  - c) Any person holding more than 20% of the paid up equity capital of an asset reconstruction Company
  - d) Any person holding any amount of the paid up equity capital of an asset reconstruction company
- 34) Can an asset reconstruction company appoint any director on the board of directors of the asset reconstruction company
- a) No
  - b) Yes, on obtaining prior approval of RBI
  - c) Yes, on obtaining prior approval of CG
  - d) Yes, on obtaining prior approval of DRT
- 35) High Ltd. is an asset reconstruction company, of which certificate of registration was cancelled. Which authority can cancel the registration?
- a) Supreme court
  - b) High Court
  - c) RBI
  - d) Any of the above
- 36) Mudra Ltd. is an asset reconstruction company. This company has failed to comply with any direction issued by the RBI under the provisions of this Act. What action will RBI take now?
- a) No action
  - b) Cancellation of certificate
  - c) Suspension of certificate
  - d) None of the above
- 37) The RBI may cancel the certificate of registration of any asset reconstruction company, without giving any opportunity being heard, if it is of opinion that the delay in cancelling the certificate of registration shall be prejudicial to the public interest or the interest of the investors of such company.
- a) True
  - b) False
- 38) What is the time limit for filing an appeal by the asset reconstruction company?
- a) 15 days
  - b) 30 days

- c) 45 days
  - d) 60 days
- 39) Any document executed by any bank or financial institution in favour of the asset reconstruction company acquiring financial assets for the purpose of asset reconstruction shall be \_\_\_\_\_
- a) Liable to pay stamp duty
  - b) Exempted from stamp duty
  - c) Any of the above
  - d) None of the above
- 40) Under the provision of SARFAESI Act 2002, where a transaction of securitisation is registered
- a) Registrar of Companies
  - b) Registrar of Assurances
  - c) Registrar of Firms
  - d) Registrar of Central Registry
- 41) Under section 14, compulsory filing of \_\_\_\_\_ by the secured creditor through their authorised officer with the District magistrate to take possession of the secured assets
- a) Certificate
  - b) Affidavit
  - c) Report
  - d) None of the above
- 42) Where the sale of an immovable property, for which a reserve price has been specified, has been postponed for want of a bid of an \_\_\_\_\_ such reserve price, it shall be lawful for any officer of the secured creditors to bid for the immovable property on behalf of the secured creditor at any subsequent place
- a) Amount not less than
  - b) Amount not more than
  - c) Amount equal to
- 43) Where the secured creditor is declared to be the purchaser of the immovable property at any subsequent sale, the amount of the purchase price shall be \_\_\_\_\_ of secured creditor.
- a) Adjusted towards the selling price
  - b) adjusted towards the amount of the claim
  - c) adjusted towards the amount of auction
- 44) Any amount which is received by the secured creditor shall be applied , firstly, in payment of such costs and secondly , in discharge of the dues of the \_\_\_\_\_, and if any amount remains after such payments, such amount shall be paid to the borrower
- a) secured creditor
  - b) unsecured creditor
  - c) liquidator

- 45) Where dues of the secured creditor are not fully satisfied with the sale proceeds of the secured assets, the secured creditor may file an application to the \_\_\_\_\_ for recovery of the balance amount from the borrower.
- Debts recovery appellate tribunal
  - State government
  - Debts recovery tribunal
  - Central government
- 46) The act allows taking the matter to high courts only in some matters related to the implementation of the act in Jammu & Kashmir
- True
  - False
- 47) The Jammu and Kashmir High Court shall not entertain any appeal by the borrower unless the borrower deposits with the Jammu and Kashmir High Court, \_\_\_\_\_ due from him as claimed by the secured creditor or determined by the court of District Judge, whichever is less.
- 20
  - 25
  - 50
  - 40
- 48) The particulars of every transaction of securitisation, asset reconstruction or creation of security interest shall be filed , with the in the manner and on payment of such fee as may be prescribed
- High Court
  - State Government
  - Central Government
  - Central Registry
- 49) It shall be the duty of, as the case may be , to send to the Central Registrar, the particulars of modification of security interest
- Asset Reconstruction Company
  - Bank
  - Financial Institution
- 50) The particulars of securitisation entered in the Central Register shall be open during business hours for inspection by \_\_\_\_\_ on payment of prescribed fees
- Director
  - Any Person
  - Central Registrar
  - Concerned Bank
- 51) the management of business of a borrower is taken over by a secured creditor , the secured creditor may appoint as many person as is thinks fit to be the \_\_\_\_\_
- Directors, in case the borrower is a company; Administrator of the business of the borrower, in any other case

