

**CORPORATE LAWS (MCQ TEST)**  
**CHAPTER III – PROSPECTUS & ALLOTMENT OF SECURITIES**

**Total Marks: 25 Marks**  
**(25 Questions of 1 mark each)**

**Maximum Time: 30 Minutes**

1. Section \_\_\_\_\_ provides the methods of issue of securities by a public company and a private company.
2. A private company may issue the issue securities by way of public issue. The statement is -
  - (a) True
  - (b) False
  - (c) Partly True
  - (d) Partly False
3. A public company may issue securities -
  - (a) to public through prospectus
  - (b) through private placement
  - (c) through a rights issue or a bonus issue
  - (d) all of the above
4. A private company may issue securities -
  - (a) by way of rights issue
  - (b) by way of bonus issue
  - (c) through private placement
  - (d) any of the above
5. Term 'Public Offer' includes
  - (a) initial public offer
  - (b) further public offer of securities to the public by a company
  - (c) an offer for sale of securities to the public by an existing shareholder
  - (d) all of the above
6. Section 26 of Companies Act, 2013 provides that the prospectus shall have such contents, reports for the purpose of financial information, declaration about the compliance of the provisions of the Act, as may be specified by \_\_\_\_\_ in consultation in consultation with the Central Government.
7. Section \_\_\_\_\_ of the Companies Act, 2013 defines the term 'Prospectus'

8. In a public issue, it is optional for the companies to enter into an underwriting arrangement with an underwriter. The statement is -
- (a) True
  - (b) False
  - (c) Partly True
  - (d) Partly False
9. As per Section 25, it shall be evidence that an allotment of, or an agreement to allot, securities was made with a view to the securities being offered for sale to the public if it is shown -
- (a) that an offer of the securities or of any of them for sale to the public was made within six months after the allotment or agreement to allot
  - (b) that at the date when the offer was made, the whole consideration to be received by the company in respect of the securities had not been received by it
  - (c) either (a) or (b)
  - (d) both (a) and (b)
10. Where a company allots or agrees to allot any securities of the company with a view to all or any of those securities being offered for sale to the public, any document by which the offer for sale to the public is made shall, for all purposes, be treated as -
- (a) Prospectus
  - (b) Deemed Prospectus
  - (c) Shelf Prospectus
  - (d) Red Herring Prospectus
11. No prospectus shall be valid if it is issued ..... after the date on which a copy thereof is delivered to the Registrar
- (a) More than 30 days
  - (b) More than 60 days
  - (c) More than 90 days
  - (d) More than 120 days
12. No prospectus shall be issued by or on behalf of a company or in relation to an intended company unless -
- (a) A copy of it has been delivered to Registrar
  - (b) A copy thereof signed by every person who is named therein as a director or proposed director of the company or by his duly authorised attorney
  - (c) Both (a) and (b)
  - (d) Either (a) or (b)
13. A prospectus issued under sub-section (1) of Section 26 shall not include a statement purporting to be made by an expert unless -

- (a) Expert is a person who is not, and has not been, engaged or interested in the formation or promotion or management, of the company
  - (b) Expert has given his written consent to the issue of the prospectus
  - (c) Expert has not withdrawn such consent before the delivery of a copy of the prospectus to the Registrar for registration and a statement to that effect shall be included in the prospectus
  - (d) All of the above
14. Every prospectus issued shall, on the face of it -
- (a) State that a copy has been delivered for registration to the registrar
  - (b) Specify any documents required by this section to be attached to the copy so delivered or refer to statements included in the prospectus which specify these documents
  - (c) Either (a) or (b)
  - (d) Both (a) and (b)
15. A prospectus must therefore, tell the truth, the whole truth and nothing but the truth. Also, it must not conceal any fact, which ought to be disclosed. In brief, the true nature of the company's venture and the position should be disclosed. This is called the \_\_\_\_\_ as to the framing of prospectus.
16. Those shareholders who have not agreed to the proposal to vary the terms of contracts or objects referred to in the prospectus, shall be given an exit offer by the promoters or controlling shareholders, shall be termed as -
- (a) Dissenting shareholders
  - (b) Requisitionists
  - (c) Existing shareholders
  - (d) Revolutionary Shareholders
17. As per Section 28, Any document by which the offer of sale to the public is made shall be -
- (a) Deemed Prospectus issued by concerned shareholder
  - (b) Deemed prospectus as stated u/s 25
  - (c) Deemed to be a prospectus issued by the company
  - (d) None of above
18. Any class or classes of companies, as the Securities and Exchange Board may provide, may file a ..... with the Registrar at the stage of the first offer of securities included therein which shall indicate a period not exceeding one year as the period of validity of such prospectus -
- (a) Statement in lieu of prospectus
  - (b) Offer letter for private placement
  - (c) Shelf Prospectus
  - (d) Deemed Prospectus

19. Form used for preparation of Information Memorandum shall be -
- (a) Form PAS-1
  - (b) Form PAS-2
  - (c) Form PAS-3
  - (d) Form PAS-4
20. Where a prospectus, issued, circulated or distributed, includes any statement which is untrue or misleading, every person who has \_\_\_\_\_ the issue of such prospectus shall be held guilty for fraud punishable with imprisonment and fine under section 447.
21. Section 37 of Companies Act, 2013 enables any person, group of persons or any association of persons who have been affected by any misleading statement or the inclusion or omission of any matter in the prospectus to file a \_\_\_\_\_.
22. A subsequent purchase of shares in the open market has no remedy against the company or the directors or promoters. The statement is -
- (a) True
  - (b) False
  - (c) Partly True
  - (d) Partly False
23. Any person who, either knowingly or recklessly makes any statement, promise or forecast which is false, deceptive or misleading, or deliberately conceals any material facts, to induce another person to enter into, or to offer to enter into, any agreement for, or with a view to, obtaining credit facilities from any bank or financial institution, shall be liable for -
- (a) Penalty of minimum Rs 1,00,000
  - (b) Penalty of minimum Rs 50,000
  - (c) Action u/s 447
  - (d) Imprisonment upto 6 months
24. Any offer or invitation to subscribe or issue of securities to a select group of persons by a company (other than by way of public offer) shall be termed as -
- (a) Private Placement
  - (b) Qualified Institutional Placement
  - (c) Public Offering
  - (d) Promoters contributions
25. As per Sec 42, A company making any allotment of securities under this section, shall file with the Registrar a return of allotment within ..... from the date of the allotment
- (a) 15 Days
  - (b) 30 Days
  - (c) 45 Days
  - (d) 60 Days