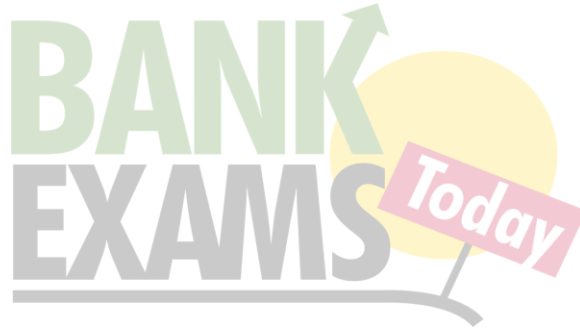


SEBI Grade A 2020 Live Quiz

EXAMVIS Today
Companies Act, 2013 – Part 4

Ques 1. An audit committee constituted by Board of Directors of a listed company shall consist of minimum of ____ directors.

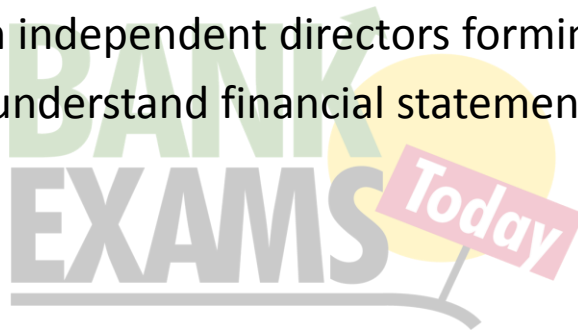
- a) 2
- b) 7
- c) 5
- d) 3



Answer: (D) 3

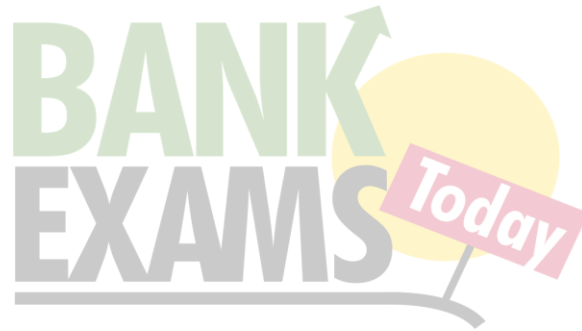
Concept: Chapter XII – Section 177

Explanation: Section 177(2) states that the Audit Committee shall consist of a minimum of 3 directors with independent directors forming a majority, provided that the members can read and understand financial statements.



Ques 2. A meeting of the Board shall be called by giving not less than _____ days of notice in writing to every director.

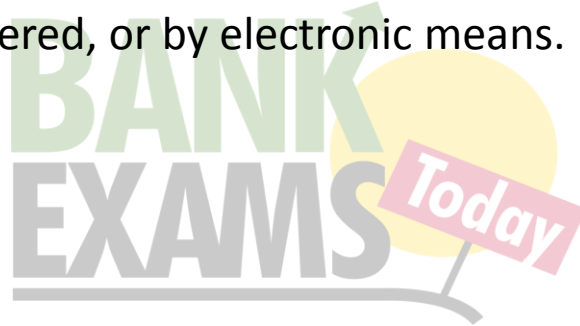
- a) 3
- b) 7
- c) 14
- d) 20



Answer: (B) 7 days

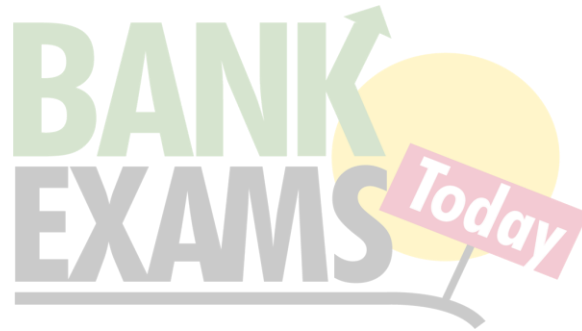
Concept: Chapter XII – Section 173

Explanation: The notice shall be at least 7 days prior to the date of meeting which shall either be postally delivered, or by electronic means.



