

CA Final (New) Law MCQs

Chapter 1 – Appointment and Qualifications of Directors

- 1) The following companies are not required to have any Independent Directors:
- Unlisted Joint Venture
 - Public Companies with loans and debentures of Rs. 50 Crores
 - Listed Wholly Owned Subsidiaries
 - Both (a) and (b)
- 2) Mr. Smart is a nominee director of a public financial institution in XYZ Ltd. The company defaulted in filing its annual returns for consecutive 3 years with the Registrar. What would be the legal position of Mr. Smart?
- Mr. Vikram shall be disqualified under section 164
 - Mr. Vikram shall have to vacate office from XYZ Ltd. under section 167
 - Both (a) & (b)
 - None of the above
- 3) Mr. Intelligent was desirous to become a director in ABC Ltd. He was recommended by Nomination & Remuneration Committee for appointment. He failed to get appointed but secured 35% votes in his favour. What will be the status of the deposit of Rs. 1,00,000 under section 160 for Mr. Intelligent?
- His deposit shall be refunded to him as he has secured more than 25% votes
 - His deposit shall be forfeited as he has failed to get elected as a director
 - No deposit was required in this case
 - His deposit may be refunded by the company
- 4) If there are 8 rotational directors in a company, how many directors shall retire at the 3rd AGM?
- 2
 - 3
 - 4
 - 8
- 5) Mr. X, a non executive director and Mr. Y, an executive director have submitted their resignations to the company. The company has not accepted their resignations. What would be the status of Mr. X & Mr. Y?
- Resignation of only Mr. X shall be valid.
 - Resignation of only Mr. Y shall be valid.
 - Resignation of both Mr. X and Mr. Y shall be valid.
 - Resignation of neither Mr. X nor Mr. Y shall be valid.

Chapter 2 – Appointment and Remuneration of Managerial Personnel

- 1) The following matters can be dealt through video conferencing even when quorum is not present physically:
- Approval of Board Report
 - Approval of Quarterly Financial Statements
 - Approval of Prospectus
 - None of the above
- 2) Mr. Z, son of a director of Masks Ltd. was appointed as a managing director with a remuneration of Rs. 3 Lakhs plus perquisites as applicable to other directors. No resolution was passed by the company in the General Meeting. Is the appointment valid?
- Yes
 - No, Ordinary Resolution should have been passed
 - No, Special Resolution should have been passed
 - No, Unanimous Resolution should have been passed
- 3) If there are 50 directors in a section 8 company, what is the required quorum for a Board Meeting?
- 17
 - 13
 - 8
 - 2

4) A highly profitable company wishes to contribute to a bonafide charitable fund. However, this year it has suffered a loss. Can the Board of Directors make any contribution to such charitable fund?

- a) Yes
- b) No, it requires a special resolution
- c) No, it requires an ordinary resolution
- d) No, not even the shareholders can contribute

5) Can any of the following businesses be transacted through Resolution by Circulation?

- a) Making Political Contributions
- b) Filling Casual Vacancy in place of director
- c) Removal of Key Managerial Personnel
- d) None of the above

Chapter 3 – Meetings of Board and its Powers

1) A company wishes to give its directors remuneration more than 11% of the Net Profits. Can it be permitted to do so?

- a) No, as 11% is the maximum limit
- b) Yes, only if special resolution is passed
- c) Yes, as per Sec II of Part II of Sch V
- d) No, Central Government permission shall be required

2) Choose the correct statement:

- a) There can be both a Manager and MD
- b) There can be 2 MDs
- c) There can be 2 Managers
- d) None of the above

3) Mr. C had been adjudged as insolvent in 2010. He was discharged later on. He wants to become the Managing Director of Diamonds Ltd. What is your advice?

