

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 6

NOTE : Answer **ALL** Questions.

PART—A

1. (a) On June 13, 1999, Coca-Cola (Coke) recalled over 15 million cans and bottles after the Belgian Health Ministry announced a ban on Coke's drinks, which were suspected of making more than 100 school children ill in the preceding six days. This recall was in addition to the 2.5 million bottles that had already been recalled in the previous week.

The company's products namely Coke, Diet Coke and Fanta had been bottled in Antwerp, Ghent, Belgium while some batches of Coke, Diet Coke, Fanta and Sprite were also produced in Dunkirk, France.

Children at six schools in Belgium had complained of headache, nausea, vomiting and shivering which ultimately led to hospitalization after drinking Coke's beverages.

Most of them reported an 'unusual odor' and an 'off-taste' in the drink. In a statement to Reuters, Marc Pattin, a spokesman for the Belgian Health Ministry explained the seriousness of the issue: "Another 44 children had become ill with stomach pains, 42 of them at a school in Lochristi, near Ghent, northwest Belgium.

We have had five or six cases of poisoning of youngsters who had stomach pain after drinking (the suspect beverages). In the same week, the governments of France,

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Spain and Belgium also banned Coke's products while Coke's Dutch arm recalled all products that had come from its Belgium plant. The entire episode left more than 200 Belgians and French, mostly school children, ill after drinking the Coke produced at Antwerp and Dunkirk.

The company had to assure its British customers that the products made in its UK factories were safe. By June 15, 1999, Coke had recalled about 30 million cans and bottles, the largest ever product recall in its 113-year history. For the first time, the entire inventory of Coke's products from one country was banned from sale. As part of a damage control exercise, Coke sent a team of scientists to Europe. During its visit to Europe after a week of these incidents, Coke's Chairman and CEO Michael Douglas Ivester said, "We deeply regret any problems encountered by our European consumers in the past few days." Coke Belgium even announced that it would reimburse the medical expenses for people who had become ill after consuming its products.

Keeping in the view facts of the case answer the following questions :

- (i) What are the ethical issues involved in the above case ?
- (ii) What remedial actions should have been taken by the Coke factories ?

(5 marks each)

(b) Explain in brief :

- (i) The ethical issues faced by human resource management.
- (ii) Four fold duties of a king as suggested by Kautilya in Arthshastra.
- (iii) 'Value Driven' of a good ethics program.
- (iv) The principle of 'Investor Activism' based on Adi Godrej Committee report.
- (v) The principle 'Avoid Illicit Activities' propounded by the Caux Round Table for responsible business.

(2 marks each)

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- (c) "The Companies Act, 2013 has introduced some radical changes in the sphere of Corporate Governance to ensure the good Corporate Governance in India". In this context, state the provisions introduced by the Companies Act, 2013 to boost the Corporate Governance practices in India.

(5 marks)

Attempt all parts of either Q. No. 2 or Q No. 2A

2. (a) Preferential Life Insurance Ltd. was incorporated to conduct the insurance business. The Certificate of Registration was issued to the company on 1st June, 2014. The Board of Directors of the company consists of five directors, out of which two directors are independent directors.

(i) Is the composition of Board of Directors of the Company valid ?

(3 marks)

(ii) Would your answer be different if Certificate of Registration to the company be issued on 1st April, 2017 ?

(2 marks)

- (b) Confederation of Indian Industry (CII) has developed a Desirable Corporate Governance Code to develop and promote the Corporate Governance adopted and followed by Indian Companies. State the recommendations of the Code with regards to Audit Committee to be followed by Banks and Financial Institutions of an Indian industry.

(5 marks)

- (c) Discuss the barriers in visionary leadership as listed out the Frank Martinelli to help companies identify them in their organizations and to remove them in order to facilitate visionary board leadership.