- b) Administrators ,in case the borrower is a company; Directors, of the business of the borrower, in any other case
  - c) Central Registrar ,in case the borrower is a company; Administrator of the business of the borrower, in any other case
  - d) None of these
- 52) If any secured creditor jointly with other secured creditors has converted part of its debt into shares of a borrower company and thereby acquired controlling interest in the borrower company, such creditors shall not be liable to restore the management of the business to such borrower
- a) True
  - b) False
- 53) The DRT may extend the said period of 60 days, that the total period of pendency of the application shall not exceed -----
- a) 60 days
  - b) 90 days
  - c) 1 month
  - d) 4 months
- 54) No appeal shall be entertained unless the borrower has deposited with the Appellate Tribunal 50% of the amount of debt due from him, as claimed by the \_\_\_\_\_
- a) Secured creditors or determined by the Debts Recovery Tribunal, whichever is more
  - b) Secured creditors or determined by the Debts Recovery Tribunal
  - c) Secured creditors or determined by the Debts Recovery Tribunal, whichever is less.
- 55) Where a caveat has been lodged, such caveat shall not remain in force after the expiry of the period of 90 days ----- unless the application or appeal has been made before the expiry of the period.
- a) from the date on which it was lodged
  - b) from the date on which it was served
- 56) Central Registry of Securitization Asset Reconstruction and Security Interest of India is a \_\_\_\_\_ with Government of India having a shareholding of 51% by the Central Government and select public sector banks and the national housing bank also being shareholders of the company
- a) Government of India Company licensed under section 8 of the Companies Act, 2013
  - b) Charitable trust under section 8 of the Companies Act,2013
  - c) Public Company
- 57) The Central Government may by notification appoint a person for the purpose of registration of transactions relating to securitization, reconstruction of financial assets and security interest created over properties who shall be known as the -----
- a) Administrator
  - b) Secured Creditor
  - c) Central Registrar
  - d) Any of the above

- 58) A record called Central Register shall be kept at the head office of the Central Registry for entering the particulars of the transactions relating to \_\_\_\_\_
- Securitization of the financial assets
  - Creation of security interest
  - Reconstruction of the financial assets
  - All of the above
- 59) Can inspection of Central Register maintained in electronic form be done by any person?
- Yes
  - No
- 60) Where any ARC or any person fails to comply with any direction issued by the RBI under this Act, penalty is imposed \_\_\_\_\_
- Not exceeding Rs. 1 crore or twice the amount involved in such failure, whichever is more
  - Not exceeding Rs. 50 lakh or twice the amount involved in such failure, whichever is more
  - Not exceeding Rs. 1 crore or twice the amount involved in such failure, whichever is less
  - Not less than Rs. 1 crore or twice the amount involved in such failure, whichever is more
- 61) A person in default aggrieved by an order of Adjudicating authority imposing penalty may within a period of 30 days from the date on which such order is passed prefer an appeal to the \_\_\_\_\_
- High court
  - Tribunal
  - Appellate Authority
  - Central Government
- 62) What is the consequence where it is found that statement on oath made by the person is false in material particulars?
- Fine
  - Imprisonment
  - Personally liable to the Reserve Bank
  - None of the above
- 63) The communication of the reasons to the borrower by the secured creditor for not having accepted his representation or objection or the likely action of the secured creditor shall not entitle the borrower to make an application to the \_\_\_\_\_
- Court of District Judge
  - Central Government
  - State Government
  - ARC
- 64) Does SARFAESI, 2002 apply in the following situations?
- A pledge of movables within the meaning of section 172 of the Indian Contract Act, 1872
  - Creation of any security in any aircraft as defined in clause (1) of section 2 of the Aircraft Act, 1934
- Apply
  - Does not apply