- a) Yes, as he is undischarged insolvent
- b) Yes, but he requires approval of the Central Government
- c) Yes, but he requires a special resolution
- d) No

4) A non executive director can, in case of loss be paid sitting fees upto:

- a) 60 lakhs
- b) 1 lakh
- c) 50,000
- d) He cannot be paid any sitting fees

5) A director receives excess remuneration from the company. Can the company waive off recover of such excess remuneration?

- a) Yes, within 2 years
- b) Yes within 3 years
- c) Yes, irrespective of any time limit
- d) No

Chapter 4 – Inspection, Inquiry and Investigation

1) An application of 105 members was sent to the Central Government asking for an investigation into the affairs of the company having 2000 members. Can the Central Government conduct the investigation?

- a) Yes, as there are requisite number of applicants
- b) No, a special resolution is required
- c) Yes, in public interest
- d) No, as 200 members are required to file the application

- 2) In case of search under section 209, who is not a specified person?
- CS of the company
 - CS in practice, if company does not have a CS
 - Auditor
 - All of the above are specified persons

Chapter 5 – Compromises, Arrangements and Amalgamations

1) In which of the following situations, the Tribunal can dispense away with requirement of calling a meeting for compromise under section 230:

- At least 90% creditors have agreed by affidavit
 - At least 90% members have agreed by affidavit
 - (a) & (b)
 - (a) or (b)
- 2) Books and papers of an amalgamated company:
- Can be disposed in 6 years
 - Can be disposed in 8 years
 - Can be disposed only with prior permission of Central Government
 - Cannot be disposed

Chapter 6 – Prevention of Oppression and Mismanagement

1) Choose the correct statement:

- Directors can also claim oppression.
- Only Minority can claim oppression.
- Non payment of dividend amounts to oppression.
- Class action suits can be filed by members holding 2% share capital in a listed company.

Chapter 7 – Registered Valuers

1) A Chartered Accountant needs at least ___ years of experience to become of registered valuer:

- 3
- 15
- 10
- 5

Chapter 8 – Removal of Names of Companies

1) A company was incorporated 50 days ago. The subscribers to the Memorandum have not paid the subscription which they had undertaken to pay at the time of incorporation of the company. The Registrar decides to remove the name of the company from the Register of Companies. Is the action valid?

- Yes
- No, as only Central Government has such power
- No, as 180 days have not elapsed
- No, as it is not relevant

2) A Pvt. Ltd. changed its name 4 months earlier. It wishes to make an application for removal of its name under section 248. Examine the validity of their claim.

- A company cannot make such an application at all
- The company will have to wait for 2 months more for making the application
- The company will have to wait for 6 months more for making the application
- The company can make the application

Chapter 9 – Winding Up

1) On what grounds can the Registrar issue a notice for winding up of the company?

- Company has acted against interest of the country.
- Company has defaulted in filing its financial statements for consecutive 5 years
- Special resolution in passed by the company
- Both (a) and (b)

2) The authority seeks to enforce its right to receive expenses for investigation against XYZ Ltd., a company being wound up, as a priority over the secured creditors. The secured creditors do not agree with their claim. What is your view?

- a) Secured creditors are right.
- b) The authority is right.
- c) The amount should be distributed pari passu amongst them.
- d) 75% of the investigation expenses need to be paid in preference.

3) A floating charge was created on the assets of the company by a bank. The company was solvent immediately after and the amount of loan @ 9% p.a. was received by the company. The company, however, later falls into financial trouble and is being wound up. The bank wants you to analyse its rights in respect of the floating charge in its favour:

- a) The floating charge is invalid.
- b) The floating charge is valid only for the principal amount.
- c) The floating charge is valid for the principal plus interest rate agreed with the bank.
- d) The floating charge is valid for the principal plus 5% p.a. interest rate.

Chapter 10 – Companies incorporated outside India

1) Which of the following constitute 'Electronic Mode'?

