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MOST PROBABLE COMPANIES ACT (QUESTIONS 291-360)



PFRDA

2025

MOST PROBABLE MCQS

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PART 5: MCQS ON COMPANIES ACT (QUESTIONS 291-360)

Below is the fifth part of the 500 MCQs for PFRDA Grade A preparation, focusing exclusively on the "Companies Act" topic in the financial/pension sector.

These 70 MCQs cover subtopics comprehensively, including incorporation of company, prospectus and allotment, share capital and debentures, acceptance of deposits, registration of charges, management and administration (directors, meetings, dividends), accounts and audit, oppression and mismanagement, winding up, producer companies, companies incorporated outside India, and miscellaneous provisions, with relevance to pension fund companies and financial entities. Explanations provide key concepts, ensuring syllabus coverage through practice and analysis.

291. Under Companies Act 2013, a company is formed by

- A) Registration under the Act
- B) Oral agreement
- C) Partnership deed
- D) Trust formation

Correct Answer: A

Explanation: Section 7 requires incorporation certificate from Registrar, creating a legal entity separate from members, applicable to pension fund companies.

292. Minimum members for a private company are

- A) 2
- B) 7
- C) 1
- D) 50

Correct Answer: A

Explanation: Section 2(68) defines private company with min 2, max 200 members, suitable for closely held pension entities.

293. One Person Company (OPC) can be formed by

- A) A natural person who is Indian citizen/resident
- B) Foreigner
- C) Artificial person
- D) Minor

Correct Answer: A

Explanation: Section 2(62), OPC has single member, nominee required, for small financial ventures.

294. Memorandum of Association (MoA) contains

- A) Objects clause defining company purpose
- B) Internal rules
- C) Share details
- D) Director names

Correct Answer: A

Explanation: Section 4, MoA is charter, alteration needs special resolution, crucial for pension companies' scope.

295. Articles of Association (AoA) regulate

- A) Internal management
- B) External affairs
- C) Government relations
- D) Taxation

Correct Answer: A

Explanation: Section 5, AoA binds members, company; model forms in Tables A-J.

296. Prospectus is issued for

- A) Public issue of securities
- B) Private placement
- C) Rights issue
- D) Bonus shares

Correct Answer: A

Explanation: Section 26, detailed invitation, SEBI approval needed for listed companies, relevant for pension fund IPOs.

297. Shelf prospectus validity is

- A) 1 year
- B) 6 months
- C) Indefinite
- D) 3 months

Correct Answer: A

Explanation: Section 31, for multiple issues, reduces redundancy for frequent issuers like financial firms.

298. Minimum subscription in prospectus is

- A) 90% of issue
- B) 100%
- C) 50%
- D) No minimum

Correct Answer: A

Explanation: Section 39, if not achieved, refund monies, protects investors in pension company shares.

299. Allotment of shares requires

- A) Board approval, intimation to ROC
- B) No approval
- C) Shareholder vote
- D) Court order

Correct Answer: A

Explanation: Section 39, PAS-3 filing, ensures compliance in capital raising.

300. Equity shares have

- A) Voting rights
- B) Fixed dividend
- C) Priority in repayment
- D) No rights

Correct Answer: A

Explanation: Section 43, residual owners, key in governance of pension funds.

301. Preference shares carry

- A) Priority in dividends and capital
- B) Voting on all matters

- C) Unlimited dividends
- D) Equity conversion always

Correct Answer: A

Explanation: Section 43, non-voting except on affecting rights, used for stable funding.

302. Debentures are

- A) Borrowed funds, secured/unsecured
- B) Equity
- C) Deposits
- D) Grants

Correct Answer: A

Explanation: Section 2(30), debt instrument, debenture trustee for >500 holders.

303. Buy-back of shares limited to

- A) 25% of paid-up capital + free reserves
- B) 50%
- C) 10%
- D) No limit

Correct Answer: A

Explanation: Section 68, special resolution, CRR creation, for capital optimization in financial companies.

304. Companies accept deposits from

- A) Public/members with rules
- B) Unlimited
- C) No deposits
- D) Only banks

Correct Answer: A

Explanation: Section 73-76, deposit insurance, repayment reserve, NBFCs exempt but regulated by RBI.

305. Registration of charges mandatory within

- A) 30 days of creation
- B) 1 year
- C) No time
- D) 6 months

Correct Answer: A

Explanation: Section 77, CHG-I filing, protects creditors in secured borrowings for pension assets.

