# THE COMPANIES ACT

**PRELIMINARY**

1. What is the minimum number of members required to form a private company according to the Companies Act 2013?
(a) 7 (b) 2 (c) 1 (d) 3

2. As per the Companies Act 2013, the term 'Director' refers to a person appointed to which body of a company?
(a) Executive Committee (b) Board of Directors
(c) Shareholders' Meeting (d) Management Team

3. Which section of the Companies Act 2013 deals with the appointment of company auditors?
(a) Section 139 (b) Section 148
(c) Section 135 (d) Section 149

4. Why is the 'Memorandum of Association' crucial for a company under the Companies Act 2013?
(a) It outlines the company's day-to-day operations.
(b) It defines the scope of the company's activities.
(c) It details the company's financial statements.
(d) It lists the company's shareholders.

5. What is the significance of the 'Articles of Association' as per the Companies Act 2013?
(a) It serves as a guide for internal management of the company.
(b) It contains the names of all the company directors.
(c) It is used for public listing of the company.
(d) It outlines the dividend policy of the company.

6. How does the Companies Act 2013 define a 'Private Company'?
(a) A company with no restriction on the transfer of shares.
(b) A company with a minimum of 7 members.
(c) A company that restricts the right to transfer its shares.
(d) A company listed on a stock exchange.

7. What role does the 'Board of Directors' play in a company as per the Companies Act 2013?
(a) They manage the day-to-day operations of the company.
(b) They solely handle the company's financial decisions.
(c) They are responsible for declaring dividends.
(d) They oversee the overall governance of the company.

8. If a company wants to alter its, object clause, which document should be amended according to the Companies Act 2013?
(a) Memorandum of Association
(b) Articles of Association
(c) Certificate of Incorporation
(d) Shareholders' Agreement

9. In a scenario where a company fails to appoint an auditor at its annual general meeting, which authority has the power to appoint one as per the Companies Act 2013?
(a) The Board of Directors
(b) The shareholders in a subsequent meeting
(c) The Central Government
(d) The Company Law Board

10. A company has altered its 'Articles of Association' to include a clause, that conflicts with the 'Memorandum of Association'. Under the Companies Act 2013, which document prevails in this case?
(a) The Memorandum of Association
(b) The Articles of Association
(c) The latest document amended
(d) The document with the majority shareholders' approval

11. Analyzing the provisions of the Companies Act 2013, what could be a consequence if a company does not comply with the requirements for the appointment of a woman director?
(a) Mandatory dissolution of the company
(b) Imposition of a financial penalty on the company
(c) Automatic appointment by the Central Government
(d) Transfer of shares to a woman shareholder

12. Considering the objectives of the Companies Act 2013, evaluate the impact of not maintaining proper books of

accounts in a company. What could be a potential consequence?
(a) Increased transparency and trust among shareholders
(b) Possible legal sanctions and loss of credibility
(c) Enhanced decision-making by the management
(d) No significant impact as it is a minor compliance issue

13. If you were to propose a new clause in the 'Articles of Association' for a technology company under the Companies Act 2013, what might it include to reflect current digital trends?
(a) A clause mandating physical board mestings only
(b) A clause related to cybersecurity and data protection
(c) A clause prohibiting online shareholder meetings
(d) A clause limiting the use of digital signatures

14. Under the Companies Act 2013, which body is responsible for approving the alteration in the Articles of Association?
(a) The Board of Directors
(b) The Ministry of Corporate Affairs
(c) The Company's Shareholders
(d) The Registrar of Companies

15. What does the term 'quorum' refer to in the context of company meetings as per the Companies Act 2013?
(a) The minimum number of meetings to be held annually
(b) The maximum duration of a meeting
(c) The minimum number of members required to be present
(d) The agenda of the meeting

16. Why is the 'Certificate of Incorporation' crucial for a company under the Companies Act 2013?
(a) It defines the company's operational guidelines
(b) It signifies the legal existence of the company
(c) It lists the company's initial shareholders
(d) It outlines the company's profit and loss statement

17. What is the significance of the 'Digital Signature' in the context of the Companies Act 2013?
(a) It is required for the incorporation of a company
(b) It is used for authentication of electronic records and documents
(c) It represents the physical signature of the CEO
(d) It is optional for private companies