- a) Online telemarketing services
- b) Electronically based B2B transactions through server situated in Singapore
- c) Both (a) & (b)
- d) Neither (a) nor (b)

2) A foreign company fails to deliver documents to the Registrar. The penalty leviable on it is, assuming it is not a continuing offence:

- a) 1,00,00 – 3,00,000
- b) 25,000 – 5,00,000
- c) 10,00,000 – 50,00,000
- d) 50,000

Chapter 11 – Miscellaneous

1) Which of these offences are only triable before the Special Court?

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

2) Upto ____, dividend can be declared by a Nidhi company without approval of Regional Director:

- a) 10%
- b) 20%
- c) 25%
- d) 30%

3) An appeal against the order of Tribunal made by the consent of parties can be made to the Appellate Tribunal in:

- a) 30 days
- b) 45 days
- c) 60 days
- d) Appeal cannot be made

Chapter 12 – The Foreign Exchange Management Act, 1999

1) Mr. Wisdom resided in India during the financial year 1999-2000. He left India on 1st July, 2000 for United States of America for pursuing higher studies for three years. Choose the option correctly describing his residential status (Person Resident In/ Outside India):

- a) 2000-2001: Out; 2001-2002: Out
- b) 2000-2001: In; 2001-2002: Out
- c) 2000-2001: Out; 2001-2002: In
- d) 2000-2001: In; 2001-2002: In

- 2) Payments for imports should generally be made within:
- 6 months
 - 9 months
 - 1 years
 - 18 months
- 3) Which of the following foreign exchange transactions can be done without any permission:
- Payment of US \$ 10,000 as commission on exports under Rupee State Credit Route
 - Remittance of \$ 2,00,000 for payment as prize money to the winning team in a Hockey Tournament to be held in Australia by an individual
 - \$ 3,20,000 for studies abroad on the basis of estimates given by the foreign university
 - Organisation of a cultural programme at Dubai with \$ 1,00,000
- 4) An export declaration on a gift is required above the value of:
- 25,000
 - 1,00,000
 - 2,50,000
 - 5,00,000
- 5) The limit under the automatic route for the ECB framework per financial year is:
- \$ 100 million or equivalent
 - \$ 500 million or equivalent
 - \$ 750 million or equivalent
 - \$ 1 billion or equivalent

Chapter 13 – Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

- 1) The bank or financial institution may give a notice of acquisition of financial assets by any ARC to:
- concerned obligor
 - concerned registering authority
 - any other concerned person
 - All of the above
- 2) Which of the following does not require prior permission of the RBI for change by the ARC:
- any substantial change in its management, including appointment of any director, MD or CEO
 - change of location of its registered office
 - change in its name
 - None of the above

Chapter 14 – The Prevention of Money Laundering Act, 2002

- 1) Which of the following is not a scheduled offence?
- Offence of Rs. 1,00,000 specified in Schedule A
 - Offence of Rs. 2,00,000 specified in Schedule B
 - Offence of Rs. 1,00,00,000 specified in Schedule C
 - Offence of Rs. 4,00,000 specified in Schedule C
- 2) HDFC Bank wishes to verification of the identity of beneficial owners. What are the options available to it as per the PMLA, 2002?
- Authentication under the Aadhaar Act, 2016
 - Offline verification under the Aadhaar Act, 2016
 - Use of passport
 - All of the above
- 3) In case of offense under Para 2 of Part A of the Schedule, the maximum imprisonment possible is
- 7 years
 - 10 years
 - 5 years
 - 3 years

Chapter 15 – Foreign Contribution Regulation Act, 2010

- 1) FCRA, 2010 does not apply to
 - a) Citizen of India outside India
 - b) Body corporate registered in India
 - c) Prime Minister of India
 - d) None of the above

- 2) Mr. L had an offence compounded 4 years ago. He has committed the same offence again. He wishes to obtain compounding again. Option of compounding is
 - a) Not available for the same offence
 - b) Not available for the same offence, as 5 years have not elapsed
 - c) Available, as more than 3 years have elapsed
 - d) Available, irrespective of any time limit

- 3) Choose the correct statement:
 - a) Foreign contribution can be used for speculative business.
 - b) Foreign contribution can be transferred to another person having prior permission.
 - c) Entire foreign contribution can be used for administrative purposes.
 - d) Registration under FCRA is purpose and source specific.