- 65) EFG Ltd. issued listed bonds 5 years ago, which is due to be redeemed in the current year worth 50 crore Rs. The single largest bond holder NM Ltd. wants to know options under SARFAESI Act 2002 in case EFG Ltd. fails to repay the debt. Advice
- Recourse to all options as available to secured creditors
  - No Recourse to all options as available to secured creditors
- 66) The SARFAESI Act, applies to
- A lien on goods, money or security given under Indian Contract Act 1872 or Sale of Goods Act 1930
  - Creation of any security in any aircraft as per the Aircraft Act 1934
  - Any security interest for securing repayment of any financial asset exceeding Rs. 1,00,000
  - Any case in which the amount due is less than 20% of the principal amount and interest thereon
- 67) As per Security Interest (enforcement) Rules, 2002, on sale of immovable property by the secured creditor, the purchaser shall pay a deposit of \_\_\_\_\_ of the amount of sale price immediately and balance within \_\_\_\_\_ days of such sale.
- 15% , 15 days
  - 35%, 20 days
  - 25%, 15 days
  - 50%, , 30 days
- 68) An ARC registered with RBI to carry on the business of asset reconstruction are deemed to be \_\_\_\_\_ which can invite any number of qualified institutional buyers to subscribe its debentures, bonds etc.
- Public Financial Institution
  - Bank
  - Non-banking Financial Corporation
  - Merchant banker
- 69) Every company functioning as securitization company or reconstruction company shall have net owned funds of \_\_\_\_\_ or \_\_\_\_\_ % of financial assets, whichever is higher.
- 100 Crores or 25% of financial assets
  - 50 Crores or 10 % of financial assets
  - 100 Crores or 15% of financial assets
  - 2 Crores or 15% of financial assets
- 70) XY Ltd has raised a loan of Rs 10 lakhs and has defaulted in payment of Rs 5000 on the due date. Written notice has been given to XY Ltd demanding the payment of his liability in full within 60 days. Is the account of XY Ltd classified as NPA ?
- Yes even a debt of Rs 1 outstanding is classified as NPA
  - No debts are classified as NPA only if they exceed 1,00,000
  - No Debts are classified as NPA only if they exceed 10,000
  - None of the above

- 71) XY Ltd has defaulted in payment of its debt; ARC has taken action to realize its assets through auction and has incurred expenses related to realization of assets. Can ARC recover the expenses incurred from borrower on realization of such assets?
- No ARC has to bear the cost and expenses
  - ARC can recover 50% of the expenses and cost incurred
  - ARC can recover full expense and cost incurred
  - ARC and Borrower can mutually decide
- 72) What is the effect when the secured creditor has taken over the management of the borrower
- No Director shall be nominated or appointed by shareholders of borrower company
  - No resolution passed in the shareholders meeting shall be given effect without the approval of secured creditor.
  - No winding up of the borrower's company shall lie in any court except with the consent of secured creditor
  - All of the above

Answer :-

1	b	11	a	21	a	31	d	41	b	51	a	61	c	71	c
2	a	12	b	22	d	32	d	42	a	52	a	62	c	72	d
3	c	13	b	23	a	33	a	43	c	53	d	63	a		
4	a	14	c	24	c	34	b	44	c	54	c	64	b		
5	b	15	b	25	d	35	c	45	c	55	a	65	a		
6	a	16	a	26	c	36	b	46	a	56	a	66	c		
7	b	17	d	27	d	37	a	47	c	57	c	67	c		
8	a	18	d	28	c	38	b	48	d	58	d	68	a		
9	d	19	d	29	c	39	b	49	a	59	a	69	c		
10	c	20	a	30	b	40	d	50	b	60	a	70	a		

## **Ch 3 – Prevention of Money Laundering Act, 2002**

- 1) Which of the following acts can be considered as acts of Money Laundering in the act?
  - a) Illegal arms sales
  - b) Drug trafficking
  - c) Insider trading
  - d) All of the above
- 2) Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and \_\_\_\_\_ shall be guilty of offence of money-laundering. (Section 3 of PMLA)
  - a) Intentionally Participates
  - b) Unknowingly participates
  - c) Projecting it as untainted property
- 3) What is a 'scheduled offence'?
  - a) Circulation of Fake Indian Currency Note
  - b) Offences relating to Narcotic Drugs
  - c) Waging war against the Nation
  - d) All of the Above
- 4) Mr. P was found guilty as per the provisions of Prevention of Money Laundering Act, 2002. Who can investigate his case of Money Laundering?
  - a) Director/Officer u/s 48
  - b) Police Inspector
  - c) Officer of Supreme Court
  - d) None of these
- 5) Financial Institutions as per clause c of section 45 I of the Reserve Bank of India Act, 1934 include
  - a) A chit fund company
  - b) Housing finance Institutions
  - c) Non-Banking financial company
  - d) All of the above
- 6) Mr. X was found guilty of money laundering as per provisions of Money Laundering Act, 2002. What are the possible actions which can be taken against Mr. X?
  - a) 3 to 7 years Imprisonment and Fine
  - b) 3 to 7 years Imprisonment
  - c) Only Fine
  - d) upto 3 year Imprisonment
- 7) Mr. Y was found guilty under Narcotic drugs and Psychotropic Substances Act, 1985. What are the possible actions which can be taken against Mr. Y for money laundering of the sum therefrom?
  - a) 3 to 10 years Imprisonment and Rs. 1,00,000 Fine
  - b) 3 to 7 years Imprisonment