18. How does the Companies Act 2013 address the issue of 'Minority Shareholder Protection'?
(a) By allowing minority shareholders to appoint a director
(b) By mandating equal dividend distribution
(c) By ensuring a minimum shareholding percentage
(d) By providing the right to call for an extraordinary general meeting

19. Under the Companies Act 2013, what is the implication of a company being a 'Going Concern'?
(a) The company is undergoing liquidation
(b) The company is expected to continue its operations indefinitely
(c) The company has to renew its registration every year
(d) The company is due for a merger

20. In case of a dispute regarding the transfer of shares, which authority under the Companies Act 2013 has the jurisdiction to resolve it?
(a) The Securities and Exchange Board of India (SEBI)
(b) The National Company Law Tribunal (NCLT)
(c) The Ministry of Corporate Affairs
(d) The Registrar of Companies

21. Analyzing the Companies Act 2013, what could be the impact of non-compliance with Section 92 regarding the filing of the annual return?
(a) Revocation of the company's license
(b) Imposition of financial penalties on the company and its officers
(c) Mandatory appointment of a government auditor
(d) Automatic dissolution of the company

22. Considering the provisions of the Companies Act 2013, what could be the implications if a company fails to disclose a conflict of interest by one of its directors?
(a) The director in question is immediately dismissed
(b) It may lead to legal sanctions against the company and the director
(c) The company's shares are frozen
(d) The company is barred from international trade

23. Evaluate the effectiveness of the 'One Person Company' (OPC) structure introduced in the Companies entrepreneurship. 2013 in promoting
(a) It has limited impact due to stringent Act compliance requirements

(b) It has significantly boosted entrepreneurship by simplifying business formation
(c) It is only beneficial for large-scale industries
(d) It has decreased the overall number of companies formed in India

24. Design a clause for inclusion in a company's Articles of Association under the Companies Act 2013 to address environmental sustainability. What might it include?
(a) Mandatory annual donations to environmental charities
(b) A commitment to reducing carbon emissions by a certain percentage annually
(c) A rule for planting a tree for every product sold
(d) Prohibiting the use of renewable energy sources

25. As per the Companies Act 2013, what is the time limit for filing the notice of appointment of an auditor?
(a) Within 15 days of the meeting
(b) Within 30 days of the meeting
(c) Within 60 days of the meeting
(d) Within 90 days of the meeting

26. What does the 'Fraud Reporting' provision under Section 143(12) of the Companies Act-2013 entail for auditors?
(a) Mandatory reporting of frauds over a certain financial threshold
(b) Reporting of all frauds irrespective of the amount involved
(c) Reporting fraud only if it involves top management
(d) Reporting fraud only to the company's audit committee

27. Understand the role of the 'National Financial Reporting Authority' (NFRA) as established by the Companies Act 2013.
(a) It oversees the financial transactions of private companies only
(b) It monitors and enforces accounting and auditing standards
(c) It regulates foreign investments in Indian companies
(d) It supervises mergers and acquisitions

28. In the context of the Companies Act 2013, how would a company address the disqualification of a director under Section 164?
(a) By immediate removal of the director
(b) By holding a special shareholders' meeting
(c) By filing a petition with the National Company Law Tribunal
(d) By appointing an interim director

29. Analyze the long-term implications of non- compliance with Section 135 on Corporate Social Responsibility for a public company.
(a) Mandatory conversion to a private company
(b) Restrictions on board members remuneration
(c) Impact on company's brand and investor relations
(d) Increased scrutiny from the Ministry of Corporate Affairs

30. Evaluate the effectiveness of 'Class Action Lawsuits' introduced in the Companies Act 2013 in protecting minority shareholders.
(a) They have been highly effective in curbing mismanagement
(b) They have seldom been used due to procedural complexities
(c) They have increased the number of frivolous lawsuits
(d) They have led to greater transparency in corporate governance

31. Design a policy for a company as per the Companies Act 2013 to enhance board diversity. What critical elements should it include?
(a) Quotas for different demographic groups
(b) Mandatory retirement age for board members
(c) Criteria based on professional expertise and industry experience
(d) Restrictions on the number of board memberships