306. Minimum directors for public company

- A) 3
- B) 2
- C) 1
- D) 7

Correct Answer: A

Explanation: Section 149, at least one woman director for certain classes, ensures diverse oversight.

307. Independent directors required for

- A) Listed/public companies above thresholds
- B) All companies
- C) Private only
- D) None

Correct Answer: A

Explanation: Section 149(4), 1/3 of board, for unbiased governance in pension firms.

308. Director disqualification if

A) Convicted of offence >6 months imprisonment

B) No reason

C) Age below 21

D) Foreigner

Correct Answer: A

Explanation: Section 164, DIN mandatory, integrity in financial management.

309. Board meetings minimum

A) 4 per year, gap <120 days

B) 1

C) 12

D) No minimum

Correct Answer: A

Explanation: Section 173, video conferencing allowed, for timely decisions.

310. AGM must be held within

A) 6 months of FY end, first within 9 months

B) 12 months

C) No time

D) Quarterly

Correct Answer: A

Explanation: Section 96, at registered office, shareholder participation in pension companies.

311. Quorum for public company AGM

A) 5 members personally present

B) Scaled by members: 5 for <1000, etc.

C) 2

D) I

Correct Answer: B

Explanation: Section 103, ensures valid meetings.

312. Dividends payable from

A) Profits/free reserves

B) Borrowings

C) Capital

D) Any source

Correct Answer: A

Explanation: Section 123, depreciation provided, DRR for certain cases.

313. Interim dividend declared by

A) Board

B) Shareholders

C) Auditors

D) Government

Correct Answer: A

Explanation: Section 123, ratified in AGM, for cash flow in financial entities.

314. Company accounts must follow

A) Schedule III, accrual basis

B) Cash basis

C) No format

D) International only

Correct Answer: A

Explanation: Section 129, true and fair view, consolidated for holding companies.

315. Auditor appointed for

- A) 5 years, ratification annually if not ADT-I
- B) 1 year
- C) Lifetime
- D) No appointment

Correct Answer: A

Explanation: Section 139, rotation for listed, CAG for government companies.

316. Internal audit required for

- A) Listed/companies above turnover thresholds
- B) All
- C) None
- D) Private only

Correct Answer: A

Explanation: Section 138, by CA/CS/CMA/others, risk management in pensions.

317. Cost audit under Section 148 for

- A) Specified industries above limits
- B) All
- C) Voluntary
- D) None

Correct Answer: A

Explanation: CRA-I maintenance, report to board, for efficiency.

318. Oppression and mismanagement remedy via

- A) NCLT under Section 241

B) High Court

C) ROC

D) No remedy

Correct Answer: A

Explanation: Members >10%/100 apply, protects minority in pension companies.

319. Class action suits allowed for

A) Members/depositors against company

B) Directors only

C) Auditors

D) None

Correct Answer: A

Explanation: Section 245, NCLT, for damages from fraudulent acts.

320. Winding up modes include

A) By tribunal, voluntary

B) Court only

C) Automatic

D) No modes

Correct Answer: A

Explanation: Sections 270-365, now under IBC for corporate insolvency.

321. Official liquidator appointed by

A) Central Government

B) Company

C) Shareholders

D) Creditors

Correct Answer: A

Explanation: Section 359, oversees liquidation process.

322. Producer company defined in

- A) Section 581A, for agricultural/processing
- B) No definition
- C) General company
- D) Financial only

Correct Answer: A

Explanation: Min 10 individuals/2 institutions, active members.

323. Foreign company must register

- A) Place of business in India, documents to ROC
- B) No registration
- C) Optional
- D) Only if listed

Correct Answer: A

Explanation: Section 380, annual returns, compliance like Indian companies.

324. Nidhi company is

- A) Mutual benefit, deposits from members
- B) Bank
- C) NBFC
- D) Insurance

Correct Answer: A

Explanation: Section 406, no RBI license, for thrift among members.

325. CSR mandatory for companies with

- A) Net worth >500cr, turnover >1000cr, profit >5cr
- B) All
- C) None
- D) Private only

Correct Answer: A

Explanation: Section 135, 2% spend, committee required, for social impact including pensions.

326. Secretarial audit for

- A) Listed/companies >paid-up 50cr/turnover 250cr
- B) Small
- C) Voluntary
- D) None

Correct Answer: A

Explanation: Section 204, by CS, MR-3 report, governance check.

327. Related party transactions need

- A) Board approval, disclosure
- B) No approval
- C) Shareholder only
- D) Ignore

Correct Answer: A

Explanation: Section 188, arm's length, prevents conflicts in financial deals.