Ques 3. The maximum number of public companies where a person can hold position as a director is _____.

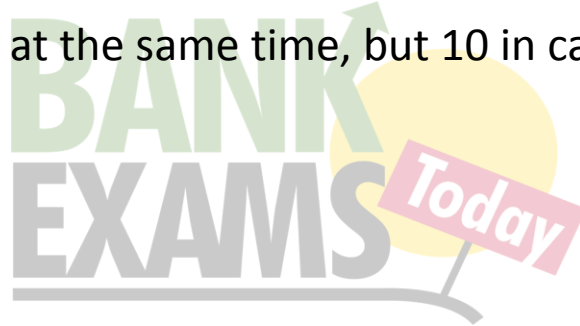
- a) 5
- b) 10
- c) 15
- d) 20



Answer: (B) 10

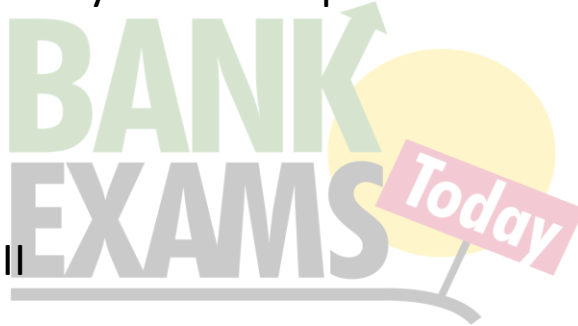
Concept: Chapter XI – Section 165

Explanation: The number of companies where a person can serve as a director is a maximum of 20 at the same time, but 10 in case of public companies.



Ques 4. Which of these is renders the appointment of a director of a company as ineligible?

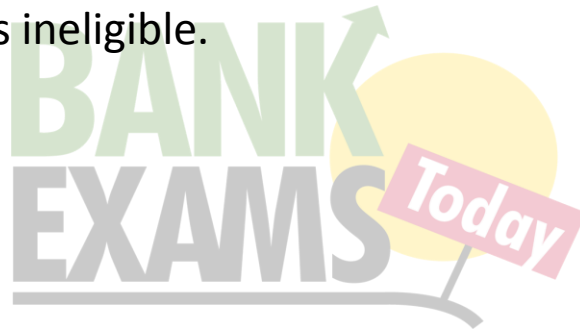
- (I) The person is of unsound mind
 - (II) The person is an undischarged insolvent
 - (III) The person has not paid any calls in respect of his share since last six months.
- a) Statements I & II
 - b) Statements I & III
 - c) Statements II & III
 - d) Statements I, II & III



Answer: (D) Statements I, II & III

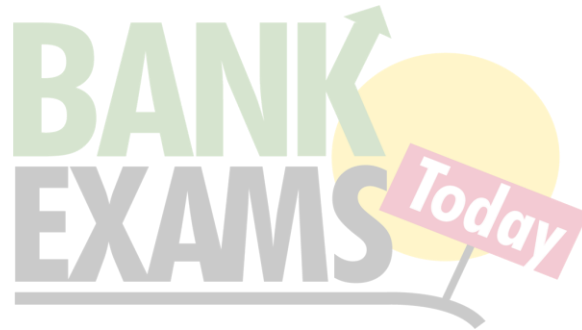
Concept: Chapter XI – Section 164

Explanation: All three statements are valid arguments to render an appointment of a director as ineligible.



Ques 5. Within _____ of being allotted a DIN, the existing director of a company shall inform the same to the company.