- c) 3 to 10 years Imprisonment and Fine
  - d) upto 3 years imprisonment
- 8) Every reporting entity u/s 12 (Banking Company, Financial institution, Intermediary or a person carrying on a designated business or profession) is required to maintain records after the end of an relationship with a client for :
- a) 1 year
  - b) 3 years
  - c) 5 Years
  - d) 10 years
- 9) Section 12 of the Prevention of Money Laundering Act, 2002 lays down following obligations on banking companies, financial institutions and intermediaries
- a) Maintain a record of all transactions
  - b) Verify and maintain the records of the identity of all its clients
  - c) Furnish information of transactions referred to in clause (a) to the Director
  - d) All of the above
- 10) Director (Adjudicating Authority) has reason to believe that Mr T is in possession of proceeds of crime and such proceeds of crime are likely to be transferred which may result in frustrating any proceedings relating to confiscation of such proceeds of crime. So for how many days such property can be attached?
- a) Not exceeding 90 days
  - b) Not exceeding 180 days
  - c) Not exceeding 1 month
  - d) Not exceeding 60 days
- 11) The officer attached Property of Mr. A as per Section 5(1) of Prevention of Money Laundering Act 2002. Upto how many days from such attachment, the officer is required to file complaint before the adjudicating authority?
- a) 45 days
  - b) 60 Days
  - c) 90 Days
  - d) 30 Days
- 12) Central Government appoints an Adjudicating Authority comprising of Mr X as chairperson, Mr. B and Mr. D as members. Mr. B is experienced in the field of Accountancy. Is the appointment in lines of the provision of Prevention of Money Laundering Act, 2002?
- a) Yes
  - b) No
- 13) Adjudication authority has reason to believe that Mr. B is in possession of proceeds of crime. What is the next course of action to be taken by Adjudicating Authority?
- a) Arrest Mr. B
  - b) Serve a notice of not less than 30 days, to indicate source
  - c) Serve a notice of not less than 45 days to refund
  - d) Make him pay fine RS.10,000

- 14) Mr. Santosh is aggrieved by an order made by the Adjudicating Authority under the Prevention of Money Laundering Act, 2002. He wants to file an Appeal. Which is the Appellate Authority against the order passed by Adjudicating Authority?
- a) Appellate Tribunal
  - b) High Court
  - c) Supreme Court
  - d) None of the above
- 15) Mr. Dev wants to file appeal before Appellate Tribunal. But he could not file appeal within 45 days from the date on which copy of order made by Adjudicating authority is made. Can Appellate Tribunal may entertain an appeal after the expiry of the said period of forty-five days if sufficient cause for not filing it within that period is shown. (Section 26)
- a) Yes
  - b) No
- 16) Mr. Jack is a drug trafficker who deals in banned drugs. This offence is categorised under which part of the Schedule?
- a) Part A
  - b) Part B
  - c) Part C
  - d) Part D
- 17) Cash Limited is Banking Company. One of the obligations of the Banking Companies is to maintain and submit records. Cash Limited did not maintain and submit the records. What are the penalties that can be imposed on banking company, financial institution and intermediary for non-maintenance of records or non-submission of aforesaid information?
- a) Fine more than 10,000 Rs. for each failure
  - b) Imprisonment of 7 years and fine exceeding 1,00,000 Rs. for each failure
  - c) Fine not be less than ten thousand rupees but may extend to one lakh rupees for each failure. (Section 13)
  - d) Fine not less than 20000 Rs and Imprisonment 7 Years
- 18) What are special Courts under Prevention of Money Laundering Act, 2002?
- a) Designated one or more Courts of Session
  - b) Designated Municipal Corporation
  - c) Designated Committee
  - d) Designated High Court
- 19) In addition to the above question, if Mr Y does not pay fine within prescribed time then what is the mechanism to recover the fine imposed on any person under Section 13 or Section 63?
- a) Recover with interest
  - b) File Case with the Police
  - c) Arrest Mr. Y
  - d) Same manner as prescribed in Schedule II of the Income-tax Act, 1961 for the recovery of arrears.