328. Loans to directors prohibited except

- A) MD/WTB as per conditions
- B) All prohibited

- C) Unlimited
- D) Only to employees

Correct Answer: A

Explanation: Section 185, approval needed, avoids misuse.

329. Political contributions limit

- A) 7.5% of average 3-year profits
- B) No limit
- C) Prohibited
- D) 10%

Correct Answer: A

Explanation: Section 182, disclosure in accounts.

330. Amalgamation requires

- A) NCLT approval, scheme
- B) No approval
- C) ROC only
- D) Shareholders no vote

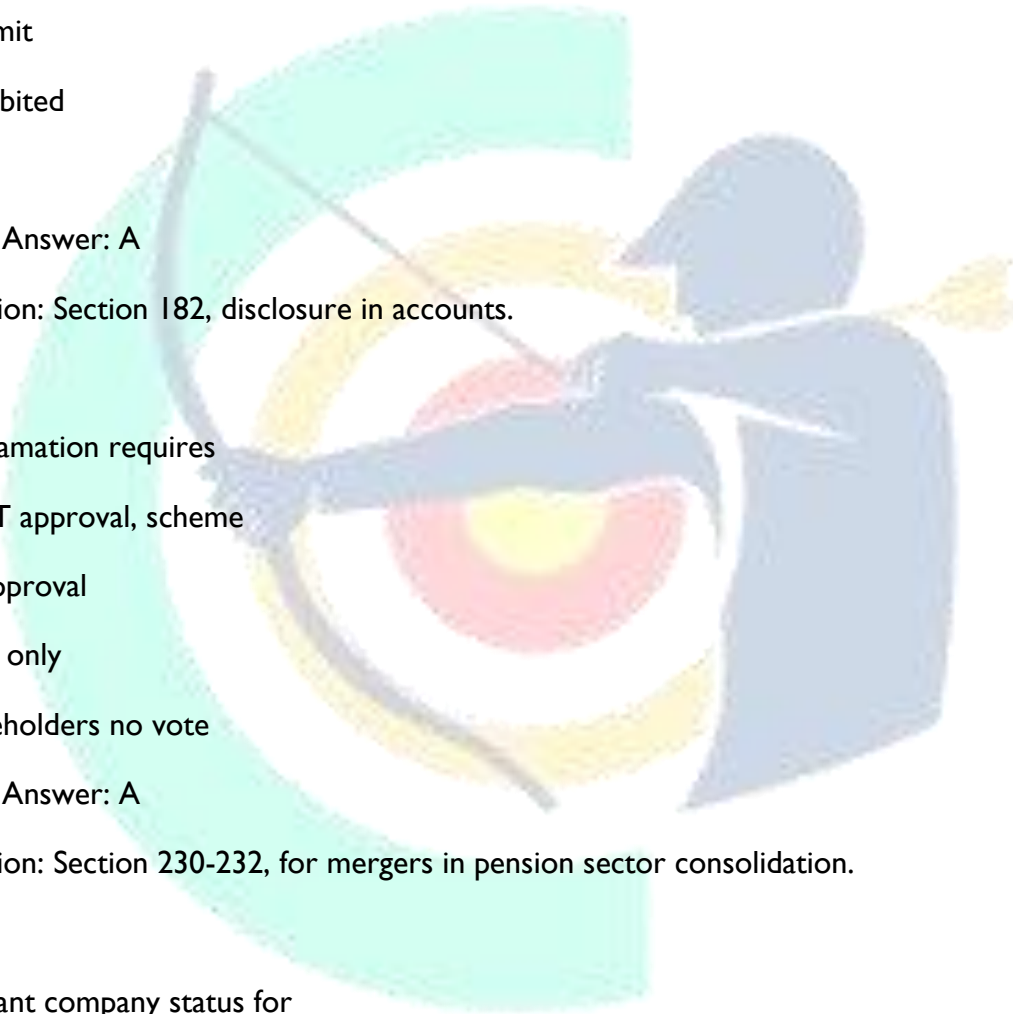
Correct Answer: A

Explanation: Section 230-232, for mergers in pension sector consolidation.

331. Dormant company status for

- A) Inactive companies, reduced compliance
- B) Active
- C) All
- D) None

Correct Answer: A



Explanation: Section 455, MSC-I application, revival possible.

332. Small company criteria

- A) Paid-up <4cr, turnover <40cr
- B) >500cr
- C) Listed
- D) Holding

Correct Answer: A

Explanation: Section 2(85), exemptions in filings, for small pension intermediaries.