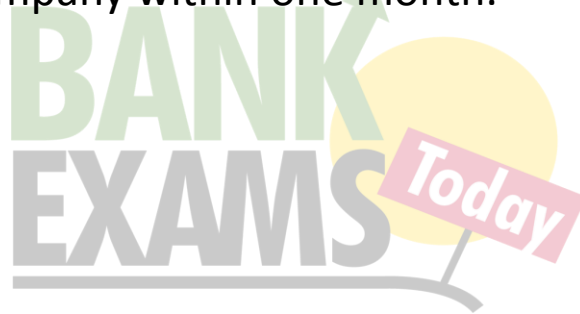
- a) 2 months
- b) 3 weeks
- c) 1 month
- d) 1 week



Answer: (C) 1 month

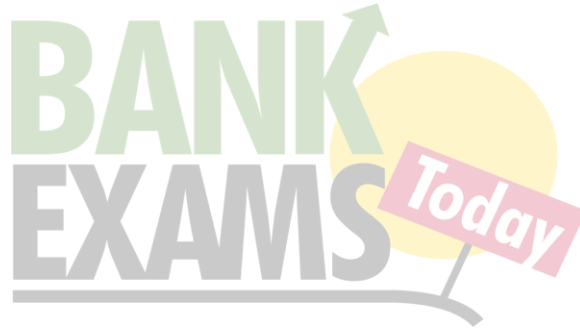
Concept: Chapter XI – Section 156

Explanation: Director after being allotted the Director Identification number shall intimate the same to the company within one month.



Ques 6. Minimum number of directors in Board of Directors of a public company shall be:

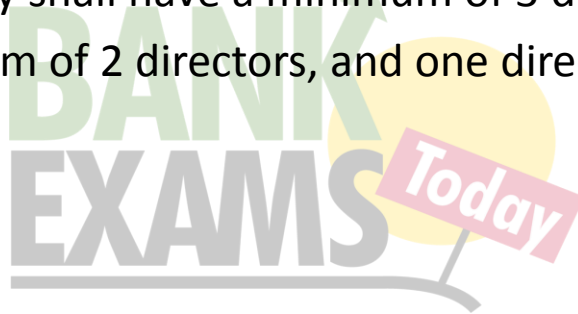
- a) 2
- b) 3
- c) 1
- d) 5



Answer: (B) 3

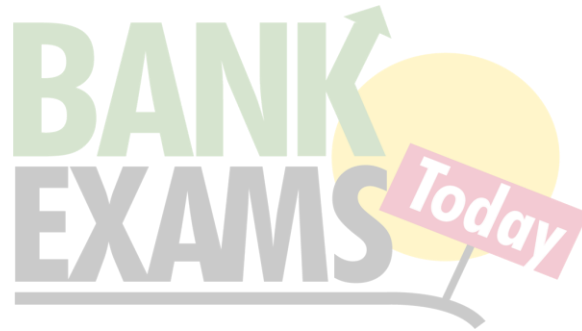
Concept: Chapter XI – Section 149

Explanation: Public Company shall have a minimum of 3 directors & Private Company shall have minimum of 2 directors, and one director in case of One-person Company.



Ques 7. An auditor who has resigned shall file a statement with the Company & the Registrar within ____ days from the date of resignation indicating the reasons for the same.

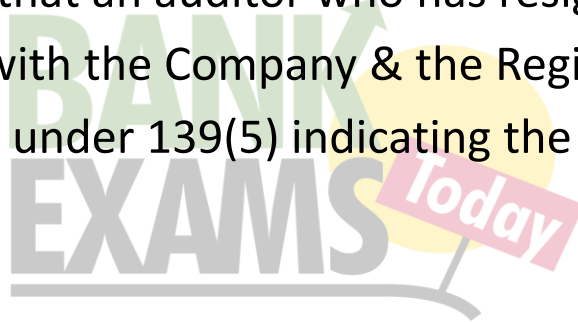
- a) 15
- b) 30
- c) 45
- d) 60



Answer: (B) 30

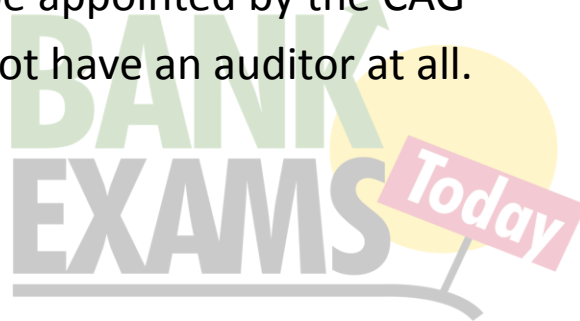
Concept: Chapter X – Section 140

Explanation: 140(2) states that an auditor who has resigned shall file a statement within 30 days with the Company & the Registrar, and to the CAG in case of companies listed under 139(5) indicating the reasons of the resignation.