Chapter 16 – The Arbitration and Conciliation Act, 1996

- 1) Mr. U and Mr. V want to appoint 4 conciliators. Examine the validity under the Act:
 - a) They can appoint as conciliation is a flexible process.
 - b) Even number of conciliators cannot be appointed
 - c) More than 3 conciliators cannot be appointed.
 - d) The Act is silent in this regard.

- 2) Additional award can be obtained:
 - a) At any time
 - b) Within 30 days of the final award
 - c) Within 60 days of the final award
 - d) Within 3 months of the final award

- 3) Challenge of bias of the arbitral tribunal in domestic arbitration is to be raised first before:
 - a) The arbitral tribunal itself
 - b) District court
 - c) High court
 - d) Supreme court

Chapter 17 – The Insolvency and Bankruptcy Code, 2016

- 1) Insolvency proceedings in case of LLPs is to be initiated before:
 - a) NCLT
 - b) NCLAT
 - c) DRT
 - d) DRAT

- 2) Withdrawal of application after it is admitted is allowed, on vote of ____ of CoC:
 - a) 51%
 - b) 66%
 - c) 90%
 - d) Not allowed after admission

- 3) The term of the IRP is till:
 - a) 7 days from his appointment
 - b) 30 days from his appointment
 - c) Constitution of CoC
 - d) Appointment of RP

- 4) Transactions with employees meeting the conditions for Preferential Transactions can be avoided by application to the Adjudicating Authority if such transaction was within:
- 2 years preceding insolvency commencement date
 - 1 years preceding insolvency commencement date
 - 6 months preceding insolvency commencement date
 - 3 months preceding insolvency commencement date
- 5) Maximum time limit including any extension or time taken in legal proceedings is:
- 90 days
 - 180 days
 - 270 days
 - 330 days

Chapter 18: Security Laws

- 1) ABC Ltd. is a listed company. Mr. A, the chairman of the company is also its promoter. How many minimum independent directors does it need to appoint to comply with the provisions of SEBI (LODR), 2015?
- 1/2
 - 1/3
 - 1/4
 - 2
- 2) Mr. Z is the member of 7 audit committees and 2 nomination and remuneration committees. He gets an offer to join 3 more audit committees. How many of these can he accept in view of SEBI (LODR), 2015?
- 0
 - 1
 - 2
 - 3
- 3) The minimum penalty for insider trading is more than:
- 5,00,000
 - 10,00,000
 - 25,00,000
 - 3 times the amount of profit made out of such
- 4) Appeal against the decision of a recognised stock exchange to delist the securities of a company can be challenged before the SAT within a period of:
- 15 days
 - 30 days
 - 45 days
 - 60 days

Chapter 1

1	D
2	D
3	C
4	B
5	C

Chapter 2

1	B
2	A
3	C
4	A
5	D

Chapter 3

1	C
2	B
3	D
4	B
5	A

Chapter 4

1	C
2	D

Chapter 5

1	A
2	C

Chapter 6

1	D
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Chapter 7

1	A
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Chapter 8

1	C
2	D

Chapter 9

1	D
2	A
3	D

Chapter 10

1	C
2	A

Chapter 11

1	B
2	C
3	D

Chapter 12

1	B
2	A
3	C
4	D
5	C

Chapter 13

1	D
2	D

Chapter 14

1	B
2	D
3	B

Chapter 15

1	D
2	C
3	B

Chapter 16

1	C
2	B
3	A

Chapter 17

1	A
2	C
3	D
4	B
5	D

Chapter 18

1	A
2	D
3	B
4	A