(5 marks)

OR (Alternate question to Q. No. 2)

- 2A. (i) Mr. Ram has completed his one term of five years as independent director in Vigilant Electronics Ltd. on 31st March, 2019 The Board of Directors of the company passed the resolution to appoint him as independent director for one more term of five years.
- (a) Is the appointment of Mr. Ram as independent director for second consecutive term of five years valid ? Justify your answer. (3 marks)
- (b) Mr. Ram has completed two consecutive terms of five years as an independent director and after expiration of one year from cessation of the term as independent director, company wants to appoint him again as independent director, whether he can be appointed for the same ? Justify your answer. (2 marks)
- (ii) “Employees’ participation is an important tool to ensure a good Corporate Governance system in an organization”. Discuss and highlight the role played by the employees in ensuring a good Corporate Governance in a company. (5 marks)
- (iii) Discuss ‘Leadership’ and ‘Effectiveness’ principles of UK Corporate Governance Code, 2014. (5 marks)
3. (a) “As fraud is a deliberate action to deceive others to gain advantage, a sound Fraud Risk Management Policy is required to deal with such activities”. In this context design the policy following the subject guidelines and submit it to the Board for its perusal and approval.
- (b) “An ethical profile brings together all the factors which affect a company’s reputation, by examining the way in which it does its business.” Explain the suggested steps of auditing the ethical practices to be followed by the company.
- (c) Discuss the challenges in exercising shareholder’s rights under Organization for Economic Co-operation and Development (OECD) principles on Corporate Governance. (5 marks each)

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4. (a) You are the Company Secretary of ABC Ltd. The annual turnover of your company as per last audited financial statement has crossed ₹ 100 crores. As per requirement of Section 177 (i) of the Companies Act, 2013 your company constituted an Audit committee. Explain the powers of Audit committee provided under the section 177 (5) and (6) of the Companies Act, 2013.
- (b) “The European Corporate Governance Institute (ECGI) was established to improve Corporate Governance through fostering independent scientific research and related activities”. Discuss.
- (c) “Internal control Systems are the policies and procedures”, practices and organizational structures, designed to provide reasonable assurance that business objectives will be achieved and that undesirable events prevented or detected and corrected”. Discuss and explain the prerequisites of an effective control system.

(5 marks each)

PART—B

5. (a) Goyal Associates Ltd. New Delhi reported net profits of ₹ 8 crore, ₹ 10 crore and ₹ 12 crore in the Financial Years 2016-17, 2017-18 and 2018-19 respectively as per the profit and loss statements prepared by the company in terms of section 381(i) (a) and section 198 of the Companies Act, 2013.
- Calculate the amount of CSR expenditure amount to be spent in the Financial Year 2019-20 bearing the following facts in mind :
- (i) Dividend income of the company in Financial Year 2016-17 of ₹ 5 Lakh from the other Indian Companies and the net profits includes an amount of ₹ 1.5 crore profits earned by its overseas branches.
- (ii) Net profits of the company in Financial Year 2017-18 include an amount of ₹ 1.0 crore of dividend income from Indian companies and ₹ 1.0 crore profits made by its overseas branches.
- (iii) Net profits of the company in the Financial Year are inclusive of ₹ 2.0 crore profits made by its overseas branches.

(5 marks)

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(b) “Sustainability is an emerging mega trend in India and is a measure of good Corporate Governance.” Comment and explain role of the Government for improving sustainable reporting.

(5 marks)

(c) Discuss the implications of Rule of Strict/Absolute liability as prescribed in Rylands Vs. Fletcher.

(5 marks)

Attempt all parts of either Q. No. 6 or Q. No. 6A

6. Discuss in brief :

- (a) Five sections of Business Responsibility Report framework.
- (b) Government encouragement as a challenge in Mainstreaming Sustainability Reporting.
- (c) ‘The Capital’ in Corporate Sustainability Reporting Frameworks.
- (d) Communication on Progress.
- (e) United Nations Conference on Environment and Development.

(3 marks each)

OR (Alternate question to Q. No. 6)

- 6A. (i) Kyosei philosophy reflects a confluence of social, environmental, technological and political solutions. Elaborate.
- (ii) Discuss the commitments adopted under Rio+20 outcome document.
- (iii) “Sustainable Development indicates development that meets the need of the present generation without compromising with the ability of the future generations to meet their needs.” Comment and point out principles of sustainable development which are universally acceptable

(5 marks each)

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