- 20) Mr.X convicted as per the Provisions of the Prevention of Money Laundering but under Contract Act he is not guilty. Under such circumstances what will happen if there is conflict between the provisions of PMLA, and other Acts / laws?
- Decision is taken as per the severity of crime committed
  - The provisions of PMLA have over-riding effect, notwithstanding anything inconsistent therewith contained in any other law for the time being in force.
  - Not Applicable
- 21) Proceedings under Prevention of Money Laundering Act, 2002 were initiated against Mr. Satya. During the Proceedings he suffered cardiac arrest and died. What will happen to the proceedings initiated under PMLA in the event of death of Mr. Satya?
- Proceedings discarded by authority
  - Legal Representatives are not recognised in PMLA
  - Legal representatives continue Appeal to the Appellate Tribunal / High Court
- 22) As per the provisions of the Prevention of Money Laundering Act, 2002, proceedings were initiated against Mr. Yadav for a scheduled offence. His property was attached. Mr. Yadav was later acquitted on conclusion of trial. What will happen to the attached properties, after conclusion of trial for the scheduled offence?
- His property will be released on surety. Surety will be cancelled later, if no Appeal is made.
  - His Property will remain confiscated and an equivalent amount of money will be paid instead in lieu thereof
  - Attachment shall cease to have effect
- 23) "Attachment" means, \_\_\_\_\_ or movement of property by an order issued under Chapter III of the Act. [Section 2(d)]
- Prohibition of transfer
  - Conversion
  - Disposition
  - All of the above

Answer :-

1	d	5	d	9	d	13	b	17	c	21	c
2	c	6	a	10	b	14	a	18	a	22	c
3	d	7	c	11	d	15	a	19	d	23	d
4	a	8	c	12	a	16	a	20	b		

## **Ch 4 – Overview of Insolvency and Bankruptcy Code, 2016**

- 1) Insolvency in case of individuals is known as:
  - a) Liquidation
  - b) Corporate Insolvency
  - c) Bankruptcy
  - d) Both (a) & (b)
- 2) Insolvency in case of organizations is known as
  - a) Liquidation
  - b) Corporate Insolvency
  - c) Bankruptcy
  - d) Both (b) & (c)
- 3) In case of non-corporates, if insolvency is untreated it leads to:
  - a) Liquidation
  - b) Bankruptcy
  - c) Both (a) & (b)
  - d) Corporate Insolvency
- 4) In case of corporates, if insolvency is untreated it leads to:
  - a) Liquidation
  - b) Corporate Insolvency
  - c) Bankruptcy
  - d) Both (a) & (b)
- 5) \_\_\_\_\_ is a legal proceeding involving a person or business that is unable to repay outstanding debts.
  - a) Liquidation
  - b) Bankruptcy
  - c) Insolvency
  - d) None of the above
- 6) If any person is unable to repay outstanding debts then such person/entity is treated as:
  - a) Liquidated
  - b) Insolvent
  - c) Bankrupt
  - d) None of the above
- 7) \_\_\_\_\_ is winding up of a company
  - a) Insolvency
  - b) Liquidation
  - c) Bankruptcy
  - d) None of the above

- 8) Purpose behind enactment of IBC, 2016 is:
- a) Balance interest of all stakeholders
  - b) Promote entrepreneurship
  - c) Increase availability of credit
  - d) All of the above
- 9) 1st level of Adjudicating Authority for LLP is:
- a) NCLT
  - b) DRT
  - c) DRAT
  - d) Supreme Court
- 10) Insolvency & Bankruptcy Board of India was established on:
- a) 1st October, 2016
  - b) 30th September, 2016
  - c) 15th October, 2016
  - d) None of the above
- 11) Head office of Insolvency & Bankruptcy Board of India is at:
- a) Kolkata
  - b) New Delhi
  - c) Mumbai
  - d) Chennai
- 12) Insolvency & Bankruptcy Board of India is a:
- a) LLP
  - b) Association
  - c) Body Corporate
  - d) HUF
- 13) Composition of Insolvency & Bankruptcy Board of India includes:
- a) 2 members from office of CG
  - b) 2 members nominated by RBI
  - c) 3 Chairmen
  - d) Atleast 3 whole time members nominated by CG
- 14) Quasi Judicial function of Insolvency professional agencies includes:
- a) Addressing Grievances
  - b) Monitoring Insolvency professionals
  - c) Drafting Bye-laws for Insolvency professionals
  - d) All of the above
- 15) Information Utilities means a centralized electronic database about information on:
- a) Financial Institutions
  - b) Insolvency Professionals
  - c) Corporate Debtors
  - d) Creditors