333. Inspector powers under Section 206

- A) Investigate affairs on ROC report
- B) No powers
- C) Audit only
- D) Taxation

Correct Answer: A

Explanation: Ensures compliance, protects stakeholders.

334. Serious Fraud Investigation Office (SFIO) probes

- A) Complex frauds
- B) Minor issues
- C) All complaints
- D) None

Correct Answer: A

Explanation: Section 211, multi-agency, for financial scams affecting pensions.

335. Compounding of offences by

A) RD/NCLT depending on penalty

B) Court only

C) No compounding

D) ROC

Correct Answer: A

Explanation: Section 44I, settles minor violations.

336. Mediation and conciliation panel for

A) Dispute resolution

B) No panel

C) Litigation only

D) Audit

Correct Answer: A

Explanation: Section 442, faster resolution in company matters.

337. National Financial Reporting Authority (NFRA) oversees

A) Accounting/auditing standards

B) Taxation

C) SEBI

D) RBI

Correct Answer: A

Explanation: Section 132, for listed/large companies, quality in financial reporting.

338. Insider trading prohibited under

A) Section 195, but mainly SEBI regs

B) No prohibition

C) Allowed

D) Only for directors

Correct Answer: A

Explanation: Protects market integrity for listed pension companies.

339. Registered valuers for

A) Asset valuation in transactions

B) No need

C) Optional

D) Auditors

Correct Answer: A

Explanation: Section 247, qualified professionals, in mergers/winding up.

340. Company Law Board replaced by

A) NCLT/NCLAT

B) High Court

C) Supreme Court

D) None

Correct Answer: A

Explanation: For efficient adjudication.

341. Fast track merger for

A) Small/holding-subsidary without NCLT

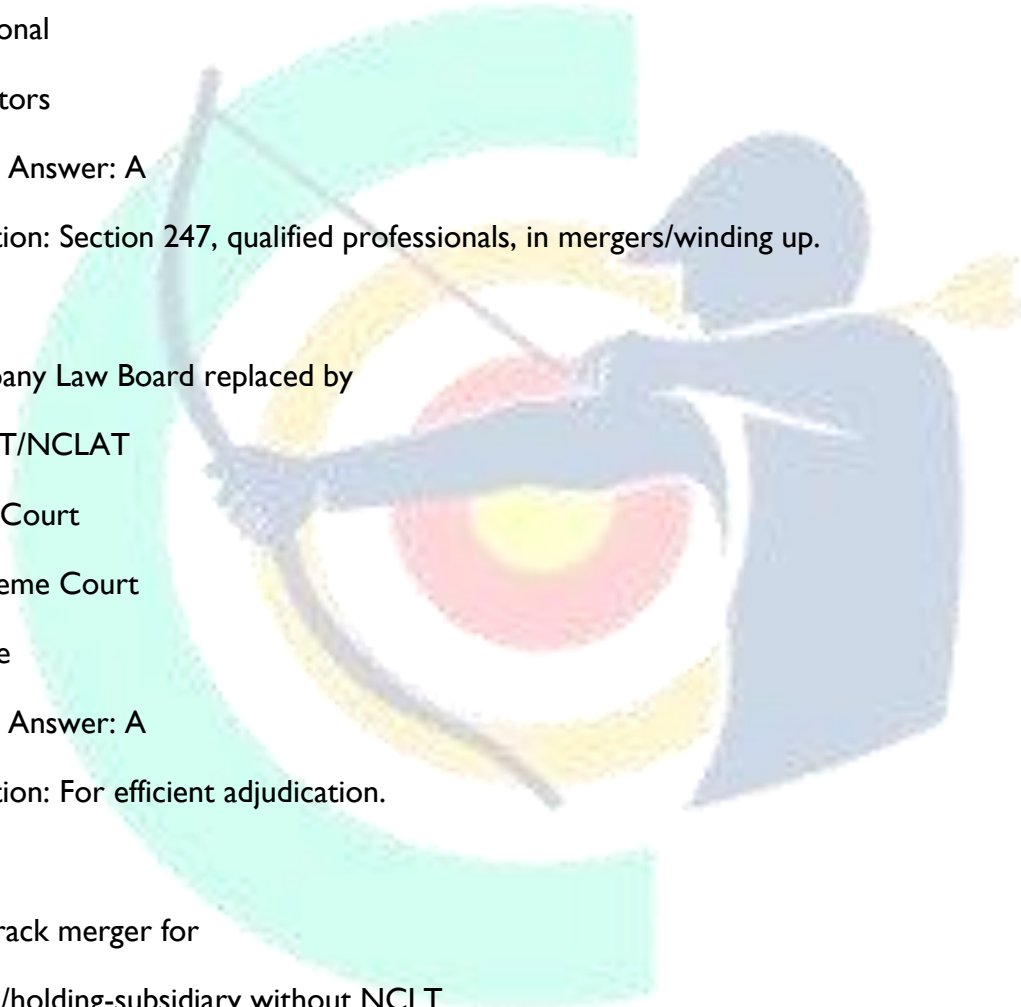
B) All mergers

C) Court

D) No fast track

Correct Answer: A

Explanation: Section 233, central government approval.