Ques 8. Where at any annual general meeting, no auditor is appointed or re-appointed

- a) The place shall have been considered to be vacated
- b) The existing auditor will continue as auditor of the company
- c) New auditor will be appointed by the CAG
- d) Company would not have an auditor at all.



Answer: (B) The existing auditor will continue as auditor of the company

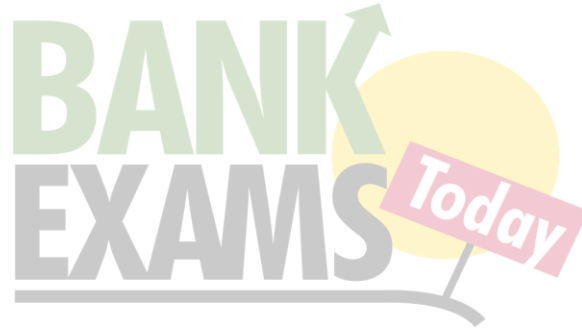
Concept: Chapter X – Section 139

Explanation: Section 139(10) states that existing auditor will continue as auditors of the company in case no appointment/re-appointment has been made at the annual general meeting of the company.



Ques 9. A retiring auditor can be reappointed at an annual general meeting if:

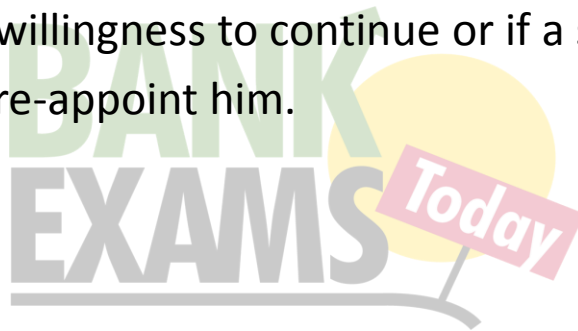
- a) He is not disqualified for appointment
- b) He has given his unwillingness to continue as auditor
- c) Special resolution has been passed to not re-appoint him.
- d) Retiring auditor can never be reappointed.



Answer: (A) He is not disqualified for appointment

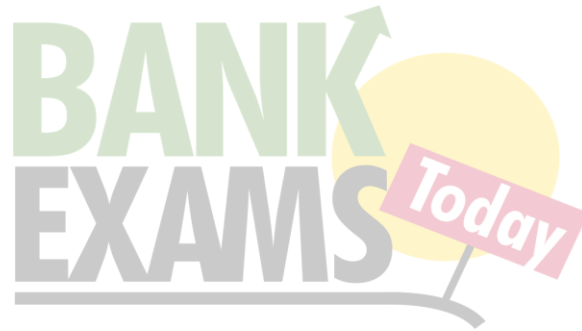
Concept: Chapter X – Section 139(9)

Explanation: A retiring partner can be reappointed if he is not disqualified, if he has not submitted his unwillingness to continue or if a special resolution has not been passed not to re-appoint him.



Ques 10. Auditor appointed at the first annual general meeting shall hold office till conclusion of _____ annual general meeting.

- a) Fifth
- b) Second
- c) Sixth
- d) Third



Answer: (C) Sixth

Concept: Chapter X – Section 139

Explanation: Section 139(1) - Every company, shall, at its first annual general meeting, appoint an auditor who will hold office from conclusion of first meeting till the conclusion of sixth general meeting.

