

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 3

**NOTE :** Attempt **ANY FIVE** questions. All questions carry equal marks.

1. The concept of Corporate Governance in PSUs makes them alive to the need for better transparency in their dealings not only for their rightful owner *viz.*, government and its various arms but also to its public shareholders. Is it acceptable that PSUs play an important role in perpetuating the importance of Corporate Governance in its management, playing as a model employer ? Give your views on the regulatory mechanism in PSUs, clause 49, code of conduct and whistle blower policy adopted in PSUs.  
(20 marks)
2.
  - (a) Write a note on the composition of audit committee.
  - (b) Briefly explain the role/functions the audit committee is expected to play to the Board.
  - (c) State the basic duties of the audit committee to the Board.
  - (d) Do you agree that the Managing Director/Whole-time Directors could accept non-executive directorship in other companies *vis-à-vis* ceiling on the number of committees that a director could hold ?  
(5 marks each)
3.
  - (a) Briefly discuss the aspects to be taken into consideration by the remuneration committee while giving approval for the appointment of a professional and fixing remuneration.  
(10 marks)
  - (b) ABC Ltd. appointed a Managing Director on 1<sup>st</sup> May, 2010 in the financial year 2010-11 and fixed his remuneration as `1,00,000 per month. The profits of the company for the year ended 31<sup>st</sup> March, 2011 under sections 349 and 350 of the Companies Act, 1956 is `30 lakh. Whether the payment of remuneration as fixed by the remuneration committee is enforceable ?  
(10 marks)

: 2 :

4. (a) X Ltd. circulated minutes of the previous Board meeting along with the agenda and notes of the present meeting called, wherein one director had pointed out the inaccuracy of a particular resolution passed thereat and hence not a valid decision. The same has not been confirmed at the next meeting. Elucidate your views.
- (b) State the rules relating to the agenda of the Board meetings and general meetings ?
- (c) Whether preference shareholders are counted for the purpose of quorum ? Discuss with the provisions under section 172(2)(i) as well as section 87(2)(a) of the Companies Act, 1956.
- (d) Grazim Granites Ltd. was incorporated on 26<sup>th</sup> December, 2008 but commenced its operations only from 1<sup>st</sup> April, 2009. The company made out separate accounts for the period from 26<sup>th</sup> December, 2008 to 31<sup>st</sup> March, 2009 and for the financial year ended 31<sup>st</sup> March, 2010. The company has failed to file annual return for the first annual general meeting held on 30<sup>th</sup> September, 2010 as well as audited annual accounts for the year ended 31<sup>st</sup> March, 2010 along with previous year's figures viz., preliminary expenses and bank balance. Whether the company has complied with the requirements ?

(5 marks each)

5. (a) One of the fundamental rules governing the provisions of information in a company's affairs is that information should be made equally available to all those with a legitimate interest in the business.

A listed engineering company with a share capital of `10 crore of which 60% held by its promoters, has decided to diversify into the business of real estate development, after complying with all the formalities as required under the law. Out of its 2,500 shareholders, one shareholder holding about 1.0% of the share capital has been writing frequent letters asking the company to furnish a series of details relating to the real estate business and also about the growth of the company after entering into the real estate business.

In the light of above rule, how would you deal with the request of the shareholder ?

(10 marks)

: 3 :

- (b) In the recent past, there had been a move towards involving employees through 'Employees Stock Option' plans. The idea behind this initiative is to make employees' work in an enlightened self-interest set-up. A company with a share capital of `3,500 crore engaged in a variety of business, is contemplating to constitute 'Employee Stock Compensation Committee of the Board' comprising three independent directors and the Managing Director. Formulate detailed terms and conditions of the Employees Stock Option Scheme to guide the committee.
- (10 marks)*
6. (a) "No Board can truly perform its overriding function of establishing a company's strategic directions and then monitoring management's success without a system of evaluating itself." Discuss.
- (10 marks)*
- (b) If companies are to report on their social and environmental policies as they are being recommended to do, what form should they take according to the internationally accepted standards ?
- (10 marks)*