342. Revival of sick companies via

- A) NCLT schemes
- B) No revival
- C) Automatic
- D) IBC now

Correct Answer: A

Explanation: Section 253, but largely under IBC.

343. Fraud reporting by auditor to

- A) Central Government if > 1 cr
- B) No report
- C) Company only
- D) Shareholders

Correct Answer: A

Explanation: Section 143(12), ADT-4, whistleblowing.

344. Board committees include

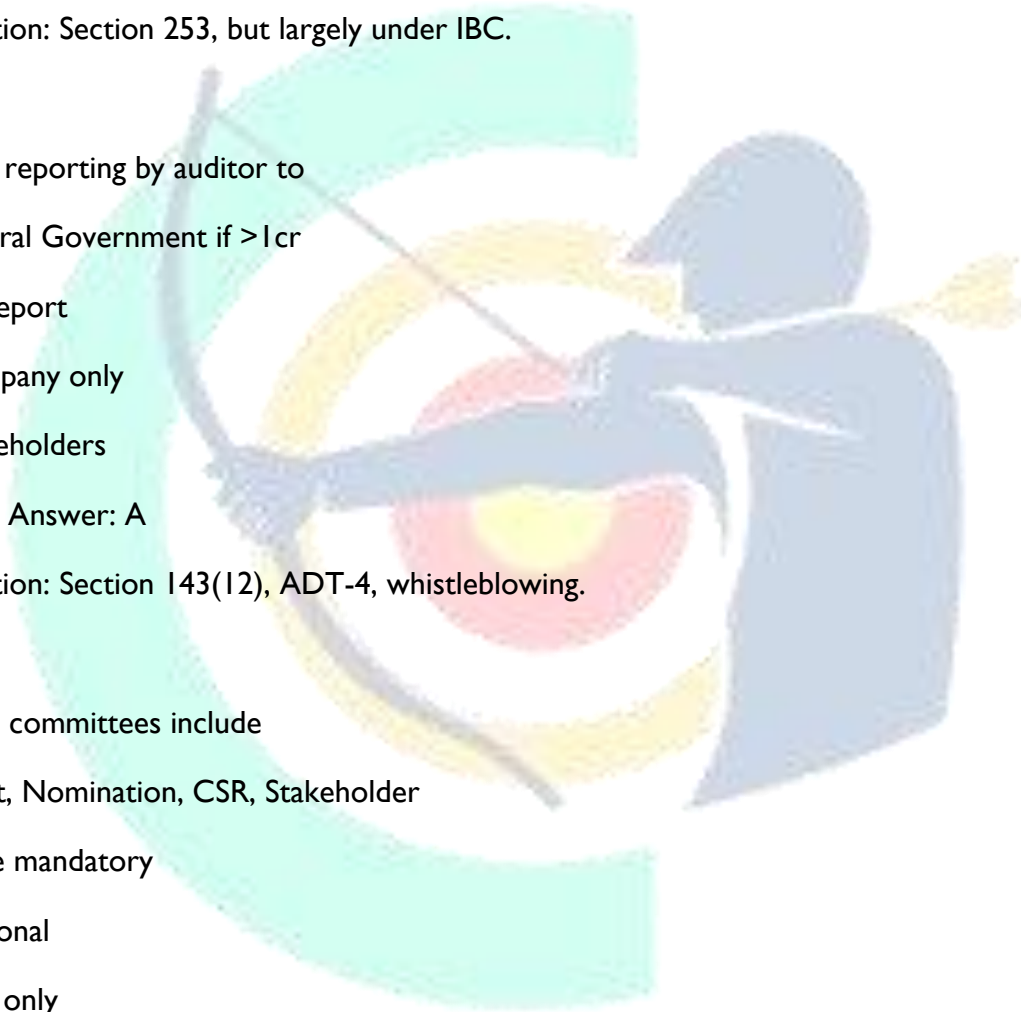
- A) Audit, Nomination, CSR, Stakeholder
- B) None mandatory
- C) Optional
- D) One only

Correct Answer: A

Explanation: Sections 177-178, for governance.