- 16) Part III of IBC, 2016 applies to:
- a) Whole of India
  - b) Whole of India excluding Jammu & Kashmir
  - c) Jammu & Kashmir
  - d) None of the above
- 17) IBC, 2016 is applicable to:
- a) Individuals
  - b) Personal guarantors to corporate debtors
  - c) LLPs
  - d) All of the above
- 18) IBC, 2016 shall apply to matters relating to insolvency & liquidation of corporate debtors where:
- a) Minimum amount of default is Rs. 5 lakhs
  - b) Minimum amount of default is Rs. 1 lakhs
  - c) Minimum amount of default is Rs.5 lakhs
  - d) None of the above
- 19) Limit of amount of default under IBC, 2016 can be increased upto::
- a) Rs. 5 Crore
  - b) Rs. 1 Crore
  - c) Rs. 10 Crore
  - d) None of the above
- 20) Financial creditor may file an application to Adjudicating Authority:
- a) Either by itself
  - b) Jointly with other financial creditor
  - c) a) or b)
  - d) None of the above
- 21) Adjudicating Authority shall ascertain default done by corporate debtor Within \_\_\_\_\_ days of receipt of application.
- a) 7
  - b) 15
  - c) 14
  - d) None of the above
- 22) Corporate debtor shall bring to the notice of operational creditor:
- a) Existence of dispute
  - b) Payment of unpaid operational debt
  - c) Record of pendency of suit filed earlier
  - d) All of the above
- 23) Operational Creditor, while submitting the following documents to AA i.e. copy of record with information utility confirming that no payment is done by corporate debtor, is:

- 30) Adjudicating authority may allow to withdraw the applications on an application made by applicant with approval of \_\_\_\_\_ % of voting share of COC as per section 12A.
- a) 51
  - b) 66
  - c) 25
  - d) 90
- 31) Public announcement shall be made immediately after appointment of IRP, maximum within \_\_\_\_\_ days
- a) 7
  - b) 3
  - c) 15
  - d) 10
- 32) In moratorium, a calm period of \_\_\_\_\_ days is declared.
- a) 90
  - b) 145
  - c) 180
  - d) None of the above
- 33) AA shall appoint IRP within \_\_\_\_\_ days of commencement of process.
- a) 7
  - b) 15
  - c) 30
  - d) None of the above
- 34) Tenure of IRP shall be:
- a) Till the date of appointment of resolution professional u/s 22
  - b) Till 180 days from date of appointment
  - c) Till the time specified by Adjudicating Authority
  - d) None of the above
- 35) IRP vested with management of corporate debtor shall:
- a) Act & execute in name & on behalf of corporate debtor
  - b) Take actions specified by Insolvency & Bankruptcy Board of India
  - c) Be responsible for complying with requirements under any law on behalf of corporate debtor
  - d) All of the above
- 36) As per Regulation 16 of Insolvency & Bankruptcy Regulations, 2016 where corporate debtor has no financial debt or where financial creditors are related parties of corporate debtor, committee shall consist of:
- a) 18 largest operational creditors by value
  - b) 1 representative elected by all workmen
  - c) 1 representative elected by all employees

- d) All of the above
- 37) All decisions of committee of creditors shall be taken by a vote of \_\_\_\_\_ % of voting share.
- a) > 51%
  - b) > 60%
  - c)  $\geq$  51%
  - d) None of the above
- 38) 1st meeting of committee of creditors shall be held within \_\_\_\_\_ days of its formation.
- a) 30
  - b) 7
  - c) 14
  - d) 21
- 39) In 1st meeting of committee of creditor it can either resolve to appoint IRP or replace the IRO by another RP by majority vote of \_\_\_\_\_ % of voting share.
- a) 51
  - b) 75
  - c) 33
  - d) 66
- 40) Committee of creditor can resolve to continue IRP as RP subject to \_\_\_\_\_ consent from IRP.
- a) Oral
  - b) Written
  - c) Both (a) & (b)
  - d) None of the above
- 41) If COC resolves to replace the IRP then it shall file an application to AA for appointment of new RP along with:
- a) Written consent of IRP
  - b) Written consent from proposed RP
  - c) Written consent from RP
  - d) All of the above
- 42) Rights & duties of Authorised representatives of financial creditor includes:
- a) Right to participate & vote in meeting of committee of creditor on behalf of financial creditor
  - b) Filing with committee of creditor any instruction received from financial creditor for voting
  - c) Circulate agenda & minutes of meeting of committee of creditors to the financial creditor he represents
  - d) All of the above
- 43) RP shall give notice of each meeting of committee of creditor to:
- a) Members of committee of creditors



