

SEBI Grade A 2020 Live Quiz

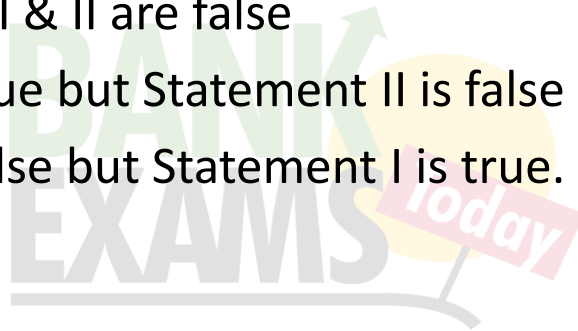
Companies Act, 2013 – Part 2

Ques 1. Given statements below are statements referring to debentures.

(I) No company can issue any debentures carrying any voting rights

(II) Debentures can be issued with an option to convert them into shares

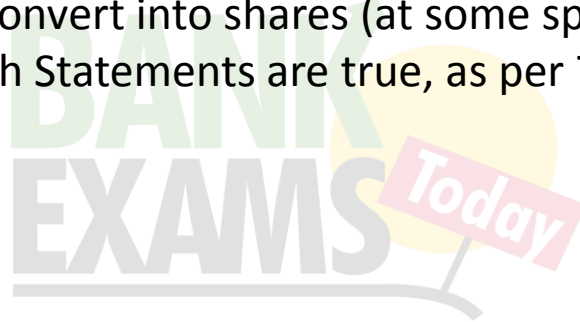
- a) Both Statement I & II are true
- b) Both Statement I & II are false
- c) Statement I is true but Statement II is false
- d) Statement I is false but Statement I is true.



Answer: (A) Both Statement I & II are true

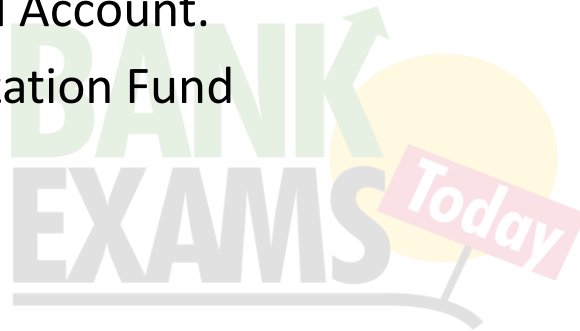
Concept: Chapter IV – Section 71

Explanation: Debentures do not carry voting rights unlike Equity shares. Those debentures with option to convert into shares (at some specified date) are called convertible debentures. Both Statements are true, as per 71(2) of the Act.



Ques 2. Dividend declared by a company that has not been claimed is transferred to

- a) General Reserve
- b) Debenture Redemption Reserve
- c) Unpaid Dividend Account.
- d) Dividend Equalization Fund



Answer: (C) Unpaid Dividend Account

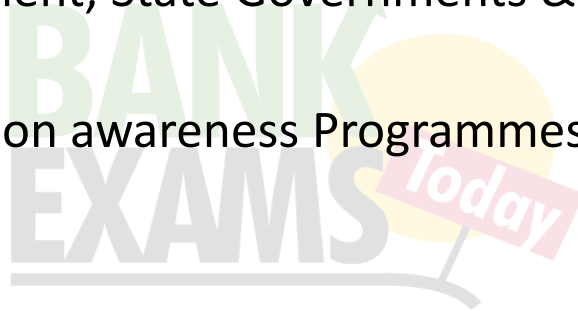
Concept: Chapter VIII – Section 124

Explanation: Section 124(1) puts forward the statement that unclaimed dividend (within 30 days of declaration + 7 days) shall be transferred to Unpaid dividend account by the company.



Ques 3. The Investor Education & Protection Fund sources its funds majorly from which of these?

- a) Central Government.
- b) Central Government & State Governments
- c) Central Government, State Governments & Donation from companies
- d) Investor protection awareness Programmes



Answer: (C) Central Government, State Governments & Donation from companies

Concept: Chapter VIII – Section 125

Explanation: According to Sec 125(2a) & 125(2b), funds from Central Government, State Governments, companies or any other institutions can be credited to the account.

The fund can be used for expenses on Investor protection awareness programmes as mentioned under Section 125(3b)

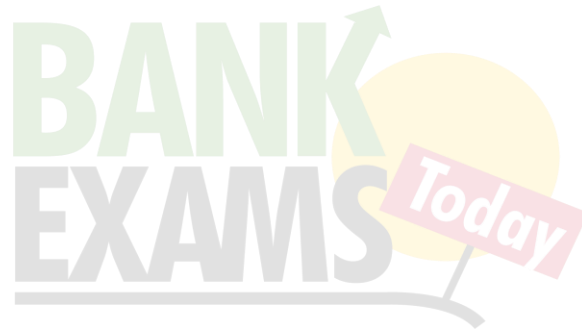
Ques 4. Every listed public company shall have at least _____ of the total number of directors as independent directors according to Companies Act 2013.