345. Vigil mechanism for

- A) Whistleblower policy in listed/large companies



B) No mechanism

C) Voluntary

D) Small only

Correct Answer: A

Explanation: Section 177(9), protects reporting of concerns.

346. Shares cannot be issued at discount except

A) Sweat equity

B) All at discount

C) Prohibited

D) Preference

Correct Answer: A

Explanation: Section 53, equity at par or premium.

347. Forfeiture of shares for

A) Non-payment of calls

B) Any reason

C) No forfeiture

D) Automatic

Correct Answer: A

Explanation: AoA provision, reissue possible.

348. Transfer of shares in private company

A) Restricted by AoA

B) Free

C) Prohibited

D) Court approval

Correct Answer: A

Explanation: Section 56, SH-4 form.

349. Debenture redemption reserve (DRR) for

- A) Listed/NBFC none, others 10%
- B) 50%
- C) No DRR
- D) 100%

Correct Answer: A

Explanation: Recent amendments, liquidity assurance.

350. Deposits repayment default leads to

- A) Ban on new deposits, penalties
- B) No action
- C) Continue
- D) Exemption

Correct Answer: A

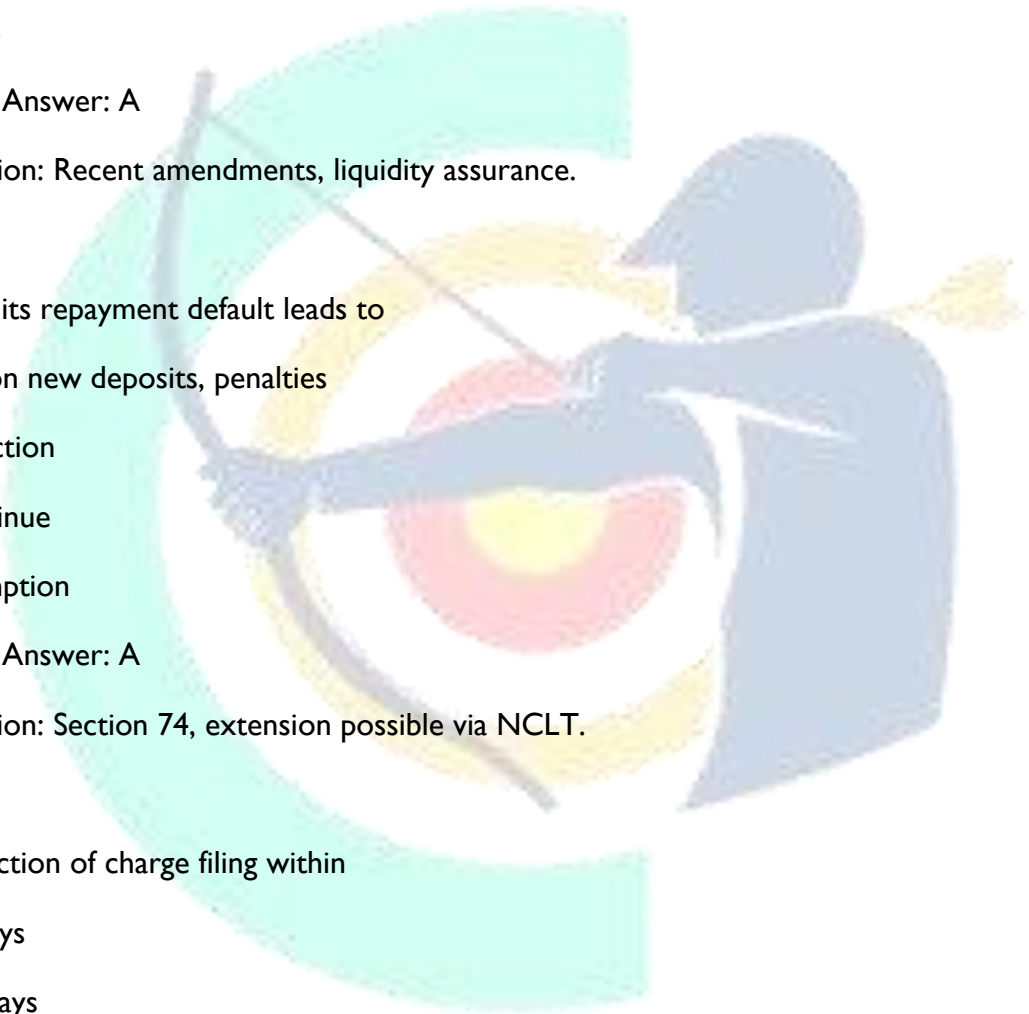
Explanation: Section 74, extension possible via NCLT.