- b) Members of committee if creditors including authorized representatives
  - c) Members of suspended BOD/ partners of corporate debtor
  - d) Both (b) & (c)
- 44) RP shall give notice of each meeting of committee of creditor to operational creditor or their representative if amount of aggregate dues is \_\_\_\_\_ % of debt.
- a)  $\geq 10$
  - b)  $>10$
  - c)  $<10$
  - d) 10
- 45) Duties of resolution professional includes:
- a) Convene & attend all meetings of committee of creditor
  - b) Prepare Information Memorandum
  - c) Invite prospective lenders, investors to put forward resolution plans.
  - d) All of the above
- 46) Resolution Professional can be replaced by Committee of Creditors by vote of:
- a) 75%
  - b) 50%
  - c) 66%
  - d) 90%
- 47) If any disciplinary proceedings are pending against the proposed Resolution Professional, then the existing Resolution Professional shall:
- a) continue forever
  - b) continue till new RP is appointed
  - c) continue till IBBI orders
  - d) resign
- 48) Information Memorandum is prepared by:
- a) Resolution Professional
  - b) Committee of Creditors
  - c) Interim Resolution Professional
  - d) Corporate Debtor
- 49) Who is ineligible to be a resolution applicant?
- a) An undischarged insolvent
  - b) A Wilful defaulter as per RBI
  - c) Person whose account is classified as NPA & a period of 6 months has elapsed from such classification
  - d) Prohibited by SEB
- 50) After submission of plan, COC may approve the same by vote of:
- a) 75%

- b) 50%
- c) 66%
- d) 90%

51) If resolution plan consists of provision for Combination u/s 5 of Competition Act, Applicant shall take approval from:

- a) RBI
- b) Cartel
- c) CG
- d) Competition Commission of India

52) Can Resolution Professional act as a Liquidator?

- a) Yes
- b) Yes, with written consent by such COC
- c) No
- d) Yes, with written consent by such RP

53) Liquidator cannot sell assets/properties of company to such person:

- a) who is a part of COC
- b) who is an Operational Creditor
- c) who is a Financial Creditor
- d) who was ineligible u/s 29A

54) Can Appeal be filed by Creditor against acceptance of claim by Liquidator during Liquidation Process?

- a) Yes
- b) No

55) Fast Track CIRP shall be completed within \_\_\_\_\_ days

- a) 180
- b) 90
- c) 270
- d) 45

56) Fast Track CIRP can be made in respect of which Corporate Debtor?

- a) Small Company as per IBC
- b) Any Listed Company
- c) Partnership Startup Firm
- d) None of the above

57) Amount raised from Allottee under Real Estate Project is treated as:

- a) Operational Debt
- b) Financial Debt
- c) Either of (a) or (b)

d) Cannot be treated as Debt at all

58) Quorum for the meeting of COC shall be-% of Voting Right

- a) 33%
- b) 67%
- c) 75%
- d) 50%

59) If Assessee has invested in Real Estate under an "Assured Return Plan", not received the Return or the Real Estate Property, Assessee can still be treated as:

- a) Financial Creditor
- b) Corporate Debtor
- c) Operational Creditor
- d) None of the above

Answer :-

1	c	11	b	21	c	31	b	41	b	51	d
2	b	12	c	22	d	32	c	42	d	52	d
3	a	13	d	23	b	33	d	43	d	53	d
4	c	14	a	24	d	34	a	44	a	54	a
5	b	15	c	25	d	35	d	45	d	55	b
6	b	16	b	26	d	36	d	46	c	56	d
7	b	17	d	27	d	37	c	47	b	57	b
8	d	18	b	28	c	38	b	48	a	58	a
9	a	19	b	29	b	39	d	49	c	59	a
10	a	20	c	30	d	40	b	50	c		