One-fourth

One-third

Half

One-Tenth

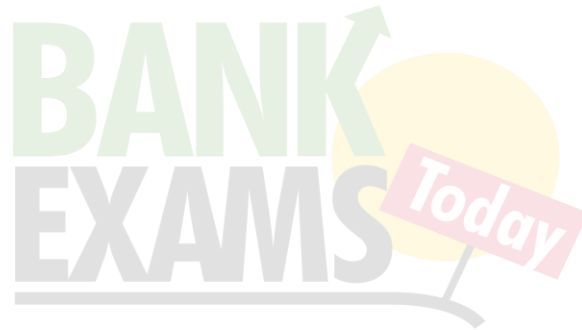


- **Answer:** (B) One-Third
- Concept: Chapter XI – Section 149
- Explanation: According to Section 149 – Appointment & qualification of Directors, every listed public company shall have at least one-third of the total number of directors as independent directors.



Ques 5. With reference to an application to Central government, 'DIN' is allotted to directors. What does 'I' stand for?

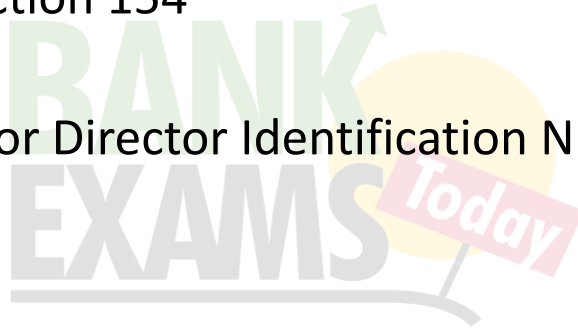
- a) Index
- b) Inquiry
- c) Identification
- d) Individual



Answer: (C) Identification

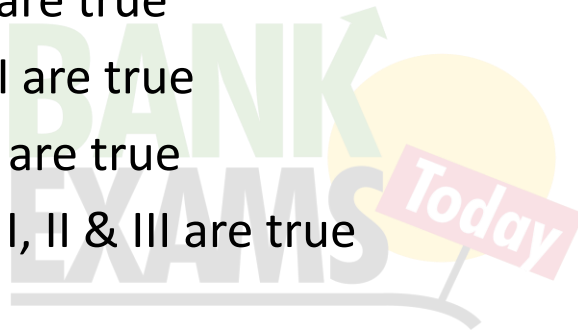
Concept: Chapter XI – Section 154

Explanation: DIN stands for Director Identification Number



Ques 6. The position of a director is said to have become vacant when:

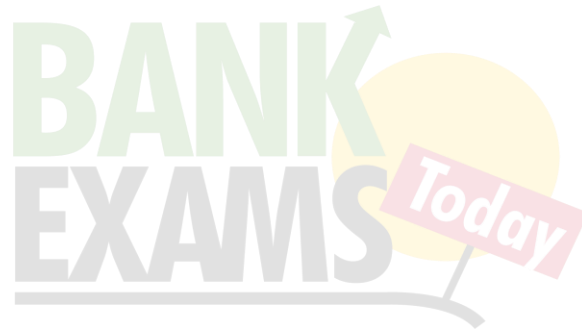
- (I) He is disqualified under Section 164 of Companies Act
 - (II) He fails to disclose interest in any arrangement/contract
 - (III) He absents himself from all Board Meetings for three months.
- a) Statement I & II are true
 - b) Statement II & III are true
 - c) Statement I & III are true
 - d) All statements – I, II & III are true



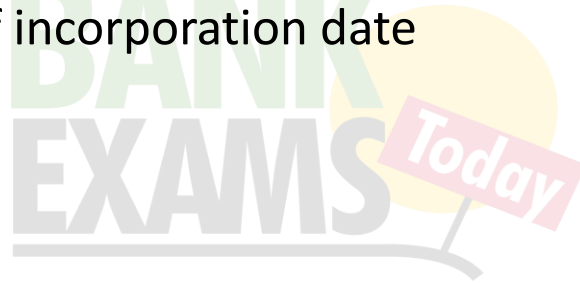
- **Answer:** (A) Statement I & II are true
- Concept: Chapter XI – Section 167
- Explanation: A director's position is said to have vacated under the conditions specified in Section 167(1). Statement I & II are listed in the Section.
Also, if the director absents himself from all meetings of Board for twelve months without any seeking absence/leave, the position is said to have been vacated.

Ques 7. Every company shall hold the first meeting of the Board of Directors within _____ days of the date of its incorporation.

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

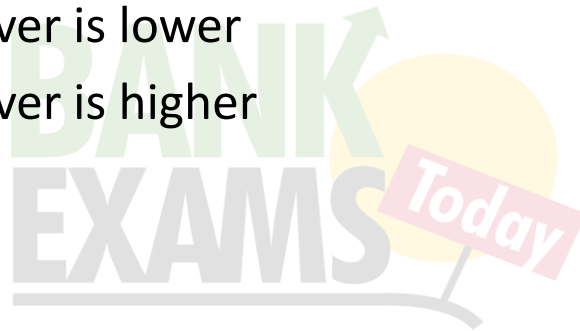


- Answer: (C) 30
- Concept: Chapter XII – Section 173
- Explanation: Sub-section 1 of Section 173, prescribes first meeting to be held within 30 days of incorporation date



Ques 8. What is the quorum required for a Board of Directors meeting according to Companies Act, 2013?

- a) One-Third of total strength of Directors
- b) Two Directors
- c) A or B – Whichever is lower
- d) A or B – Whichever is higher



- Answer: (D) A or B – Whichever is higher
- Concept: Chapter XII – Section 174
- Explanation: Quoting from 174(1) – ‘The quorum for a meeting of the Board of Directors of a company shall be one-third of its total strength or two directors, whichever is higher.’