351. Satisfaction of charge filing within

- A) 30 days
- B) 300 days
- C) No filing
- D) 1 year

Correct Answer: A

Explanation: CHG-4, updates registry.



352. Managing Director appointment needs

- A) Board/shareholder approval, Schedule V
- B) No approval
- C) Government
- D) Auditor

Correct Answer: A

Explanation: Section 196, max 5 years term.

353. Director resignation effective

- A) On submission, DIR-11 filing
- B) Board acceptance
- C) No effect
- D) Court

Correct Answer: A

Explanation: Section 168, company files DIR-12.

354. EGM can be called by

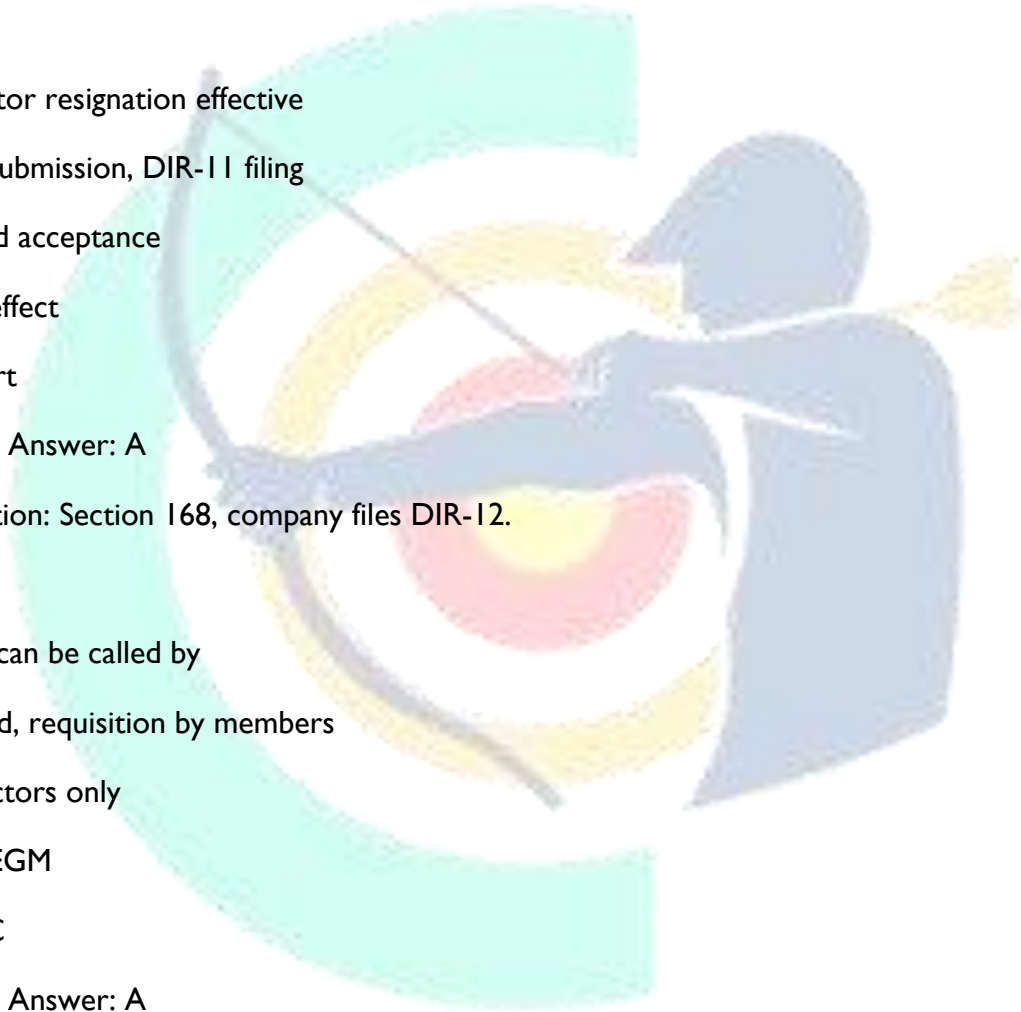
- A) Board, requisition by members
- B) Directors only
- C) No EGM
- D) ROC

Correct Answer: A

Explanation: Section 100, for urgent matters.

355. Proxy in meetings has

- A) Right to attend/speak, vote on poll
- B) No vote



- C) Speak only
- D) Absentee vote

Correct Answer: A

Explanation: Section 105, MGT-II deposit 48 hours prior.

356. Unpaid dividend transferred to

- A) IEPF after 7 years
- B) Company account
- C) Shareholder
- D) Government immediately

Correct Answer: A

Explanation: Section 124, unpaid dividend account first.

357. Books of account maintained for

- A) 8 years
- B) Indefinite
- C) 1 year
- D) 5 years

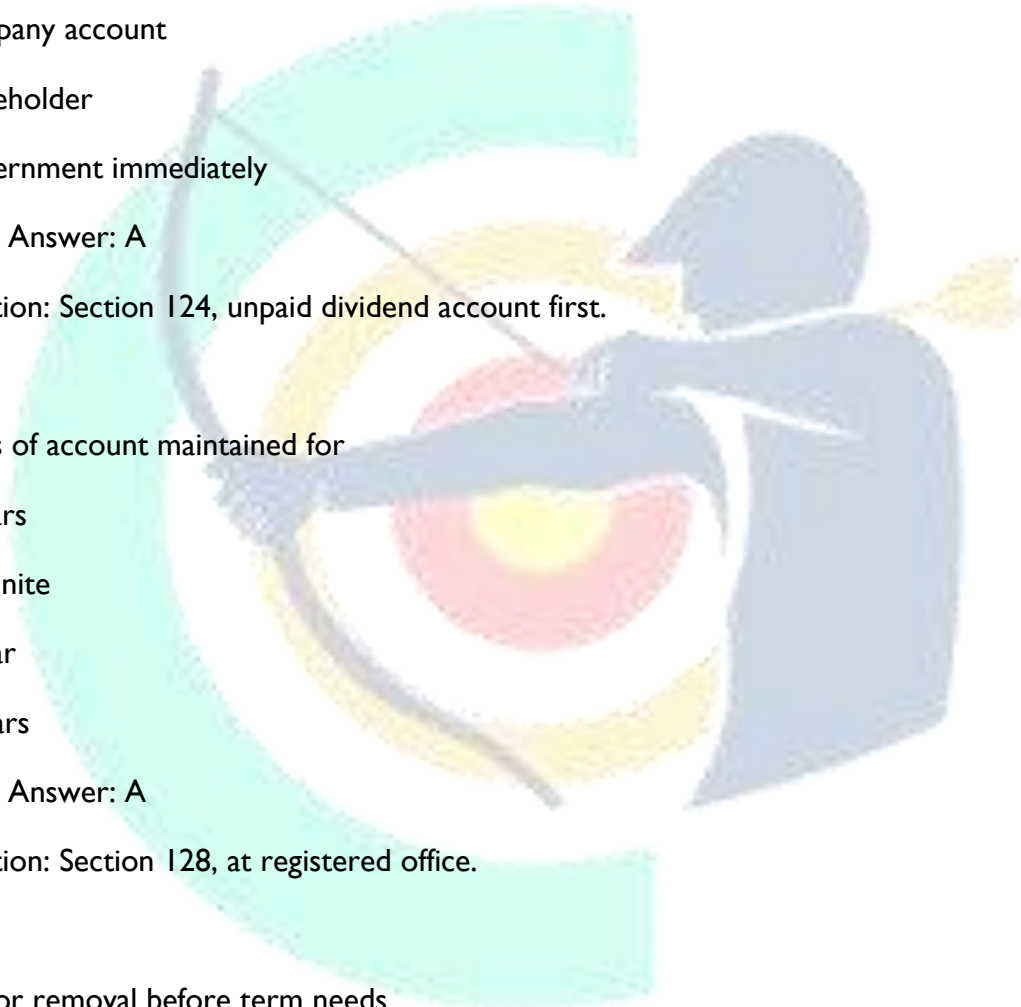
Correct Answer: A

Explanation: Section 128, at registered office.

358. Auditor removal before term needs

- A) Special resolution, Central Govt approval
- B) Ordinary
- C) No removal
- D) Board

Correct Answer: A



Explanation: Section 140, opportunity to be heard.

359. Mismanagement application by

- A) Members with 10% shares/100 members
- B) Any one
- C) Directors
- D) Creditors only

Correct Answer: A

Explanation: Section 241, NCLT powers broad.

360. Voluntary winding up requires

- A) Special resolution, creditor consent if any
- B) Ordinary
- C) No resolution
- D) Court

Correct Answer: A

Explanation: Section 304, liquidator appointment.

